

## OFFICIAL STATEMENT

**NEW ISSUES: FULL BOOK-ENTRY**

**See “RATINGS” herein**

*Interest on the Notes is not excludible from gross income for federal income tax purposes. See “TAX MATTERS.”*

**\$400,000,000**

**MILWAUKEE COUNTY, WISCONSIN**

**\$265,000,000**

**TAXABLE GENERAL OBLIGATION PENSION  
PROMISSORY NOTES, SERIES 2009A  
(General Obligation Notes)**

**\$135,000,000**

**TAXABLE PENSION NOTES,  
SERIES 2009B**

Interest Accrual Date: Date of Delivery

**Due:** December 1, as shown inside front cover

This Official Statement is provided to furnish information in connection with the offering by Milwaukee County, Wisconsin (the “County”) of its Taxable General Obligation Pension Promissory Notes, Series 2009A (the “Series 2009A Notes”) and its Taxable Pension Notes, Series 2009B (the “Series 2009B Notes,” and together with the Series 2009A Notes, the “Notes”). The Notes are being issued to fund a portion of the unfunded prior service liabilities of the Employees’ Retirement System of the County of Milwaukee (the “ERS”) and to pay the costs of the financing. At the time of issuance, the Notes will be the County’s only outstanding pension-related borrowings.

The Series 2009A Notes are being issued by the County pursuant to Section 67.12(12) of the *Wisconsin Statutes*. The Series 2009A Notes will be general obligations of the County for which its full faith and credit and unlimited taxing powers are pledged.

The Series 2009B Notes are issued by the County pursuant to Section 67.12(1)(b) of the *Wisconsin Statutes*. The Series 2009B Notes are valid and binding special obligations of the County, issued in anticipation of the sale of general obligation promissory notes of the County (the “Securities”), which Securities the County has authorized and covenanted to issue to fund the unfunded prior service liabilities of the ERS and to provide for the payment of the principal of the Series 2009B Notes at maturity or upon prepayment. The Series 2009B Notes do not constitute general obligations of the County, and no lien is created upon any property of the County as a result of the issuance of the Series 2009B Notes. The interest on the Series 2009B Notes is payable from moneys generally available to the County and appropriated by the County Board of Supervisors of the County for such purpose. The principal of the Series 2009B Notes payable at maturity or upon prepayment prior to maturity and any interest accrued thereon are payable from the proceeds of the Securities.

The Notes will be issued as fully registered notes without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (the “Depository” or “DTC”). The Depository will act as the securities depository of the Notes. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and multiples thereof. Purchasers will not receive certificates representing their interests in the Notes purchased. See “APPENDIX D – Securities Depository.”

Principal, payable on December 1 of the years commencing on December 1, 2010 for the Series 2009A Notes and December 1, 2013 for the Series 2009B Notes, as set forth on the inside cover page of this Official Statement, and interest on the Notes, payable semiannually on each June 1 and December 1 commencing on December 1, 2009, will be paid to the Depository, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Notes. See “APPENDIX D – Securities Depository.”

The Notes are subject to optional and mandatory prepayment prior to maturity as described herein. See “DESCRIPTION OF THE NOTES – Optional Prepayment” and “DESCRIPTION OF THE NOTES – Mandatory Prepayment.”

---

**SEE INSIDE COVER PAGE FOR MATURITY, PRICING SCHEDULE, AND CUSIP AND ISIN NUMBERS**

---

This cover page is not intended to be a summary of the terms of, or the security for, the Notes. Prospective investors are advised to read the Official Statement in its entirety to obtain information essential to the making of an informed investment decision.

The Notes are offered when, as and if issued by the County, subject to the approving opinion of Chapman and Cutler LLP, Chicago, Illinois as Bond Counsel to the County. Certain legal matters will be passed upon for the Underwriters by their counsel, Foley & Lardner LLP. The Notes are expected to be available for delivery on or about April 2, 2009, through the facilities of DTC in New York, New York, and through the Euroclear System and Clearstream in Luxembourg, as appropriate.

**J.P. MORGAN  
CITI**

**LOOP CAPITAL MARKETS LLC**

**RAMIREZ & CO., INC.**

**SIEBERT BRANDFORD SHANK & CO., LLC**

**MARCH 19, 2009**

**MATURITY, PRICING SCHEDULE, AND CUSIP AND ISIN NUMBERS**

**\$400,000,000  
MILWAUKEE COUNTY, WISCONSIN**

**\$265,000,000  
TAXABLE GENERAL OBLIGATION PENSION PROMISSORY NOTES, SERIES 2009A**

<u>Maturity</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u>	<u>ISIN No.</u>
2010	\$10,025,000	2.86%	2.86%	602245UA8	US602245UA85
2011	5,865,000	2.86	2.86	602245UB6	US602245UB68
2012	3,060,000	3.22	3.22	602245UC4	US602245UC42
2013	3,315,000	4.14	4.14	602245UD2	US602245UD25
2014	2,765,000	4.39	4.39	602245UE0	US602245UE08
2015	2,975,000	4.64	4.64	602245UF7	US602245UF72
2016	3,145,000	5.08	5.08	602245UG5	US602245UG55
2017	3,330,000	5.33	5.33	602245UH3	US602245UH39
2018	3,515,000	5.58	5.58	602245UJ9	US602245UJ94
2019	3,720,000	5.83	5.83	602245UK6	US602245UK67
2024	120,000,000	5.93	5.93	602245UL4	US602245UL41
2028	103,285,000	6.84	6.84	602245UM2	US602245UM24

**\$135,000,000  
TAXABLE PENSION NOTES, SERIES 2009B**

<u>Maturity</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u>	<u>ISIN No.</u>
2013	\$135,000,000	5.39%	5.39%	602266AA6	US602266AA67

*For purposes of compliance by the Underwriters with Rule 15c2-12 of the Securities and Exchange Commission, this document constitutes an Official Statement of the County with respect to the Notes that has been deemed "final" by the County as of its date except for the omission of no more than the information permitted by Rule 15c2-12(b)(1).*

The information contained in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale made by means of it shall, under any circumstances, create an implication that there have not been changes in the matters discussed herein since the date of this Official Statement.

No broker, dealer, sales representative or any other person has been authorized by the County or the Underwriters to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described in it, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy any securities other than those described on the cover page, nor shall there be any offer to sell, solicitation of any offer to buy or sale of such securities by any persons in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. ANY REGISTRATION OR QUALIFICATION OF THE NOTES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE NOTES MAY HAVE BEEN REGISTERED OR QUALIFIED AND ANY EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The information set forth herein has been furnished by the County and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Co-Financial Advisors or the Underwriters. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the other matters described herein since the date hereof.

**Certain statements in this Official Statement, which may be identified by the use of such terms as "plan," "project," "expect," "estimate," "budget" or other similar words, constitute forward-looking statements. Such forward-looking statements refer to the achievement of certain results or other expectation or performance which involves known and unknown risks, uncertainties and other factors. These risks, uncertainties and other factors may cause actual results, performance or achievements to be materially different from any projected results, performance or achievements described or implied by such forward-looking statements. The County does not plan to issue updates or revisions to such forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur, or if actual results, performance or achievements are materially different from any results, performance or achievements described or implied by such forward-looking statements.**

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete, and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the County or from the Co-Financial Advisors to the County for this issuance. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

This Official Statement is delivered in connection with the sale of securities referred to herein and may not be produced or used, in whole or in part, for any other purposes. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

The prices and other terms respecting the offering and sale of the Notes may be changed from time to time by the Underwriters after the Notes are released for sale, and the Notes may be offered and sold at prices other than the initial offering prices, including sales to dealers that may sell the Notes into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

**TABLE OF CONTENTS**

INTRODUCTION TO OFFICIAL STATEMENT ..... i

**THE OFFICIAL STATEMENT**

PLAN OF FINANCE ..... 1  
DESCRIPTION OF THE NOTES ..... 2  
    *Authorization* ..... 2  
    *Purpose* ..... 2  
    *Sources and Uses* ..... 2  
    *Security Provisions* ..... 2  
    *Description* ..... 3  
    *Ownership* ..... 3  
    *Transfers and Exchanges* ..... 3  
    *Optional Prepayment* ..... 4  
    *Mandatory Prepayment* ..... 5  
    *Notice of Prepayment* ..... 6  
SOURCE OF PAYMENT FOR SERIES 2009B NOTES ..... 6  
    *Payment of Series 2009B Notes from Newly Issued Securities* ..... 6  
    *Payment of Series 2009B Notes from Annual Appropriations* ..... 6  
    *Annual Budget for the Year 2009* ..... 7  
    *Budget Process* ..... 7  
COVENANTS AND REPRESENTATIONS OF THE COUNTY WITH RESPECT TO THE SERIES 2009B NOTES ..... 9  
    *Risk Factors* ..... 9  
LITIGATION ..... 10  
    *General Litigation and Claims* ..... 10  
REMEDIES ..... 11  
RATINGS ..... 11  
TAX MATTERS ..... 12  
ERISA ..... 12  
LEGAL PROCEEDINGS ..... 13  
CO-FINANCIAL ADVISORS ..... 13  
UNDERWRITING ..... 13  
INDEPENDENT AUDITORS ..... 13  
REGISTRATION, SALE AND DISTRIBUTION ..... 14  
CONTINUING DISCLOSURE ..... 14  
CERTIFICATION ..... 14

**COUNTY GOVERNMENT**

*General* ..... 15  
*Government and Administration* ..... 15  
*County Executive’s Office* ..... 15  
*Legislative* ..... 16  
*Financial Management* ..... 16  
*Services Provided by the County* ..... 21

**COMMUNITY CHARACTERISTICS**

*Demographic Trends* ..... 32  
*Location and Transportation System* ..... 32  
*Education* ..... 32  
*Economic Profile and Trends* ..... 32  
*Major Private Employers in the County* ..... 34

<i>Major Non-Industrial Taxpayers in the County</i> .....	35
<i>Major Construction Projects Planned and In Process in the County</i> .....	36

**DEBT STRUCTURE**

<i>Payment Record</i> .....	38
<i>Bonds and Notes Authorized But Not Issued</i> .....	38
<i>General Obligation Debt by Issue</i> .....	38
<i>General Obligation and Note Debt Service Schedule</i> .....	40
<i>Airport Revenue Debt</i> .....	40
<i>Other County Obligations</i> .....	41
<i>Short-Term Debt</i> .....	42
<i>Legal Debt Limit</i> .....	42
<i>Indirect General Obligation Debt of the County</i> .....	43
<i>Trend of Direct Debt and Indirect Debt</i> .....	44
<i>Direct and Indirect Debt as a Percent of Equalized Value and Per Capita</i> .....	44

**FINANCIAL INFORMATION**

<i>Tax Assessment</i> .....	45
<i>Equalized Values 2003-2008</i> .....	45
<i>Property Tax Levies and Collections Last Five Years</i> .....	46
<i>Property Tax Levies and Collections Last Five Years – City of Milwaukee</i> .....	46
<i>Property Tax Rates for County Levies</i> .....	46
<i>Levy Limits</i> .....	47
<i>Property Tax Credits</i> .....	48
<i>Property Tax Collections</i> .....	48
<i>Other Major County Revenues</i> .....	49
<i>Statement of Revenues, Expenditures and Changes In Fund Balance – General Fund</i> .....	51
<i>Statement of Revenues, Expenditures and Changes In Fund Balance – All Proprietary Funds</i> .....	52
<i>Adopted 2008 and 2009 Budgets</i> .....	53

**APPENDICES**

<i>The County’s Annual Financial Statements</i> .....	APPENDIX A
<i>Forms of Legal Opinion</i> .....	APPENDIX B
<i>Form of Continuing Disclosure Certificate</i> .....	APPENDIX C
<i>Securities Depository</i> .....	APPENDIX D

## INTRODUCTION TO OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding Milwaukee County's \$265,000,000 Taxable General Obligation Pension Promissory Notes, Series 2009A and the \$135,000,000 Taxable Pension Notes, Series 2009B. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.

<b>Issuer:</b>	Milwaukee County, Wisconsin.
<b>Security:</b>	<p><b>Series 2009A Notes.</b> The Series 2009A Notes will be general obligations of the County for which its full faith and credit and unlimited taxing powers are pledged.</p> <p><b>Series 2009B Notes.</b> The Series 2009B Notes are special obligations of the County, issued in anticipation of the sale of general obligation promissory notes of the County (the "Securities"), which Securities the County has authorized and covenanted to issue. The interest on the Series 2009B Notes is payable from moneys generally available to the County and appropriated by the County Board of Supervisors of the County for such purpose. The County Board of Supervisors of the County has appropriated an amount of money sufficient for the purpose of paying interest on the Series 2009B Notes on December 1, 2009. The principal of the Series 2009B Notes payable at maturity or upon prepayment prior to maturity and any interest accrued thereon are payable from the proceeds of the Securities which the County has preliminarily authorized and which the County has covenanted to issue.</p>
<b>Purpose and Authority:</b>	The Notes are being issued to fund a portion of the unfunded prior service liabilities of the Employees' Retirement System of the County of Milwaukee and to pay the costs of the financing.
<b>Optional Redemption:</b>	The Notes are subject to optional and mandatory prepayment prior to maturity as described herein. See "DESCRIPTION OF THE NOTES – Optional Prepayment" and "DESCRIPTION OF THE NOTES – Mandatory Prepayment."
<b>Denominations:</b>	\$5,000 or multiples thereof.
<b>Record Date:</b>	The 15th day of the month preceding the payment date.
<b>Principal Payments:</b>	<p><b>Series 2009A Notes.</b> Annually, December 1, 2010 through 2028.</p> <p><b>Series 2009B Notes.</b> December 1, 2013.</p>
<b>Interest Payments:</b>	On each June 1 and December 1, commencing on December 1, 2009.
<b>Tax Status:</b>	Not exempt from federal income taxes. Not exempt from Wisconsin income or franchise taxes.
<b>Professional Consultants:</b>	<p><i>Co-Financial Advisors:</i> Public Financial Management, Inc. Milwaukee, Wisconsin and Peralta Garcia Solutions Chicago, Illinois</p> <p><i>Paying Agent/Registrar:</i> Milwaukee County Treasurer's Office</p> <p><i>Bond Counsel:</i> Chapman and Cutler LLP Chicago, Illinois</p>

- Legal Matters:** Legal matters incident to the authorization and issuance of the Notes are subject to the opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel, as to validity. Each opinion will be substantially in the form set forth in APPENDIX B attached hereto. Bond Counsel has not participated in the preparation of this Official Statement.
- Conditions Affecting Issuance of Obligations:** The Notes are offered subject to receipt of the unqualified approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel to the County.
- Book-Entry Only:** The Notes will be issued as book-entry only securities through The Depository Trust Company.
- No Litigation:** There is no litigation now pending or, to the knowledge of County officials, threatened which questions the validity of the Notes or of any proceedings of the County taken with respect to the issuance or sale thereof.
- Limitations on Offering or Reoffering Securities:** No dealer, broker, sales representative or other person has been authorized by the County or the Co-Financial Advisors to give any information or to make any representations other than those contained in the Official Statement, and if given or made, such information and representations must not be relied upon as having been authorized by the County or the Co-Financial Advisors. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Notes by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Questions regarding the Notes or the Official Statement can be directed to Pamela Bryant, Capital Finance Manager, Milwaukee County Department of Administrative Services, 901 North Ninth Street, Room 308, Milwaukee, Wisconsin 53233 (414/278-4396).

**THIS PAGE INTENTIONALLY LEFT BLANK**

# OFFICIAL STATEMENT

**\$400,000,000**

**MILWAUKEE COUNTY, WISCONSIN**

**\$265,000,000**

**TAXABLE GENERAL OBLIGATION PENSION  
PROMISSORY NOTES, SERIES 2009A  
(General Obligation Notes)**

**\$135,000,000**

**TAXABLE PENSION NOTES,  
SERIES 2009B**

This Official Statement is provided to furnish information in connection with the offering by Milwaukee County, Wisconsin of its Taxable General Obligation Pension Promissory Notes, Series 2009A and its Taxable Pension Notes, Series 2009B.

The Series 2009A Notes are being issued by the County pursuant to Section 67.12(12) of the *Wisconsin Statutes* and resolutions adopted by the County Board of Supervisors (the "County Board"). The Series 2009A Notes will be general obligations of the County for which its full faith and credit and unlimited taxing powers are pledged.

The Series 2009B Notes are being issued by the County pursuant to Section 67.12(1)(b) of the *Wisconsin Statutes* and resolutions adopted by the County Board. The Series 2009B Notes are valid and binding special obligations of the County, issued in anticipation of the sale of general obligation promissory notes of the County (the "Securities"), which Securities the County has authorized and covenanted to issue to provide for the timely payment of principal of the Series 2009B Notes at maturity or upon prepayment. The Series 2009B Notes do not constitute a general obligation of the County, and no lien is created upon any property of the County as a result of the issuance of the Series 2009B Notes.

The County's audited basic financial statements for the Fiscal Year ended December 31, 2007 (the "Financial Statements") are attached to this Official Statement as APPENDIX A. Attached as APPENDIX B are the forms of opinion of Bond Counsel for the Notes. Attached as APPENDIX C is the continuing disclosure undertaking of the County. Attached as APPENDIX D is information relating to the securities clearance procedures applicable to the Notes, including a description of The Depository Trust Company and the global securities clearance procedures of the Euroclear System and Clearstream.

## PLAN OF FINANCE

The proceeds of the Notes will be used to fund a portion of the County's unfunded prior service liability for its Employees' Retirement System and are intended to stabilize the County's annual contribution levels to the ERS, achieve budgetary savings and provide a greater funding ratio for the ERS. The net proceeds of the Notes will be transferred directly to, and invested at the direction of, the County's Pension Board, which oversees and manages the ERS. See "COUNTY GOVERNMENT – Services Provided by the County" for more information about the ERS.

The plan of finance is intended to provide level debt service payments over a 25-year period and involves the initial issuance of two series of notes. Approximately two-thirds of the principal amount will be issued as the Series 2009A Notes that will mature in the years 2010 through 2028 (consistent with the maximum maturity of 20 years allowed by state statutes). The balance of the principal amount will be issued as the Series 2009B Notes. The Series 2009B Notes are anticipated to be funded in 2013 with general obligation promissory notes that would be amortized in the years 2029 through 2033.

In order to further the goal of stabilizing annual contribution levels, the County has authorized the creation of the Stabilization Fund, which will be initially funded with appropriations of \$6.5 million (\$4.5 million included in the 2008 budget and \$2.0 million included in the 2009 budget). Subject to annual appropriation, additional funds are anticipated to be provided to the Stabilization Fund in future County budgets. While not pledged to the Notes, by statute amounts in the Stabilization Fund may only be used as follows: (1) to pay the principal of and interest on the Series 2009A Notes (or general obligations or appropriation obligations that are subsequently issued for pension-

related purposes); (2) for the redemption or repurchase of the Series 2009A Notes (or general obligations or appropriation obligations that are subsequently issued for pension-related purposes); (3) to make payments under any agreement or ancillary agreement entered into with respect to the Series 2009A Notes (or general obligations or appropriation obligations that are subsequently issued for pension-related purposes); and (4) to pay annual pension costs, other than normal costs, which shall be based upon a report of the actuary selected by the County Board.

## DESCRIPTION OF THE NOTES

### *Authorization*

The Series 2009A Notes are being issued pursuant to authority granted, and in a manner required, by Section 67.12(12) of the *Wisconsin Statutes*, by an initial resolution adopted by the County Board on November 6, 2008, and an award resolution adopted by the County Board on March 19, 2009 (the "Series 2009A Note Resolution").

The Series 2009B Notes are being issued pursuant to authority granted, and in a manner required, by Section 67.12(1)(b) of the *Wisconsin Statutes*, by an initial resolution adopted by the County Board on November 6, 2008 and an award resolution adopted by the County Board on March 19, 2009 (the "Series 2009B Note Resolution").

### *Purpose*

The Notes are being issued to fund a portion of the unfunded prior service liabilities of the ERS and to pay the costs of the financing. At the time of issuance, the Notes will be the County's only outstanding pension-related borrowing.

### *Sources and Uses*

The following table summarizes the estimated sources and uses of proceeds of the Notes.

<u>Estimated Sources:</u>	<u>Series 2009A Notes</u>	<u>Series 2009B Notes</u>
Par Amount	\$265,000,000.00	\$135,000,000.00
Total Sources of Funds	\$265,000,000.00	\$135,000,000.00
 <u>Estimated Uses:</u>		
Deposit to ERS	\$263,540,512.50	\$134,256,487.50
Underwriter's Discount	830,112.50	422,887.50
Cost of Issuance	629,375.00	320,625.00
Total Uses of Funds	\$265,000,000.00	\$135,000,000.00

### *Security Provisions*

**Series 2009A Notes.** The Series 2009A Notes are general obligations of the County for which the County pledges its full faith and credit and power to levy direct general ad valorem taxes, which taxes may, under current law, be levied without limit as to rate or amount. A direct annual irrevocable tax has been levied upon all taxable property in the County to pay the principal of and interest on the Series 2009A Notes as the same becomes due. The first levy for the Series 2009A Notes will be made in 2009 for collection in 2010. The first-half year taxes are expected to be available to meet the interest payment due on June 1 each year with respect to the Series 2009A Notes. Surplus first-half year taxes and all second-half year taxes will be available to meet each December 1 principal and interest payment with respect to the Series 2009A Notes.

**Series 2009B Notes.** The Series 2009B Notes are special obligations of the County, issued in anticipation of the sale of general obligation promissory notes of the County. In the Series 2009B Note Resolution the County has authorized the issuance of, and has covenanted to issue, the Securities to provide for timely payment of the Series

2009B Notes if the County has not otherwise provided for the payment in full of the Series 2009B Notes and interest thereon. The Series 2009B Notes do not constitute a general obligation of the County, and no lien is created upon any property of the County as a result of the issuance of the Series 2009B Notes.

The interest on the Series 2009B Notes is payable from moneys generally available to the County and appropriated by the County Board for such purpose. The County Board has appropriated an amount of money sufficient for the purpose of paying interest on the Series 2009B Notes on December 1, 2009. The principal of the Series 2009B Notes payable at maturity or upon prepayment prior to maturity and any interest accrued thereon are payable from the proceeds of the Securities, which the County has preliminarily authorized and which the County has covenanted to issue.

### ***Description***

The Notes will mature in the aggregate principal amounts and on the dates indicated on the inside cover page of this Official Statement. The Notes will be dated as set forth in the Series 2009A Note Resolution and the Series 2009B Note Resolution and will accrue interest from the date of delivery. The Notes will be payable as to principal on December 1, commencing on December 1, 2010 for the Series 2009A Notes and December 1, 2013 for the Series 2009B Notes, unless earlier paid. The County Treasurer is the initial paying agent (the "Paying Agent") and registrar (the "Registrar") for the Notes. The Notes will be issued in fully registered form in denominations of \$5,000 or any multiple thereof.

Principal of the Notes is payable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar, which is currently located in Milwaukee, Wisconsin. Interest on the Notes will be payable to the person (the "Registered Owner") whose name appears in the registration books for the Notes (the "Register") maintained by the Paying Agent/Registrar at the close of business on the 15th day of the calendar month immediately preceding the applicable interest payment date (the "Record Date") and shall be payable by the Paying Agent/Registrar (i) by check sent by United States Mail, first class postage prepaid, to the address of the Registered Owner recorded in the Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. Accrued interest payable at maturity of the Notes will be paid upon presentation and surrender of such Notes at the principal payment office of the Paying Agent/Registrar.

All references herein to the Notes are subject to the specific provisions of the Series 2009A Note Resolution and the Series 2009B Note Resolution.

### ***Ownership***

The County, the Paying Agent/Registrar, and any other person may treat a Registered Owner as the absolute owner of such Note for the purpose of making and receiving payment of the principal thereof and the interest thereon and for all other purposes, whether or not such Note is overdue. Neither the County nor the Paying Agent/Registrar will be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Registered Owner of any Note in accordance with the Resolution authorizing such Notes will be valid and effectual and will discharge the liability of the County and the Paying Agent/Registrar for such Note to the extent of the sums paid.

### ***Transfers and Exchanges***

Beneficial ownership of the Notes registered in the name of The Depository Trust Company, New York, New York will be initially transferred as described under "APPENDIX D - SECURITIES DEPOSITORY." APPENDIX D also describes the global clearance procedures of the Euroclear and Clearstream systems.

So long as any Notes remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of the Notes in accordance with the terms of the Series 2009A Note Resolution and the Series 2009B Note Resolution.

The Notes shall be transferable only upon the presentation and surrender thereof by Cede & Co., as DTC's nominee or any subsequent Registered Owner, at the principal office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by Cede & Co., as DTC's nominee, or any subsequent Registered Owner or the authorized representative thereof in a form satisfactory to the Paying Agent/Registrar. Upon due presentation and surrender of a Note for transfer, the Paying Agent/Registrar is required to authenticate and deliver in exchange therefore, in a timely fashion after such presentation and surrender, a new Note, registered in the name of Cede & Co., as DTC's nominee, or such other transferee, in authorized denominations, of the same series, maturity and interest rate, in the same aggregate principal amount as the Note so presented and surrendered.

In the event the Notes are not held in a book-entry registration system, all Notes shall be exchangeable upon the presentation and surrender thereof at the designated office of the Paying Agent/Registrar, initially in Milwaukee, Wisconsin, for a Note of the same series, maturity and interest rate, in any authorized denomination and in an aggregate principal amount equal to the Note presented for exchange. Notes issued in exchange for other Notes shall be entitled to the benefits and security of the Resolution to the same extent as the Note in lieu of which such Note is delivered.

### ***Optional Prepayment***

The Notes will be subject to prepayment prior to maturity at the election of the County on any date, as a whole or in part, at a prepayment price equal to the greater of (i) 100 percent of the principal amount thereof or (ii) the Discounted Value (as hereinafter defined) thereof, plus, in each case, accrued interest to the date fixed for prepayment. The County may select principal amounts and maturities or portions of maturities of Notes for optional prepayment at the County's sole discretion. All calculations and determinations referred to with respect to Discounted Value in connection with such a prepayment will be made by the County.

"Discounted Value" means, with respect to each outstanding maturity of the Notes to be prepaid, the sum of the amounts obtained by discounting all remaining scheduled payments of principal and interest (exclusive of interest accrued to the date fixed for prepayment) on such maturity from the respective dates for such scheduled payments to the applicable date fixed for prepayment, at a yield equal to the applicable Discount Yield.

"Discount Yield" means, with respect to each maturity of the Notes to be prepaid on a particular date, the Blended Treasury Yield determined with respect to the Notes of such series and maturity, plus 0.45 % per annum. The Discount Yield will be calculated assuming semiannual compounding based upon a calendar year of 360 days consisting of twelve 30-day months.

"Blended Treasury Yield" means, with respect to each maturity of the Notes to be prepaid, the yield computed for the date that corresponds to the remaining average life of such maturity of the Notes to be prepaid to be calculated (assuming semiannual compounding based on a calendar year of 360 days consisting of twelve (12) thirty-day months), as follows:

- (i) the linear interpolation of the actively traded U.S. Treasury security having a maturity that is closest to, but no later than, the date corresponding to the remaining average life of the maturity of the Notes to be prepaid and the yield for the maturity of the actively traded U.S. Treasury security having a maturity that is closest to, but no earlier than, the date corresponding to the remaining average life of the maturity of the Notes to be prepaid, as shown as of 11:00 a.m., New York City time, on the Valuation Date on the display currently designated as "Page PX1" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading system screen reporting on-line intraday trading in U.S. Treasury securities); or
- (ii) if the yield described in clause (i) above cannot be determined, the linear interpolation of the yield for the maturity of the actively traded U.S. Treasury security having a maturity that is closest to, but no later than, the date corresponding to the remaining average life of the maturity of the Notes to be prepaid and the yield of the actively traded U.S. Treasury security having a maturity that is closest to, but no earlier than, the date corresponding to the remaining average maturity of the maturity of the Notes to be prepaid, as shown on the most recent yield data for the applicable U.S. Treasury maturity

index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication); or

- (iii) if the yields described in clauses (i) and (ii) above cannot be determined, the linear interpolation of the yield for the maturity of the actively traded U.S. Treasury security having a maturity that is closest to, but no later than, the date corresponding to the remaining average life of the maturity of the Notes to be prepaid and the yield for the maturity of the actively traded U.S. Treasury security having a maturity that is closest to, but no earlier than, the date corresponding to the remaining average life of the maturity of the Notes to be prepaid, based upon the average of yield quotations for such securities (using, for each security, the average of the bid and ask prices, after excluding the highest and lowest quotations) as of 3:30 p.m., New York City time, on the Valuation Date received from no less than five (5) primary dealers in U.S. government securities selected by the County.

"Valuation Date" means the seventh business day preceding the date fixed for prepayment.

***Mandatory Prepayment***

The Series 2009A Notes maturing on December 1, 2024 (the "2024 Term Notes") are subject to mandatory sinking fund prepayment in part, Pro Rata (as hereinafter defined), at a prepayment price equal to one hundred percent (100%) of the principal amount of the Series 2009A Notes to be prepaid, plus accrued interest thereon to the date specified for prepayment on December 1 in each of the years set forth in the following table, in the principal amount specified in each of such years:

<u>Term Notes Maturing December 1, 2024</u>	
<u>Year</u>	<u>Sinking Fund Payment</u>
2011	\$4,515,000
2012	7,810,000
2013	8,160,000
2014	6,635,000
2015	6,965,000
2016	7,400,000
2017	7,860,000
2018	8,355,000
2019	8,875,000
2020	9,430,000
2021	10,020,000
2022	10,645,000
2023	11,310,000
2024 (Stated Maturity)	12,020,000

In the event that the 2024 Term Notes are called for optional prepayment prior to maturity, the County shall be entitled to a credit against the respective mandatory sinking fund prepayment requirements set forth above in such order as shall be designated by the County to the Note Registrar.

The Series 2009A Notes maturing on December 1, 2028 (the "2028 Term Notes") are subject to mandatory sinking fund prepayment in part, Pro Rata, at a prepayment price equal to one hundred percent (100%) of the principal amount of the Series 2009A Notes to be prepaid, plus accrued interest thereon to the date specified for prepayment on December 1 in each of the years set forth in the following table, in the principal amount specified in each of such years:

Term Notes Maturing December 1, 2028

<u>Year</u>	<u>Sinking Fund Payment</u>
2020	\$4,085,000
2021	4,325,000
2022	4,585,000
2023	4,855,000
2024	5,140,000
2025	18,210,000
2026	19,400,000
2027	20,670,000
2028 (Stated Maturity)	22,015,000

In the event that the 2028 Term Notes are called for optional prepayment prior to maturity, the County shall be entitled to a credit against the respective mandatory sinking fund prepayment requirements set forth above in such order as shall be designated by the County to the Note Registrar.

“Pro Rata” means in connection with any mandatory sinking fund prepayment in part, the amount that results from applying a fraction, the numerator of which is equal to the amount of the Term Notes held by the Owner of such Term Notes and the denominator of which is equal to the total amount of the Term Notes then outstanding.

The County will covenant to make any appropriate election with DTC for DTC to process mandatory prepayments by means of pro rata pass-through distribution of principal (and not by means of an impartial lottery).

***Notice of Prepayment***

At least thirty (30) days prior to the date fixed for any such prepayment, notice of such prepayment shall be given to the Registered Owners of the Notes or portions thereof being called for prepayment by depositing such notice in the United States mail, first-class, postage prepaid, addressed to each such Registered Owner at its address shown on the registration books of the Paying Agent/Registrar, or by other customary means. So long as DTC is the securities depository for the Notes, such notice shall be given only to DTC. The failure to send, mail or receive any notice of prepayment shall not affect the validity or effectiveness of the proceedings for the prepayment of any Note. By the date fixed for any such prepayment, due provision shall be made with the Paying Agent/Registrar for the payment of the prepayment price for the Notes or the portions thereof which are to be so prepaid, plus accrued interest to the date fixed for prepayment. If a portion of any Note shall be prepaid, a substitute Note having the same maturity date, bearing interest at the same rate, and in an aggregate principal amount equal to the unprepaid portion thereof, will be issued to the Registered Owner upon the surrender of the Note being prepaid, all as provided for in the Resolution.

**SOURCE OF PAYMENT FOR SERIES 2009B NOTES**

***Payment of Series 2009B Notes from Newly Issued Securities***

The payment of the principal of the Series 2009B Notes is expected to be made with the proceeds of the Securities, which the County Board has authorized and has covenanted to issue.

***Payment of Series 2009B Notes from Annual Appropriations***

The payment of the interest on the Series 2009B Notes is subject to appropriation; that is, payments due in any fiscal year of the County will be made only to the extent amounts are appropriated by the County Board for that purpose. The County is not legally obligated to appropriate any amounts for payment of the interest on the Series 2009B Notes, and if it does not do so, it incurs no liability to the owners of the Series 2009B Notes. Thus, payment of the interest on the Series 2009B Notes is at the discretion of the County Board. The County expects that any appropriation made to pay the interest on the Series 2009B Notes would be an annual appropriation. That is, the

amount appropriated would be separately stated for the fiscal year, and any unused amount would lapse at the end of the fiscal year.

### ***Annual Budget for the Year 2009***

The annual budget of the County for the year 2009 includes an appropriation of moneys sufficient to pay debt service on a pension obligation borrowing. The amount of this appropriation may be applied to the payment of interest on both the Series 2009A Notes and the Series 2009B Notes coming due on December 1, 2009.

### ***Budget Process***

Annual appropriations of the County are made through the adoption of the annual budget. The budget process is specified in the Wisconsin Statutes, so the process is subject to change by the state legislature.

The annual budget is the legislative document that sets the level of authorized County expenditures for the fiscal year and the corresponding level of revenues (primarily taxes but also including grants and operating income) projected to be available to finance those expenditures. The fiscal year in the County is the calendar year.

**Budget Requests from Departments.** On or before July 15, each County department annually submits to the Director of the County Department of Administrative Services (the “Director”):

- The department’s estimated revenues and expenditures for the ensuing fiscal year.
- The estimated cost of any capital improvements pending or proposed for the ensuing fiscal year and for the next 4 fiscal years.

Not later than August 15 of each year, the Director submits to the County Executive and to the County Board:

- The annual budget estimates of each department.
- A statement of principal and interest becoming due on outstanding bonds and on other financial obligations.
- An estimate of all other expenditures, including proposed expenditures on capital improvements that are not financed by bonds.
- An estimate of anticipated issues of new bond obligations during the ensuing fiscal year, plus a statement of the funds required for maturities and interest payments on these issues.
- An estimate of funds required as an appropriation for contingencies.
- An estimate of revenue from all other sources.
- A complete summary of all the budget estimates and a statement of the property tax levy required if funds were appropriated on the basis of these estimates.

In determining the property tax levy required, the Director deducts from the total estimated expenditures the estimated amount of revenue from sources other than the property tax levy and deducts the amount of any surplus at the close of the preceding fiscal year not yet appropriated.

**County Executive Budget.** The County Executive reviews the estimates of expenditures and revenues and holds public hearings. The County Executive makes changes in the proposed budget that in his or her discretion are considered desirable or proper.

On or before October 1, and after the required hearings, the County Executive submits the amended proposed budget to the County Board (the “County Executive’s Budget”).

**Consideration by County Board.** The County Board refers the County Executive’s budget to the Committee on Finance and Audit. The County Board holds a public hearing on the County Executive’s budget and then submits to the County Board its recommendations for amendments to the County Executive’s budget, if any. The County Board adopts a budget with such changes as it considers proper and advisable. When so adopted, the sums provided constitute legal appropriations and anticipated revenues for the ensuing year, except to the extent transfers are made during the year.

At the request of the head of any department, and after receiving the recommendation of the County Executive, the Committee on Finance and Audit may, at any time during the fiscal year, transfer any unencumbered appropriation balance or portion thereof between principal objects of expenditures within a department; but no transfers can be made of appropriations originating from bond funds unless the purpose for which the bonds were issued has been fulfilled or abandoned.

At the request of the head of any department and after review and recommendation by the Committee on Finance and Audit, the County Board, by resolution adopted by a vote of two-thirds of the members-elect of the County Board, may transfer from the contingency appropriation into any other appropriation or create a new appropriation for any legal County purpose if any unforeseen condition requires an appropriation of funds during the budget year. The County Board may make supplemental appropriations for the year up to the amount of the additional revenue and surplus so certified to meet a public emergency affecting life, health, property, or the public welfare, if the Director certifies that funds are available for appropriation.

To the extent that unappropriated funds or realized revenues in excess of anticipated revenues are unavailable to meet the emergency, the County Board may, by resolution adopted by three-fourths of the members-elect, issue tax anticipation notes.

**Lapse of Annual Appropriations.** Every appropriation excepting an appropriation for a capital expenditure or a major repair lapses at the close of the fiscal year 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. The purpose of an appropriation for a capital expenditure or a major repair is considered abandoned if three years pass without any expenditure from, or encumbrance of, the appropriation concerned.

No payment may be authorized or made and no obligation incurred against the County unless the County has sufficient appropriations for payment. No payment may be made or obligation incurred against an appropriation unless the Director first certifies that a sufficient unencumbered balance is or will be available in the appropriation to make the payment or to meet the obligation when it becomes due and payable. An obligation incurred and an authorization of payment in violation of this prohibition is void. The County is not prohibited from contracting for capital improvements being financed wholly or partly by the issuance of bonds or prevent the making of a contract or lease providing for the payment of funds at a time beyond the end of the fiscal year in which the contract or lease is made. The County Board shall make or approve by resolution each contract, lease or other obligation requiring the payment of funds from the appropriations of a later fiscal year or of more than one fiscal year.

**Tax Stabilization Fund.** The County is permitted by law to create a tax stabilization fund. If a tax stabilization fund is created, certain surplus amounts are deposited into the tax stabilization fund, and the County Board may withdraw amounts from the tax stabilization fund, by a three-quarters vote of the members-elect, or by a majority vote of the members-elect if the County's total levy rate is projected by the County Board to increase by more than 3 percent in the current fiscal year and the withdrawn funds would prevent an increase of more than 3 percent. The tax stabilization fund may not be used to offset (i) any deficit that occurs between the County Board's total estimated nonproperty tax revenue, and the total actual nonproperty tax revenue; or (ii) any deficit that occurs between total appropriations and total expenditures.

If the uncommitted balance in the tax stabilization fund exceeds 5 percent of the current year's budget that is under the County Board's control, as of June 1 of the current year, any amount that exceeds that 5 percent shall be used to reduce the County's next property tax levy.

**County Executive's Partial Veto Power.** Wisconsin law grants the County Executive the power to veto appropriations in whole or in part. This means that rather than having to approve or reject the annual budget in its entirety, the County Executive may selectively delete appropriations from the annual budget. The veto of an appropriation may be overridden by a vote of two-thirds of the members-elect of the County Board.

Upon approval by the County Executive, the budget (less any appropriations deleted by the County Executive's partial veto) becomes the County's fiscal policy document for the next year. Just as it may do with a County

Executive's veto of a bill in its entirety, the County Board may, with a vote of two-thirds of the members-elect, override a partial veto and enact the vetoed portion into law. This action may be taken before or after the budget becomes effective.

## **COVENANTS AND REPRESENTATIONS OF THE COUNTY WITH RESPECT TO THE SERIES 2009B NOTES**

The County, acting by and through the County Board, has made several covenants and representations in the Series 2009B Note Resolution, which relate to the Series 2009B Notes and are hereinafter described.

The County has covenanted that it will issue the Securities in anticipation of the sale of which the Series 2009B Notes are authorized to be issued not later than December 1, 2013, and apply a sufficient amount of the proceeds thereof to the retirement of the Series 2009B Notes by depositing such amount into the Series 2009B Taxable Pension Note Account in the Debt Service Fund relating to the Series 2009B Notes.

The County has also covenanted and agreed that, so long as any of the Series 2009B Notes remain outstanding, the County will not incur additional general obligation debt unless it will have sufficient general obligation debt issuance capacity (taking into account scheduled retirements on outstanding general obligation debt) to permit the issuance of the Securities on the date on which the proceeds thereof are needed to pay the principal of the Series 2009B Notes coming due at maturity or upon prepayment.

The County has also represented and warranted that, until the interest on the Series 2009B Notes coming due during any fiscal year has been paid, an appropriation that has been made and is available to make such payment of interest on the Series 2009B Notes shall not be used for any other purpose, and shall be used solely to make such payment of the interest on the Series 2009B Notes.

The County has also authorized and directed the appropriate officers and employees of the County to take all appropriate ministerial actions within their power to provide that an annual appropriation is made to pay the interest on the Series 2009B Notes when due, and in particular has authorized and directed the Director:

- (a) while any Series 2009B Notes are outstanding, to include in the annual budget estimates that the Director submits to the County Executive and the County Board an amount sufficient to pay the interest on the Series 2009B Notes in the immediately following fiscal year of the County, commencing with the annual budget of the County for fiscal year 2010; and
- (b) on or before the date on which the public hearing is held by the County Board in connection with the annual proposed budget of the County, in the event that the annual proposed budget of the County for any fiscal year fails to include an amount sufficient to pay the interest on the Series 2009B Notes as the same becomes due and payable, to promptly provide a written notice to the County Executive and the Chairperson of the County Board, stating the nature of the deficiency and requesting an amendment to the budget or other action to correct the deficiency.

Subject to the right of nonappropriation of the interest on the Series 2009B Notes which is due and payable, the right of the County Executive to veto such an appropriation and the right of the County Board to rescind, repeal, or amend such an appropriation, the County has represented, warranted, and covenanted that it will not enter into any contract or take any action impairing the rights of the owners of the Series 2009B Notes and that it will not limit or alter its powers to comply with the terms of the Series 2009B Notes or the Series 2009B Note Resolution.

### ***Risk Factors***

**Dependence of Series 2009B Notes Upon Issuance of Securities.** The County's obligation to make payments of the principal of the Series 2009B Notes is not a general obligation of the County and is not supported by the full faith and credit of the County.

The Series 2009B Notes are issued in anticipation of the sale of the Securities. In the Series 2009B Note Resolution, the County has authorized the issuance of the Securities and has covenanted to issue the Securities. The principal of the Series 2009B Notes is payable only from the proceeds of the Securities or other funds appropriated by the County for such payment. For a variety of different reasons, the County may be unable to sell the Securities at the time that the County would normally intend to do so. The owners of the Series 2009B Notes could suffer a loss or fail to obtain payment on a timely basis if the issuance and sale of the Securities did not occur or were delayed.

**Dependence of Series 2009B Notes Upon Annual Appropriations.** The County's obligation to make payments of the interest on the Series 2009B Notes is not a general obligation of the County and is not supported by the full faith and credit of the County.

The County's obligation to make payments of interest on the Series 2009B Notes is subject to annual appropriation by the County Board of the necessary funds to make such payments. The Series 2009B Resolution includes a direction to the appropriate officers of the County to take all appropriate ministerial actions within their power to assure that the amounts required to pay interest on the Series 2009B Notes are annually appropriated, but no direction is or can be given concerning future legislative actions. The County Board has appropriated an amount of money sufficient for the purpose of paying interest on the Series 2009B Notes on December 1, 2009. No assurance is given that sufficient funds will be appropriated or otherwise available to make payments of the interest on the Series 2009B Notes in future years. The owners of the Series 2009B Notes could suffer a loss or fail to obtain payment on a timely basis if no appropriation were made or if an insufficient appropriation were made. The County Executive may include or exclude the appropriation in the annual budget submitted by the County Executive to the County Board, and similarly, the County Board may include or exclude the appropriation in the annual budget it adopts. Moreover, even if the appropriation is included in the annual budget the County Board adopts, the appropriation may be deleted through exercise of the County Executive's power to veto appropriations in whole or in part (unless two-thirds of the members-elect of the County Board vote to override the veto of the appropriation).

**Legislative Decision-Making.** Legislative decisions, such as making appropriations through the adoption of the County's annual budget, may be influenced by many factors. It is possible that failure to make payments of the principal of and interest on the Series 2009B Notes might hinder the County's subsequent access to the capital markets; however, it should not be assumed that the County Board or the County Executive would regard that possible consequence to be a compelling reason to appropriate the money needed for those payments.

Future occurrences could adversely affect the support of the County Board or the County Executive for appropriating the money needed for those payments.

**No Collateral.** The County has not pledged any collateral or other security to support payment of the principal of or interest on the Series 2009B Notes. If the County were to fail to appropriate sufficient funds for that payment, the owners of the Series 2009B Notes would not have any recourse against any other property of the County.

**Adverse State Legislation.** The County powers derive from the Constitution and statutes of the State of Wisconsin. The state legislature may enact legislation that adversely affects the financial condition or operations of the County or that impairs the ability of the County to pay interest on the Series 2009B Notes or to issue the Securities.

## LITIGATION

### *General Litigation and Claims*

In the opinion of the Milwaukee County Corporation Counsel, there is no litigation of any nature, either pending or, to the best of the Corporation Counsel's knowledge, threatened, which would affect the issuance and delivery of the Notes or the levy and collection of taxes to pay the principal and interest thereon, and neither the corporate existence nor the boundaries of the County nor the title of its present or former officers to their respective offices is being contested.

There are lawsuits pending before the Federal District Court, the Seventh Circuit Court, the Federal Court of Appeals and State Courts of Wisconsin involving the County, as a body corporate, or naming officers of the County

as defendants. Based upon past experience, the Milwaukee County Corporation Counsel does not believe that such litigation will be determined so as to result individually or in the aggregate in a final judgment against the County, which would materially affect the County's financial position. However, as with all litigation, it is difficult to give a comprehensive prediction of exposure until a case is prepared for trial.

## **REMEDIES**

The Series 2009A Note Resolution and the Series 2009B Note Resolution do not provide for the appointment of a trustee to represent the interests of the Note owners upon any failure of the County to perform in accordance with the terms of the Resolution or upon any other condition and, in the event of any such failure to perform, the registered owners would be responsible for the initiation and cost of any legal action to enforce performance of the Resolution. Furthermore, the Resolution does not establish specific events of default with respect to the Notes, and under state law, there is no right to the acceleration of maturity of the Notes upon the failure of the County to observe any covenant under the Resolution. A Note owner could seek a judgment against the County if a default occurred in the payment of principal of or interest on any such Notes; however, such judgment could not be satisfied by execution against any property of the County, and a suit for monetary damages could be vulnerable to the defense of sovereign immunity.

The County has not waived sovereign immunity with respect to the Notes. A Note owner's only practical remedy, if a default occurs, is a mandamus or mandamus injunction proceeding to compel the County (with respect to the Series 2009A Notes) to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Series 2009A Notes or perform other material terms and covenants contained in the Series 2009A Note Resolution and (with respect to the Series 2009B Notes) to issue the Securities in an amount sufficient to pay principal of the Series 2009B Notes or perform other material terms and covenants contained in the Series 2009B Note Resolution. In general, Wisconsin courts have held that a writ of mandamus may be issued to require a public official to perform legally imposed ministerial duties necessary for the performance of a valid contract, and Wisconsin law provides that, following their issuance, the Notes are valid and binding obligations for all purposes according to their terms. However, the enforcement of any such remedy may be difficult and time consuming, and a Note owner could be required to enforce such remedy on a periodic basis.

The County is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Note owners of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of any other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Notes are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

## **RATINGS**

Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively, have assigned the ratings of "Aa3 / AA / AA" to the Series 2009A Notes and the ratings of "Aa3 / AA / AA-" to the Series 2009B Notes. 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 Notes, 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 Notes. The County and the Co-Financial Advisors will undertake no responsibility to oppose any revision or withdrawal of such ratings.

## **TAX MATTERS**

Interest on the Notes is not excludible from gross income for federal income tax purposes. The owners of the Notes should consult their tax advisors with respect to the inclusion of interest on the Notes in gross income for federal income tax purposes.

## **ERISA CONSIDERATIONS**

The following information has been furnished to the County by the Underwriters and is provided only as a matter of convenience to potential purchasers of the Notes.

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain fiduciary and prohibited transaction restrictions on employee pension and welfare benefit plans subject to ERISA (“ERISA Plans”). Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) of the Code (“Qualified Retirement Plans”) and on individual retirement accounts described in Section 408(b) of the Code (collectively, “Tax-Favored Plans”). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Accordingly, assets of such plans may be invested in the Notes without regard to the ERISA considerations described below, subject to the provisions of applicable federal and state law. Any such plan which is a Qualified Retirement Plan and exempt from taxation under Sections 401(a) and 501(a) of the Code, however, is subject to the prohibited transaction rules set forth in the Code.

In addition to the imposition of general fiduciary requirements, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “Benefit Plans”) and persons who have certain specified relationships to the Benefit Plans (“Parties in Interest” or “Disqualified Persons”), unless a statutory or administrative exemption is available. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available.

Certain transactions involving the purchase, holding, or transfer of the Notes might be deemed to constitute prohibited transactions under ERISA and the Code if assets of the County were deemed to be assets of a Benefit Plan. Under a regulation issued by the United States Department of Labor (“Plan Assets Regulation”), the assets of the County would be treated as plan assets of a Benefit Plan for the purposes of ERISA and the Code only if the Benefit Plan acquires an “equity interest” in the County and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the Notes should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. However, without regard to whether the Notes are treated as an equity interest for such purposes, the acquisition or holding of Notes by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the County, or any of its affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan. A prohibited transaction could also occur in the event that a Benefit Plan transfers a Note to a Party in Interest or Disqualified Person. In such case, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Note. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by “in-house asset managers”, PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”, PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional assets managers.”

Any ERISA Plan fiduciary considering whether to purchase Notes on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code.

## **LEGAL PROCEEDINGS**

Certain legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois (the "Bond Counsel"), who have been retained by, and act as, Bond Counsel to the County. Bond Counsel have not been retained or consulted on disclosure matters, and have not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Notes, and assume no responsibility for the statements or information contained in or incorporated by reference in this Official Statement. Certain other legal matters will be passed on for the Underwriters by Counsel to the Underwriters, Foley & Lardner LLP.

## **CO-FINANCIAL ADVISORS**

Public Financial Management, Inc., Milwaukee, Wisconsin and Peralta Garcia Solutions, Chicago, Illinois (the "Co-Financial Advisors") have been retained by the County as co-financial advisors in connection with the issuance of the Notes and, in such capacity, have assisted the County in the preparation of documents. The fee for the Co-Financial Advisors for services rendered with respect to the sale of the Notes is not contingent upon the issuance and delivery of the Notes.

Although the Co-Financial Advisors have read and participated in the preparation of this Official Statement, the Co-Financial Advisors have not independently verified any of the information set forth herein. The information contained in this Official Statement has been obtained primarily from the County's records and from other sources which are believed to be reliable, including financial records of the County and other entities which may be subject to interpretation. No guarantee is made as to the accuracy or completeness of any such information. No person, therefore, is entitled to rely upon the participation of the Co-Financial Advisors as an implicit or explicit expression of opinion as to the completeness and accuracy of the information contained in this Official Statement.

Requests for information concerning the County may be addressed to Pamela Bryant, Capital Finance Manager, Milwaukee County Department of Administrative Services, 901 North Ninth Street, Room 308, Milwaukee, Wisconsin 53233, (414/278-4396).

## **UNDERWRITING**

J.P. Morgan Securities Inc., as representative (the "Representative") of the broker-dealer firms listed on the front cover (collectively, the "Underwriters"), has agreed, subject to certain conditions, to purchase the Notes from the County at a price of \$398,747,000.00, which reflects an underwriting discount (including certain expenses) of \$1,253,000.00. The Underwriters' obligation is subject to certain conditions precedent, and the Representative, on behalf of the Underwriters, will be obligated to purchase all of the Notes if any Notes are purchased. The Notes may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed from time to time by the Underwriters.

JPMorgan Investment Management Inc., an affiliate of the Representative, provides investment advisory services to the Employees' Retirement System of the County of Milwaukee pursuant to a contract with the County's Pension Board.

## **INDEPENDENT AUDITORS**

The basic financial statements of the County of Milwaukee, Wisconsin, as of December 31, 2007 and for the year then ended, included in this Official Statement in APPENDIX A, have been audited by Virchow, Krause & Company, LLP, independent auditors, as stated in their report appearing herein. Virchow, Krause & Company, LLP

has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report.

## **REGISTRATION, SALE AND DISTRIBUTION**

The Notes have not been registered under the Federal Securities Act of 1933, as amended (in reliance upon an exemption therefrom), or the blue sky laws of any jurisdiction. The Series 2009A Note Resolution and the Series 2009B Note Resolution have not been qualified under the Trust Indenture Act of 1939, as amended (in reliance upon an exemption therefrom).

## **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with SEC Rule 15c2-12 (“Rule”) promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, as authorized by the The Series 2009A Note Resolution and the Series 2009B Note Resolution, the County will enter into a Continuing Disclosure Certificate (the “Undertaking”) for the benefit of owners of the Notes to provide certain financial information and operating data relating to the County to certain information repositories annually, and to provide notices of the occurrence of certain events enumerated in the Rule to certain information repositories or the Municipal Securities Rulemaking Board and to any state information depository. The terms and conditions of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Undertaking to be executed and delivered by the County at the time the Notes are delivered. The Undertaking will be in substantially the form attached hereto as APPENDIX C. The County has never failed to comply in all material respects with any previous continuing disclosure certificates under the Rule to provide annual reports or notices of material events. A failure by the County to comply with the Undertaking will not constitute an event of default on the Notes (although owners of the Notes will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule, and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

## **CERTIFICATION**

As of the date of the settlement of the Notes, the Underwriters will be furnished with a certificate signed by the Director, Department of Administrative Services, or her designee. The certificate will state that, as of the date of the Official Statement, the Official Statement did not, as of its date, and does not, as of the date of the certificate, contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

By /s/ Cynthia Archer, Director  
Department of Administrative Services

## COUNTY GOVERNMENT

### *General*

The County is located in southeastern Wisconsin on the Lake Michigan shoreline. The County covers an area of approximately 242 square miles and consists of ten cities and nine villages. The City of Milwaukee, which is the County seat, contains approximately 63.0 percent of the County's population and 48 percent of its taxable property value. The County serves as the population, economic and financial center of the state.

The County was first incorporated in 1835 by the Michigan Territorial Government. In 1837, territory was removed by the Wisconsin Territorial Legislature. Nine years later, territory was removed again, and the County attained its present size.

### *Government and Administration*

The County is governed by a County Executive and a 19-member County Board of Supervisors. The County Executive and the County Board are elected to nonpartisan four-year terms. Each supervisor is elected from a district with an average population of approximately 49,000.<sup>1</sup> In addition, six constitutional officers are elected on a partisan basis to serve two-year terms or four-year terms as shown below.

#### County Officials

*(Year sworn into office follows name)*

#### **County Executive:**

*County Clerk (2-year term):*

*Register of Deeds (2-year term):*

*Treasurer (2-year term):*

*Clerk of Circuit Court (4-year term):*

*Sheriff (4-year term):*

*District Attorney (2-year term):*

#### **Scott Walker (2002)**

*Joseph J. Czarnecki (2009)*

*John La Fave (2003)*

*Dan Diliberti (2005)*

*John Barrett (1999)*

*David A. Clarke, Jr. (2002)*

*John T. Chisholm (2007)*

#### Board of Supervisors

**Lee Holloway – Chairperson (1992)**

*Michael Mayo, Sr. - 1st Vice Chairperson (1994)*

*Peggy West - 2nd Vice Chairperson (2004)*

*Mark A. Borkowski (1992)*

*Gerry P. Broderick (2002)*

*Paul M. Cesarz (2002)*

*Toni M. Clark (2003)*

*Elizabeth M. Coggs (1988)*

*Lynne D. De Bruin (1992)*

*Marina Dimitrijevic (2004)*

*Willie Johnson, Jr. (2000)*

*Patricia Jursik (2007)*

*Christopher J. Larson (2008)*

*Theodore A. Lipscomb (2008)*

*Joseph A. Rice (2004)*

*Joe Sanfelippo (2008)*

*James J. Schmitt (1998)*

*Johnny L. Thomas (2008)*

*John F. Weishan, Jr. (2000)*

### *County Executive's Office*

The County was the first county in the state of Wisconsin to establish an executive branch. The following five cabinet officers are appointed by the County Executive to assist in carrying out these executive functions:

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

---

<sup>1</sup> Please refer to the census appeal footnote in the section entitled "Community Characteristics – Demographic Trends" for further information.

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

- Zoological Gardens
- Department on Aging
- Veterans Service Office
- Medical Examiner
- Labor Relations
- Child Support
- Corporation Counsel
- Office for Persons with Disabilities

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.

### *Legislative*

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 the Wisconsin Statutes. At its annual meeting in November of each year, the County Board adopts the next calendar year's budget. It 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.

The Chairperson of the County Board is elected by the members of the County Board following their election every four 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.

The standing committees of the County Board meet periodically and make recommendations to the County Board, which formally approves, modifies or disapproves those recommendations. Standing committees include:

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

### *Financial Management*

**Budgeting.** The County has an executive budget process for the preparation of the annual operating and capital budgets. The Fiscal Affairs Division of the Department of Administrative Services provides the technical assistance required by the County Executive to review budget requests submitted by County departments and agencies. The Fiscal Affairs Division compiles these requests, along with principal and interest requirements, capital improvements, contingency requirements and the required tax levy. It reviews areas where changes may be considered and transmits its findings to the County Executive. The County Executive holds public hearings with respect to the requests, meets with departments and submits a recommended budget to the County Board on or before October 1st of each year. Subsequent to the receipt of the budget from the County Executive, the County Board's Committee on Finance 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.

Section 59.60(3m) of the *Wisconsin Statutes* specifies that all County accounting and budgeting procedures shall comply with generally accepted accounting principles. A summary of the County's budgets for 2008 and 2009 is presented on page 53 of this Official Statement.

**Accounting Policies and Budgetary Control.** The Fiscal Affairs Division of the Department of Administrative Services monitors the accounting policies and procedures followed by County departments. The County's accounting records for governmental and agency funds are maintained on a modified accrual basis of accounting. Under this method, revenues are recorded when measurable and available; expenditures are recorded when the goods or services are received and the liabilities are incurred. Proprietary funds and the pension trust funds of the County are maintained on an accrual basis of accounting. Under this method, revenues are recorded when the services are performed; expenditures are recorded when the goods or services are received and the liabilities are incurred. For a further discussion of accounting policies in the County, see the "The County's Annual Financial Statements" contained in Appendix A.

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended December 31, 2006. As of the date of this publication, receipt of the certificate for the year ended December 31, 2007 is still pending. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last 28 consecutive years (December 31, 1979 through December 31, 2006). The County is currently in the process of compiling the CAFR for the year ended December 31, 2008.

Budgetary control is maintained by a formal appropriation and encumbrance system. Encumbrances are made against appropriations prior to the release of a purchase order to a vendor or prior to the issuance of a check when a liability is incurred without a purchase order. Liabilities that exceed appropriation balances are not paid until an increased appropriation is made available. Encumbered appropriations 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. Expenditures are then recorded when the services or materials are received. A summary of the operating results for the general fund and all proprietary funds for the years 2002-2007 is presented on pages 51 and 52 of this Official Statement. The County's 2007 financial statements are included as APPENDIX A. The County realized a surplus of \$9,946,529 for the fiscal year 2007.

The most recent projection of the Department of Administrative Services indicates a balanced budget for the 2008 fiscal year and potentially a small surplus. The change in financial position from earlier estimates is largely the result of surpluses in non-departmental accounts such as Employee Fringe Benefits, several significant unanticipated revenues and reduced spending due to the corrective action plan put in place in September 2008.

Preliminary estimates for the current fiscal year project a deficit due to the worsening economic situation. Most of the shortfalls are related to revenues including: Land Sales (\$5.0 million), Sales and Use Tax (\$3.2 million), Doyne Hospital Sale Revenues (\$2.2 million), Earnings on Investments (\$2.1 million), Real Estate Transfer Fees (\$635,000) and General Recording Fees (\$540,000). In addition, there are anticipated departmental deficits including the Behavioral Health Division (\$3.7 million), Disability Services (\$1.9 million) and Juvenile Corrections (\$500,000). These projected shortfalls are offset by the availability of approximately \$7.9 million in contingency funds budgeted in 2009 for unanticipated resource needs. It should also be noted that all labor contracts expired December 31, 2008, and it is uncertain at this time the impact of these ongoing negotiations. Fiscal staff will continue to closely monitor the County's overall fiscal status and, as in previous years, will propose mid-year corrective actions if necessary.

**Future Fiscal Outlook.** Based on preliminary planning projections, the County estimates a potential funding gap in 2010 of approximately \$60.0-70.0 million, assuming a flat property tax levy and a percent wage increase. The County anticipates annual funding gaps for the foreseeable future regardless of property tax increases due to the

state-imposed levy cap adopted in 2007. The state cap limit reflects an increase in net new construction consistent with the 2008 increase of 1.68 percent or 2.0 percent, whichever is greater, plus the increase of 0.04 percent related to terminated tax incremental districts. Increases to the property tax levy to the maximum allowable levy based on the state cap will not alone alleviate this gap.

At this stage in the budget process it is not unusual for the County to project funding gaps due to structural imbalances that have yet to be addressed. The County is currently revising its forecasting processes in order to gain greater consensus on projection figures and lay the foundation for a strategic approach to addressing current structural imbalances. Contributing factors related to the structural deficit are discussed below, as well as the mitigation strategies the County has implemented.

As is the case with most local governments, employee compensation and fringe benefits continue to present budget challenges for the County. In 2007, the County reached favorable labor settlements with five of its eight unions, including the County's largest union (AFSCME District Council 48), which represents almost 80 percent of the represented staff at the County. As a result of labor negotiations for the 2007 – 2008 contract period, the County was able to secure modest pay increases, employee health care concessions and pension enhancement rollbacks. Arbitration awards were issued and since instituted for the remaining three unions for the 2007 – 2008 contract period. The Labor Relations Division has begun to negotiate successor agreements with all unions for the 2009 contract period.

Since 2006, the County has moved aggressively to control the growth in employee health care costs. The steps taken by the County have included the movement to a self-insured health plan for County employees and retirees, negotiation of changes to health care deductibles and co-payments and the creation of a separate division to focus on employee benefits.

In September 2006, the County converted from a fully insured health plan to a self-insured plan, retroactive to the beginning of the year. Under the self-insured plan, which is accompanied by a stop-loss insurance provision, the County is better able to control its costs versus the contracted rates under the fully insured option. Prior to this conversion, the County was projecting health care cost increases of 17-18 percent per year for the years 2007, 2008 and 2009.

Focus was also placed on making changes to employee and retiree health care deductibles and co-payments. These health care changes became effective for non-represented staff, selected unions and County retirees early in 2006, and for the County's largest union in early 2007. Many of these changes provided an additional positive impact as employees moved from higher cost health plans to lower cost plans. In addition, employees were given additional incentives to participate in lower cost health plans through lower monthly contributions.

The County's 2007 budget funded the creation of an employee benefits division that focuses on managing and identifying cost-containment opportunities in the areas of employee health care, dental care, life insurance and other benefits. In 2008, the Employee Benefits Division initiated an employee wellness and disease management program that targets services and assistance to high-end health care users in an effort to further contain costs and improve overall employee health and productivity.

The combined impact of the above changes is evidenced by a material decrease in the rate of health care cost increases during 2006, 2007 and 2008, with employee health care cost increases of only 4 percent, 0 percent, and 8 percent, respectively, during that period. The County's projection for future health costs is an expected increase of 10.0 percent in 2009 and 11.0 percent in 2010.

Additionally, the County sought a new third-party health care administrator due to a contract dispute with its previous provider. The contract with UnitedHealthCare, the new third-party administrator for medical and prescription drug coverage, became effective January 1, 2009 and is projected to provide annual savings in excess of \$15 million.

As noted below, pension benefits continue to be a significant cost pressure for the County. The 2007 budget included pension contributions totaling \$49.3 million, or \$3.1 million less than that recommended by the actuary.

The 2008 budget included pension contributions of \$39.3 million (of which \$4.5 million will be placed in a stabilization fund), based on an actuarial contribution requirement of \$53.1 million.

The County is aggressively pursuing initiatives to limit the growth in required pension contributions. Recent accomplishments include rollbacks of certain pension enhancements approved in 2001 as part of the contract settlement with unions for the 2007 – 2008 contract years. In addition, legislative approval was received in the spring of 2008 that authorizes the County to issue pension obligation bonds. See “The Employees’ Retirement System of the County of Milwaukee” for a complete discussion of budgeting for pension costs and accomplishments related to the rollback of pension enhancements.

During 2008, the market value of the ERS assets declined from \$1.66 billion, as of January 1, 2008 to \$1.19 billion as of December 31, 2008. The decline in value of \$500 million will likely require the County to increase contributions to ERS to make up for this loss. The County expects to increase the contribution rate over the next five years to account for this loss. A five-year period is used to allow for a smoothing in contributions and avoid large contribution increases or decreases as a result of market changes.

The County has received its first actuarial report of Other Post Employment Benefits (“OPEB”) under Governmental Accounting Standards Board (“GASB”) Statement #45 – “Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions”. The County has chosen to continue on a “pay as you go basis” for its OPEB liabilities. However, under the GASB #45 rules, the County is required to accrue for the cost of the Annual Required Contribution (“ARC”) for Proprietary Funds, and footnote the cost associated with governmental funds. The County required an actuarial report for its employees, and a separate actuarial report was prepared for the Milwaukee County Transit System (the “MCTS”), which is separately managed by Milwaukee Transport Services, Inc. (“MTS”), a non-stock, not-for-profit Wisconsin corporation.

*Milwaukee County Actuarial Report – Excluding Milwaukee County Transit System:*

The County administers single-employer defined benefit healthcare and life insurance plans for retired employees. The plans provide health and life insurance contributions for eligible retirees and eligible spouses through the County’s self-insured health insurance plan and the County’s group life insurance plan. The County stopped providing post-retirement health care and life insurance for most employees who began work with the County after January 1, 1994. Employees who started prior to this date and worked 15 years with the County were eligible for post-retirement health care.

An actuarial valuation report was prepared as of January 1, 2006 for the County. The County’s total actuarial accrued liability for OPEB for all funds, excluding the MCTS, is estimated at \$1.3 billion, based on a 6 percent discount rate. The liability for proprietary funds totals \$142 million of the total actuarial accrued liability. The OPEB liability for all general fund departments, which the County will continue to fund on a pay-as-you-go basis, is approximately \$1.17 billion.

The ARC for the County was \$109.6 million. Normal cost is \$13.8 million and amortization of the unfunded liability was \$95.8 million. The amortization of the unfunded liability assumes a 30-year amortization using a level dollar amount. The net ARC cost was \$49.5 million, which excluded the retiree health costs that are separately budgeted by the County. The County estimates that the proprietary fund portion of the net ARC cost was \$6.1 million for 2007. The County has no plans to establish a post-retirement trust for health care or make contributions to a trust, but only plans to accrue the costs associated with proprietary fund departments.

*Milwaukee County Transit System*

The MCTS is separately managed by MTS, Inc., with separate union agreements for its employees. The MCTS has post-retirement health insurance available for employees hired before July 16, 2007, and based on the number of years of service. The MCTS negotiated a new labor contract with its employees effective April 1, 2007. Under the new agreement, new employees are not eligible for post-retirement health insurance.

An actuarial valuation report was prepared as of December 31, 2006. The MCTS actuarial accrued liability for OPEB is estimated at \$181.8 million, based on an 8 percent discount rate.

The ARC for MCTS was \$17.2 million. The ARC includes normal cost of \$5.6 million and amortization of the unfunded liability of \$11.6 million. The amortization of the unfunded liability assumes a 30-year amortization using a level percentage of payroll. The net ARC cost is \$8.5 million and excludes the retiree health costs, which are separately budgeted by the MCTS. The MCTS is in the process of establishing a post-retirement trust for health care and plans to make the necessary contributions to the trust for future health care for current employees and retirees.

While the County has made great strides over the last year in securing employee concessions in the area of employee health care and the rollback of the 2001 pension enhancements, employee compensation and fringe benefits will continue to be a cost pressure in the 2010 budget and beyond. Resolving the County's projected structural imbalance will require it to review its current expenditure commitments, revenue streams and the cost pressures outlined above. The County will then need to decide whether it will reduce expenditure commitments to accommodate the projected costs of health benefits, pension contributions and OPEB or seek and implement new revenue sources. This will require the County to reevaluate its core functions, and the funding assumptions used to support them.

**Auditing.** The Milwaukee County Department of Audit is an extension of the legislative branch of Milwaukee County and provides the County Board with a constant overview and independent review of County operations. The department is responsible not only for overseeing the external audit of the financial statements but also for reviews of internal accounting and administrative controls, compliance with applicable laws and regulations, economy and efficiency of operations and effectiveness in achieving program results. The department's audits are performed in accordance with generally accepted government audit standards. In addition, the County retains the services of independent public accountants to perform audits of both the basic financial statements and of federal and state grants. The audits of the basic financial statements and of federal and state grants are conducted in accordance with auditing standards generally accepted in the United States; Government Auditing Standards issued by the Comptroller General of the United States; the provisions of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the provisions of the State of Wisconsin State Single Audit Guidelines. The 2007 Milwaukee County Basic Financial Statements, including the report of the independent public accountants thereon, are presented in Appendix A.

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

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

The County Board has also adopted policies limiting the amount of corporate purpose bonds issued by the County to finance capital projects. Under this policy, corporate purpose bond issuance could not exceed a maximum of \$30 million starting with fiscal year 2008 and in each subsequent fiscal year could be increased by no more than 3 percent over the principal amount of the preceding year's issue. This cap only applies to corporate purpose bonds that finance the Capital Improvements Program; it does not apply to other debt issued by the County.

The 2009 bond amount of \$32,005,000 is \$1,105,000 above the bonding cap amount provided for under the County's current debt management policy. Although the County has exceeded the cap the past four consecutive years, the County remains committed to its debt management policies.

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

Time and other Money Market deposits of banks, savings banks, trust companies, savings and loans, credit unions, regulated by the Securities and Exchange Commission	0-50%
U.S. Treasury and other federal agency/instrumentality securities	0-100%
Corporate securities, including commercial paper	0-25%
Municipal securities	0-25%
Local Government Pooled Investment Fund of the State Investment Board	0-50%
Repurchase agreements with public depository institutions (only) and where specific and appropriate collateral is provided	0-50%
Securities of an open-end management investment company or investment trust, investing in statutorily allowed securities	0-25%
All other security types, when and if authorized in the future by amendment to Wisconsin statute	0-25%

With respect to the Stabilization Fund, the County may purchase investment securities as allowed by Section 881.01 of the *Wisconsin Statutes*, the Uniform Prudent Investor Act. County policy requires that direct investment in public depository institutions and securities will be further limited to a maximum investment, per institution at any one time of \$500,000, unless an acceptable form of collateral, surety or other guarantee exists assuring the principal repayment to the County.

***Services Provided by the County***

**Health and Human Services.** This functional area consists of the Department of Health and Human Services, including County Health Programs, the Behavioral Health Division and the Department of Aging. In combination, operating revenues support 87.9 percent of expenses in Health and Human Services departments.

The *Department of Health and Human Services (the “DHHS”)* provides a wide range of life-sustaining, life-saving and life-enhancing services to children and adults through age 60. Programs serve specific populations such as delinquent youth; persons who are developmentally, physically or mentally ill; the homeless; and those in need of financial assistance. Many DHHS services are mandated by state statute and/or provided through a contract between the state and county.

The DHHS consists of eight service areas including the divisions of Economic Support, Delinquency and Court Services, Disabilities Services, Housing, Management Services, County Health Programs and Behavioral Health.

The Economic Support Division is charged with the responsibility of assisting eligible people to obtain Food Share, Medical Assistance (Title-XIX) and Child Day Care benefits. In addition, the Economic Support Division is responsible for administering the Wisconsin BadgerCare Plus health program and specialized financial assistance programs.

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

The Disabilities Services Division provides services to adults with special needs between the ages of 18 and 60 and to children with disabilities and their families. Services are targeted at populations with physical and developmental disabilities and individuals who are homeless or experiencing a housing crisis. A wide variety of services are provided, including case management for long-term support, residential services, work and day services, community treatment, community support, adult day care, fiscal agent services and service access and prevention. Many of these services enable persons to live in the community and avoid institutional placements.

The Housing Division consolidates several housing programs in order to better integrate housing programs with the social services provided by DHHS. The division focuses on prioritizing the use of County housing resources to address the needs of persons with mental illness or other special needs. The division administers the following Housing and Urban Development funded programs: Shelter Plus Care, which links housing subsidies with case management for persons with mental illness; Safe Haven, which provides transitional housing for formerly homeless persons with mental illness; Housing Choice Voucher, which assists clients with locating affordable housing and provides rent subsidies; and HOME/Home Repair, which provides low- or no-interest loans to low-income persons for home repairs and improvements. In 2009, the Housing Division will also administer the Community Development Block Grant program.

County Health Programs (“CHP”) develops, implements and evaluates programs related to improving or providing for the health of County citizens and visitors. CHP creates and maintains innovative, high-quality, community-based services through a variety of partnerships by utilizing a systematic approach for service integration and delivery. The division has two areas of service: Administration and the Emergency Medical Services Program (“EMS”). In 2009, the state assumed responsibility for healthcare for childless adults under an expansion of its BadgerCare Plus Medicaid program.

The EMS program supports the provision of paramedic services in the County through a variety of initiatives. The Communication Center is staffed with emergency medical communicators to coordinate on-line medical control and hospital notification for local and regional emergency calls. The EMS program also operates the Education/Training Center for members of the paramedic transport units serving Milwaukee County and the American Heart Association Community Training Center, which provides public education for Cardio-Pulmonary Resuscitation, Automatic External Defibrillator, Advanced Life Support and Pediatric Advanced Life Support courses. Medical direction and control for the EMS program is provided through a professional services contract with the Medical College of Wisconsin.

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

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

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

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

The Department on Aging was one of the original five pilot counties to provide Family Care in Wisconsin in 2000. Family Care is a managed care program to provide long-term care services to the community for those who are functionally and financially eligible for the program. Family Care replaces the state's numerous Long Term Support programs, including the Community Options Program ("COP"), COP Waiver and Community Integration Program with a single, integrated Long Term Care entitlement program. The Milwaukee County Department on Aging – Care Management Organization ("MCDA-CMO") coordinates all long-term care services, including home and community based services and institutional services for eligible elders who require publicly funded long term care services. In return for coordinating and managing these services, the MCDA-CMO receives a capitated rate payment per member per month from the state.

**Parks, Recreation and Culture.** This functional area includes the Department of Parks, Recreation and Culture, the Milwaukee County Zoo, the Milwaukee Public Museum and other cultural institutions that receive County support. As a group, operating revenues support 48.5 percent of expenses relating to Parks, Recreation and Culture.

*The Department of Parks, Recreation and Culture* operates the Milwaukee County Park System, which comprises 15,000 acres of parkland, including 153 parks and parkways. The parks and parkways are known nationally as one of the largest and most expansive park systems in the country.

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

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

The department also maintains several horticultural facilities. The Mitchell Park Horticultural Conservatory (the "Domes") is a unique structure of three conical glass domes, each 85 feet high and 140 feet wide. In 2008, the Domes received a generous donation of over \$500,000 to provide a new lighting system. The Wehr Nature Center fosters environmental awareness and a conservation ethic in the County's citizens through programming for school children and events for families. The Boerner Botanical Gardens, a nationally renowned botanical center, offers specialty gardens including a Rose Garden. The Gardens host a free concert series that runs from July to September with an average attendance of over 2,000 people.

The *Zoological Department* operates the Milwaukee County Zoo (the "Zoo"), which is situated on 200 acres with approximately 465,124 square feet of facilities. Exhibits at the Zoo include the Family Farm, a working farm and dairy complex; the Peck Welcome Center; the Sea Lion and Polar Bear exhibit; the Aviary; the Australian Building; the Apes of Africa exhibit; the Education Facility; the Lake Evinrude Deck; the Primate Building; the Aquarium/Reptile Building; and the Special Exhibits Building. Other Zoo facilities include the Skyride, a railroad, a carousel and the Gathering Place. Zoo attendance in 2008 was 1,314,283 visitors.

Through a unique partnership with the Zoological Society, the Zoo has implemented a nine-year capital program, which has provided \$29.6 million in private funding. In addition to a variety of maintenance projects, several major capital projects have been completed at the Zoo in recent years. The Animal Health Center was completed in 2003

and enhances the veterinary care of the animal collection; the Karen Peck Katz Conservation Education Center was completed in 2004 and exemplifies “green” construction in its use of environmentally friendly building materials and a rooftop garden; and the Feline Building was reconstructed in 2005 and features larger and more natural looking exhibit spaces for the 18 felines housed at the zoo.

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

The MPM continues to be one of the best natural and human history museums in the country. Hosting major international exhibitions annually, the museum’s attendance exceeded 600,000 in 2008. The MPM also operates an IMAX theater and the Daniel M. Soref Planetarium to provide additional educational programming. Through its Distant Learning program, the museum provides remote educational programs to students throughout the region, the county, and around the world.

Financial difficulties, which first surfaced publicly in the spring of 2005, resulted in a financial restructuring of the MPM. During that time, the County guaranteed a \$6 million working capital loan on behalf MPM. The MPM financial situation had improved little over the following two years and in May 2007, major MPM stakeholders consented to a comprehensive agreement that would restore the MPM to long-term financial viability. In addition to the loan guarantee already made, the County additionally committed to fixing the level of operational funding to \$3.5 million per year for ten years (2008 – 2017) and funding a minimum of \$4 million over five years (2008 - 2012) for capital improvement projects at the MPM. Lenders agreed to refinance the MPM long-term debt at an interest rate of 2.0 percent over ten years, and donors agreed to establish a Challenge Match grant, of which funds collected would be used to pay off the short-term debt guaranteed by the County. In February 2008, the note and line of credit were fully paid off by contributions received by the MPM, which effectively eliminated this guarantee.

The *Marcus Center for the Performing Arts* is a cultural center that hosts the Milwaukee Symphony Orchestra, Milwaukee Ballet Company, Florentine Opera, Milwaukee Youth Symphony, First Stage Milwaukee and other special arts groups/events entertainment. The County’s annual operating contribution to the Marcus Center for 2009 is \$1.28 million. In addition, the County restructured the Marcus Center’s loan repayment in 2009, reflecting a one-year extension of the loan repayment until 2011. The County anticipates that the reduced loan repayments will allow the Marcus Center to accelerate major maintenance projects paid through additional available operating funds.

**Transportation and Public Works.** The Department of Transportation and Public Works (the “DTPW”) administers two County airports; the transit/paratransit system; transportation planning and engineering services; architectural, engineering and environmental services; highway maintenance; fleet management; facilities management and real estate services. Operating revenues account for 93.6 percent of the DTPW expenses.

The DTPW Airport Division operates the General Mitchell International Airport (“GMIA”) and the Lawrence J. Timmerman (“LJT”) Airport. Operating expense of both airports is entirely supported by user fees.

GMIA is a modern air transportation center of 2,386 acres located six miles south of the City of Milwaukee's central downtown. Thirteen airlines provide approximately 194 daily departures from GMIA. Midwest Airlines has a hub operation at GMIA. Nearly 90 cities are served non-stop or direct, and connections are available to cities throughout the world. A total of 7,956,968 passengers used GMIA in 2008.

The first Federal Aviation Administration (the “FAA”) FAR Part 150 Noise (Abatement) Study for GMIA was approved in 1993 by the FAA. GMIA implemented many of 1993 FAR Part 150 Noise Study recommendations including a Residential Noise Mitigation Program, which benefited approximately 1,435 single family homes and duplexes and 64 multi-family complexes. In 2007, GMIA submitted a noise study update to the FAA for approval. The study update included a request for FAA funding to reduce noise impacts to an additional 560 residences. This second Residential Noise Mitigation Program is expected to begin in late 2009.

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

The Milwaukee County Transit System has an active bus fleet of 479 buses serving 59 routes. Bus fares are collected on approximately 43.2 million trips annually (an amount that does not include passengers entering the bus using a transfer ticket). Budgeted fare revenue and federal and state aid account for approximately 86.8 percent of operating costs. MCTS also has a paratransit program for persons with disabilities.

The DTPW Highway Maintenance Division maintains 68 centerline miles of freeways, 99 centerline miles of state trunk highways and approximately 87 centerline miles of county trunk highways. Expenses for general and winter maintenance of state trunk highways within the County are fully offset by state reimbursement revenues. The Transportation Services Division provides transportation planning and engineering services and cost-effectively plans, designs and implements projects necessary to maintain and enhance the safety and efficiency of the County's highways, bridges and traffic control facilities. Transportation functions include highway engineering, construction management, bridge engineering and traffic engineering.

The DTPW also supports other public works functions including buildings and grounds maintenance, fleet management, real estate services and professional architectural and engineering services. In addition, the department has been instrumental in the implementation of a Guaranteed Energy Savings Performance Contract ("GESPC") pilot project to improve the County's energy efficiency and promote environmental sustainability. The GESPC at the Courthouse complex was substantially complete as of August 15, 2008. The GESPC projects at the Zoo, Parks and the DHHS are not yet substantially complete as of the time of this publication. Upon substantial completion of the GESPC implementation, the Energy Service Company, as a part of the GESPC work, will provide an Energy Auditing and Analysis Service Contract. The County anticipates that the installation of energy conservation measures will reduce utility costs in participating departments by approximately \$200,000 annually, which will be used to offset the cost of the loans used to finance the improvements.

**Courts and Judiciary.** The Courts and Judiciary function includes the Department of Combined Court Related Operations and the Department of Child Support Enforcement. State and other non-tax revenues support approximately 40.4 percent of the county cost of the Courts and Judiciary function.

The *Department of Combined Court Related Operations*, the First Judicial Administrative District of the state system, currently has 47 judges and 22.5 full-time equivalent court commissioners. The Department of Combined Court Related Operations is made up of three divisions:

The Family Court Commissioner Division conducts hearings for family matters of separation, divorce, domestic abuse and harassment cases; conducts paternity hearings and monitors the job search task for those individuals liable for child support; and provides mediation services and custody studies for the Family Courts as mandated by Section 767.11 of the *Wisconsin Statutes*.

The Register in Probate maintains all records and files of probate proceedings and assists the courts 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 County-funded State Court Services consists of three sections: the Chief Judge, Alternatives to Incarceration, and the Clerk of Circuit Court. The Clerk of Circuit Court includes the following divisions: Administration, Criminal, Civil, and Children's. The Chief Judge is responsible for the oversight of administration of judicial activities in the 47 Circuit Courts within the District. Alternatives to Incarceration provides programs designed to reduce pretrial failure to appear and re-arrest rates, enhance public safety, reduce overcrowding at the Criminal Justice Facility and House of Correction and enhance the processing and adjudication of criminal cases. The Clerk of Circuit Clerk maintains the records, books and files of the Circuit Courts, Civil, Family, Criminal and Children's Division; prepares the daily court calendar; and processes all cases. Eligible jurors are also summoned by the Clerk of Circuit Court.

The *Department of Child Support Enforcement* implements and administers the Child Support Enforcement Act pursuant to Title IV-D of the Federal Social Security Act and Sections 49.22 and 59.53(5) of the *Wisconsin Statutes*, under contract with the Wisconsin Department of Workforce Development. The department has four divisions: Case Management (Establishment and Enforcement), Financial, Legal and Operations. The department monitors approximately 141,000 cases annually for establishment and enforcement of child support obligation, maintains Milwaukee County family court orders on Kids Information Data System (“KIDS”), the statewide support computer system and represents the department interests in family court hearings in the County.

**Public Safety.** The Public Safety function includes the Office of the Sheriff, the District Attorney and the Medical Examiner. For 2009, budgeted operating revenues support approximately 17.9 percent of the costs of these departments.

The *Office of the Sheriff* acts as an arm of the criminal justice system, carrying out criminal investigations, effecting arrests and warrants, detaining prisoners, providing court security, serving process papers, transporting prisoners and patients and extraditing criminals. The Office of the Sheriff is organized into the following divisions: Administration Bureau, Emergency Management Division, Police Services Bureau, Detention Services Bureau including the House of Correction (“HOC”) and Special Operations Bureau.

The Emergency Management Division administers a county-wide emergency plan to mitigate all hazards, maintains communications and enhances public awareness campaigns to assure the community has knowledge of typical hazards and outlines preventive measures which can be taken.

The Police Services Bureau is responsible for patrolling the airport, county grounds, county parks and expressways. In addition, the Police Services Bureau includes the Criminal Investigation Division, the Drug Enforcement Unit, the High Intensity Drug Trafficking Area, the SWAT team, the bomb disposal unit and the dive team. In addition, they serve state-mandated civil writs such as temporary restraining orders, commitments to mental health, body attachments, writs of restitution/assistance, executions and evictions.

The Detention Services Bureau includes the County’s Criminal Justice Facility (the “CJF”), HOC, Inmate Transportation and Medical and Psychiatric Services units. The CJF is a secure detention facility with a design capacity of 990 and is primarily a pre-trial holding facility, although a small number of sentenced offenders awaiting transfers or hearings are also housed at the jail. The Sheriff has the authority to transfer inmates between the CJF and the HOC in order to maximize the use of available beds.

In 2009, management of the HOC was transferred to the Office of the Sheriff. The HOC operates the Adult Correctional Center, which maintains custody of all sentenced prisoners in the County committed by authorized courts for periods not exceeding one year and from other jurisdictions as authorized by County ordinance; provides rehabilitation, education, work, recreation and training; provides medical, dental and other necessary services in conjunction with the Detention Bureau; processes and considers applications for parole; and releases prisoners upon expiration of sentence, parole, or upon orders of the courts or other recognized authorities.

The Detention Bureau/HOC also operates a program of home detention using electronic surveillance equipment and other systems of control and supervises inmates who have community access under court order to work, attend school, provide childcare or to receive medical attention. In 2009, the Community Correctional Center (“CCC”) was closed and inmates with community access who had been housed at the CCC were either transferred to home detention or relocated to the CJF or Adult Correctional Center.

The Special Operations Bureau is responsible for providing bailiff services, which service County courts and airports, for the Communications Center, which handles all cellular 911 phone calls and provides dispatch services for Sheriff’s deputies, and for the Training Academy, which provides recruit training, firearms training and in-service training for personnel and outside agencies. The bureau also operates Central Records and the Civil Process Unit.

The *Milwaukee County District Attorney’s Office*, pursuant to Section 978.05 of the *Wisconsin Statutes*, has jurisdiction for criminal and juvenile cases in the circuit courts of Milwaukee County. General Crimes Division

staff are responsible for general felony and misdemeanor courts; Violent Crimes Division staff are responsible for all specialized felony courts; Juvenile Division staff are responsible for the Children's Court of Milwaukee County; and the Community Prosecution Unit supervises community prosecutors in six Milwaukee police district stations and the Domestic Violence Unit, which prosecutes all domestic violence cases in three specialized courts. District attorneys and assistant district attorneys present evidence, argue motions, negotiate cases and conduct jury and court trials.

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

The *Milwaukee County 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 dispose 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.

**General Governmental Services.** The General Governmental Services group includes the County Treasurer, County Clerk, Register of Deeds and an Election Commission. As a group, budgeted operating revenues support 115.7 percent of the costs of these departments.

The *Register of Deeds* and the *County Treasurer* traditionally produce revenues in excess of expenditures. About one-half of the additional revenue relates to interest on delinquent property taxes, which is collected by the County Treasurer. The 2009 budget estimate assumes a 30 percent increase in interest on delinquent property taxes due to the current recession and increased rates of default.

The Register of Deeds collects revenues in two areas: general recording fees and real estate transfer fees. Both of these revenues are driven by real estate sales. As home sales have decreased, estimates of both general recording fees and real estate transfer fees have declined.

**Administration.** The Administrative function includes the Department of Administrative Services, Corporation Counsel and personnel-related agencies such as the Personnel Review Board, Civil Service Commission and Ethics Board. As a group, operating revenues support 8.2 percent of expense for administrative functions.

The *Department of Administrative Services* is responsible for a variety of governmental functions. The various divisions provide services for other departments including information management, risk management, human resources, labor relations, human resources, administration and financial oversight, procurement and employee benefits.

The Labor Relations Division of the Department of Administrative Services has general responsibility for the negotiation and administration of all collective bargaining agreements, the establishment of labor relations training programs for supervisory staff, and the implementation on behalf of the County of all procedures ordered by the Wisconsin Employment Relations Commission, the U.S. Department of Labor or the Wisconsin Department of Workforce Development. In addition, this division annually reviews the wages, hours and conditions of employment for all employees, and submits recommendations to the County Executive and the County Board.

The County has 5,708 funded full-time equivalent positions budgeted in 2009.<sup>2</sup> The number of individuals actually employed by the County fluctuates on a seasonal basis. As of January 10, 2009, approximately 84.0 percent of all individuals employed by the County were organized and represented by labor organizations as described below.

### Milwaukee County Employees by Union Representation

Union	Approximate Number of Employees Represented	Contract Expiration Date*
Milwaukee District Council 48 AFSCME, AFL-CIO and Affiliated Locals	3,589	12/31/2008
Milwaukee Deputy Sheriff's Association	461	12/31/2008
Federation of Nurses and Health Professionals, Local 5001, AFT, AFL-CIO	354	12/31/2008
Milwaukee Building and Construction Trades Council, AFL-CIO	89	12/31/2008
Association of Milwaukee County Attorneys	49	12/31/2008
Technicians, Engineers and Architects of Milwaukee County	35	12/31/2008
Milwaukee County Firefighters Association	19	12/31/2008
District No. 10 International Association of Machinists and Aerospace Workers	6	12/31/2008
<b>Total Represented Employees</b>	<b>4,602</b>	

\* No union has settled its respective contract for 2009-2011.

**The Employees' Retirement System of the County of Milwaukee.** The ERS was established in 1938 and is a single-employer defined benefit pension plan. The ERS is substantially noncontributory from members. However, participants meeting certain criteria have the option to contribute to membership accounts. Employees who were enrolled in ERS prior to 1971 will still receive contributions to their member accounts by the County.

#### *County Contribution*

The County makes contributions to the ERS based upon actuarially determined contribution requirements, with adjustments made at the discretion of the County Board and the County Executive. The actuarial requirements are based on the annual normal cost (the actuarial liability for future benefits and expenses allocated to the current year) and the amortization of the unfunded actuarial accrued liability plus interest. The ERS funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, accumulate sufficient assets to pay benefits when due. Liabilities and contribution rates are determined using the Aggregate Entry Age Normal method of funding. The actuary reviewed the percentage of payroll growth and salary increase in the last five years. The ERS 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. The rate of return assumption used by the County was 8.5 percent until January 1, 2006, when the rate of return assumption was dropped to 8.0 percent, a rate consistent with most other public-sector pension systems.

The County has attempted to budget contributions to the ERS to fund the annual normal cost (the actuarial liability for future benefits and expenses allocated to the year) and the amortization of the unfunded actuarial accrued liability plus interest. The funding level for 2007, 2008 and 2009 would cover only the annual normal cost plus a portion of the annual amortization of the prior service actuarial accrued liability. A separate discussion is included below on 2007, 2008 and 2009 funding (see below). A substantial portion of the current year's contribution is paid to the ERS in the following year.

---

<sup>2</sup> This count represents the number of actual positions funded in the 2009 Adopted Budget. Departments may also budget salary dollars for special premiums, salary adjustments, shift differentials, overtime or vacancy and turnover, which modify the overall funded count. By including the aforementioned salary dollars, the funded full-time equivalent is 5,649.

### *Eligibility for Normal Retirement*

The normal retirement benefit is a monthly pension for the life of the participant beginning at normal retirement age. For Deputy Sheriff participants with less than 15 years of service, the normal retirement age is 57 or age 55 with 15 years of service. For all other participants the normal retirement age is 60, although some labor agreements require a minimum of five years of creditable service at age 60. Certain active participants are also eligible to retire when their age added to their years of service equals 75 ("Rule of 75"). County Ordinances and labor agreements require an employee to be a member prior to a stated date in order to qualify for the Rule of 75. The most recent actuarial valuation indicates that as of January 1, 2008 there were 4,277 active participants and 8,706 inactive participants. The inactive participants include 1,385 deferred benefit retirees, 6,374 retired participants receiving benefits and 947 beneficiaries of retired participants receiving benefits.

### *Amount of Normal Retirement Benefit*

Prior to 2001, participants hired prior to January 1, 1982 received pension benefits equal to 2.5 percent for deputy sheriffs and elected officials, and 2 percent for all other participants, of the three-year final average monthly salary, as defined in County Ordinances and labor agreements, multiplied by the years of credited service. Participants hired after January 1, 1982 receive pension benefits based on a percentage of the final average salary equal to the three highest consecutive years of earnings, except for represented sheriffs, which is the five highest consecutive years of earnings, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. These percentages are: 2.5 percent for deputy sheriffs, deputy sheriff lieutenants, deputy sheriff executive staff and district attorney investigators hired before July 1, 1995 (2 percent if hired after June 30, 1995); 2 percent for elected officials; 2 percent for firefighters and non-represented firefighters as of January 1, 1999; and 1.5 percent for all other participants. A post-retirement annual increase of two percent of the first full month's benefits is provided. There are also accidental or ordinary disability, deferred, early retirement and survivors' pensions. The maximum benefit payable to a participant, excluding any post-retirement increases, cannot exceed 80 percent of the participant's final average monthly salary. Retirement age and benefits vary for deputy sheriffs, elected officials, firefighters and District Attorney investigators, per union contracts.

Since 2001, a series of pension enhancements as well as rollbacks have occurred. Eligible participants receive benefits as determined by their hire date and by their respective labor agreements. The following bullet points identify the significant changes that impacted the ERS, along with any changes that have taken place since the adoption to limit the provisions impact.

- In 2001, the vesting requirement was set to five years. Most participants are immediately vested at age 60. No changes have been made to these provisions.
- A bonus of 7.5 percent per year, up to a maximum of 25 percent, was added to the final average salary for non-deputy sheriff participants who joined the system before January 1, 1982, or July 1, 1995 for a non-represented Deputy Sheriff.
- All service credit earned after January 1, 2001 will be credited with an additional 0.5 percent multiplier for those non-deputy sheriff employees whose membership in the ERS began after December 31, 1981, or June 30, 1995 for a non-represented deputy sheriff. For general employees, the benefit is 2% of final average salary per year of service, which benefit shall not exceed 80%. The average salary for participants who joined the system prior to January 1, 1982 (see prior bullet point), is multiplied by 125%.
- Again in 2001, for all non-sheriff members, a backdrop benefit option was added that provided a lump sum cash payment for the total of monthly benefits, adjusted for COLA increases and compounded interest, that the member would be entitled to from a prior (backdrop) date to the date the member terminates employment. The backdrop date may not be prior to the earliest date a member was eligible to retire. Since that date, new hires are no longer eligible for the backdrop benefit. Members not eligible for backdrop benefits are elected officials, deputy sheriffs, and non-represented employees hired after March 15, 2002. All other unions adopted a similar rule to make new employees ineligible for this benefit at dates ranging from November 4, 2005 to June 19, 2007.

Some of the enhancements described earlier resulted in County employees retiring at an accelerated schedule. Hundreds of employees have retired annually since these benefit enhancements were approved, including 350 in 2002, 290 in 2003 and more than 750 in 2004. Retirements have declined since the peak in 2004, with an average of 236 retirements since 2005. The table below shows annual retirements since 2001.

Year	Number of Retirements
2002	350
2003	290
2004	750
2005	186
2006	219
2007	296
2008	243

The accelerated retirements which followed the pension changes effective in 2001 have increased backdrop payments. As of December 31, 2008, the County has paid out a total of \$144.3 million in lump sum payments for the backdrop to 1,126 individuals upon retirement.

Pension changes effective in 2001 that led to an accelerated retirement rate and poor ERS investment returns in 2008 have led to a sharp increase in ERS contributions, causing a severe strain on the County's budget. The table below indicates projected and actual actuarial required contribution and County contribution to the ERS for the years 2002 – 2008.

Year	Annual Required Contribution PROJECTED (\$ millions)*	Annual Required Contribution ACTUAL (\$ millions)*	County Contribution (\$ millions)	
2002	(\$.5)	\$8.5	\$2.6	
2003	\$20.5	\$25.2	\$34.0	The County contribution included \$15.0 million for the 2003 contribution and an additional, unbudgeted \$19.0 million to cover contribution variances for 2001, 2002 and 2003. The additional \$19.0 million was funded by a State Land Trust Loan.
2004	\$40.1	\$33.2	\$34.9	
2005	\$37.8	\$37.6	\$35.4	
2006	\$45.9	\$46.9	\$27.4	Per County Ordinance, the variance of \$19.5 million between the actuarial contribution and actual contribution will be amortized over the next five years of pension contributions.
2007	\$59.0	\$52.4	\$49.3	The small change in the actuarial contribution for 2007 was due to a lowering of the payroll growth assumptions from 5.5 percent to 3.5 percent, and a change in the disability assumption to reflect a higher percentage for accidental retirements versus ordinary retirements.
2008	\$49.7	\$53.1	\$39.4	This contribution anticipated the issuance of pension obligation bonds to fund the County's unfunded actuarial accrued liability. The budget includes \$21.9 million for normal costs and \$12.9 million to be used for amortization of the unfunded liability. The County's contribution also includes a contribution of \$4.5 million for the creation and funding of a pension stabilization fund. If the County is unable to issue the pension obligation bonds, the stabilization fund contribution will be used to offset an actuarial contribution requirement of \$49.7 million.
2009	\$56.5		\$48.3	This contribution includes debt service costs of \$20,973,817, a stabilization fund contribution of \$2,000,000, an unfunded actuarial accrued liability cost of \$2,609,402 and normal costs of \$22,698,585. These amounts are based on the proposal for the issuance of pension obligation bonds as approved in the 2008 Budget.

\* The County prepares its budget using the actuary's projected annual required contribution. The actual annual required contribution is not available until the actuarial valuation is completed during the current fiscal year. Therefore, the contribution amount the County budgets for and the final contribution amount the actuary determines may vary.

As of January 1, 2008, the most recent valuation date, the pension plan had an unfunded actuarial accrued liability of \$397,635,000, based on an actuarial value of liabilities of \$2,024,923,000 and actuarial accrued assets of \$1,627,288,000. The funded ratio on January 1, 2008 was 80.4 percent. The method used to calculate the liability is in accordance with GASB 25. In computing these values, all of the assumptions used in the annual valuation for pension expense, including the various benefit enhancements and rollbacks, were incorporated.

Based on market values only, the ERS lost an additional \$500 million in market value during 2008. Market value of the ERS assets declined from \$1.66 billion, as of January 1, 2008 to \$1.19 billion as of December 31, 2008. The County expects to increase the contribution rate over the next five years to account for this loss. A five-year period is used to allow for a smoothing in contributions and avoid large contribution increases or decreases as a result of market changes.

In an effort to address the growing the unfunded prior service liability, stabilize annual contribution levels and to achieve budgetary savings, the 2007 budget created a Pension Obligation Bond Work Group (“POB Work Group”) consisting of staff from the Department of Administrative Services, Corporation Counsel, Department of Audit, a County Board Fiscal and Budget analyst, an actuary, outside bond counsel and financial advisors. The POB Work Group was charged with developing the proposal for the issuance pension obligation bonds for review and approval by the Committee on Finance and Audit, the County Board and the County Executive.

## COMMUNITY CHARACTERISTICS

### *Demographic Trends*

According to the Wisconsin Department of Administration, Demographic Services Center, the County's population for 2008 totaled 938,490, which is a decrease of 1.3 percent over the 2000 United States census population estimate.<sup>3</sup>

### *Location and Transportation System*

The 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 17 state highways. Reconstruction of the Marquette Interchange – the heart of the southeastern Wisconsin freeway system – was finished in 2008 and major reconstruction on I-94 from Milwaukee to Illinois is expected to begin in 2009.

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 also serve Milwaukee County. Milwaukee is also a major Great Lakes port. During 2008, the Port of Milwaukee handled approximately 3.1 metric tons of materials. Port traffic from 2004 – 2008 increased 23 percent in comparison to traffic from 1999 – 2003. Innovation Fuels, a New York-based renewable fuel company that manufactures, markets and distributes biodiesel fuel to customers around the world, recently acquired a 310,000 barrel (43,000 metric tons) capacity terminal located on ten acres in the Port of Milwaukee. This facility will be used for the sale and distribution of biodiesel and other renewable fuels into and out of the Midwest. The Port of Milwaukee is also home to Lake Express, which operates a high-speed auto/passenger ferry service between Milwaukee and Muskegon, Michigan.

Nearly 90 cities are served non-stop or direct, and connections are available to cities throughout the world from General Mitchell International Airport (“GMIA”), which is owned and operated by the County. A total of 7,956,968 passengers used GMIA in 2008. For more information on GMIA, see “COUNTY GOVERNMENT - Services Provided by the County.”

### *Education*

The County is home to a number of colleges and universities, including: Alverno College, Cardinal Stritch University, Marquette University, Medical College of Wisconsin, Milwaukee Area Technical College, Milwaukee School of Engineering, Mount Mary College, University of Wisconsin-Milwaukee and Wisconsin Lutheran College.

### *Economic Profile and Trends*

Similar to the nationwide outlook on business growth, Milwaukee area businesses have indicated limited expectations toward growth prospects in 2009. Thirty-two percent of businesses surveyed see sales increases in 2009, 32 percent predict profit gains, 26 percent expect employment growth for their local operations and 31 percent expect no change in employment.<sup>4</sup>

While the national economy has experienced declining employment rates, the County's seasonally unadjusted employment rates remained relatively stable throughout most of 2008. Monthly unadjusted unemployment rates during 2008 fluctuated between 4.9 percent and 6.5 percent with an annual average of 5.9 percent.<sup>5</sup> Industries in the Milwaukee metro area still posted year-over-year employment growth from November of 2007 through November of 2008 including Financial Activities, Education and Health Services and Government. In 2007, the average annual

---

<sup>3</sup> This is the revised 2007 census estimate. Other demographic data in this report is based on statistics developed by the State of Wisconsin Demographic Services Center, and reflect its estimates of the latest population data for the County. The Demographic Services Center bases its estimates on the prior census and analysis of contemporary data including housing units, dormitory and institutional populations, automobile registrations, residential electric meters and others.

<sup>4</sup> Source: Milwaukee Metropolitan Association of Commerce Business Outlook Survey, First-Quarter, 2009

<sup>5</sup> Employment data is based on reports provided by the Wisconsin Department of Workforce Development.

wages of \$44,113 for all industries in the County was more than \$6,000 higher than the state average of \$38,070. The higher than average wage was led by Natural Resources at 163.7 percent, Leisure and Hospitality at 139.6 percent and Financial Activities at 130.3 percent. The difference between the County and the state is the result of a number of factors including an occupational mix more highly concentrated in higher skilled and management positions, as well as a higher concentration of highly educated workers.

Both the civilian labor force and the average number of employed persons in the County decreased in 2008, while the average number of persons unemployed remained relatively unchanged. The annual average unemployment rate remained unchanged from 2007 to 2008, however, both November and December of 2008 showed significant increases in rates, increasing from 5.6 percent in October, to 6.3 and 6.5 percent in November and December, respectively. The County has fared similarly to other Wisconsin counties, with unemployment rates increasing in 70 of the state's 72 counties during December. Although the national recession will continue to impact County residents, the fairly stable regional economy should weaken the national and global impacts felt in other regions.

**Labor Force Statistics for Milwaukee County (Not Seasonally Adjusted)**

Year	Labor Force	Employment	Unemployment	Unemployment Rate	
				Milwaukee County	National Average
2003	463,069	430,573	32,496	7.0%	6.0%
2004	456,332	427,468	28,864	6.3%	5.5%
2005	452,868	426,383	26,485	5.8%	5.1%
2006	456,393	430,450	25,943	5.7%	4.6%
2007	458,299	431,400	26,899	5.9%	4.6%
2008	453,345	426,606	26,739	5.9%	6.5%

Source: Wisconsin Department of Workforce Development – Office of Economic Advisors

### Largest Private Sector Employers in Milwaukee County<sup>6</sup>

<b>Company</b>	<b>Business Description</b>	<b>Employment</b>
Aurora Health Care	Health care system	17,900
Wheaton Franciscan Healthcare	Health care system	12,000
Roundy's	Food distributor & retailer	8,500
Marshall & Ilsley Corp.	Bank holding company	7,000
Columbia-St. Mary's	Health care system	5,400
Wisconsin Energy Corp.	Electric & natural gas utility	5,100
Northwestern Mutual	Life insurance & investment services	5,000
Rockwell Automation	Industrial automation products & systems	5,000
Medical College of Wisconsin	Medical school	4,500
AT&T Wisconsin	Telecommunication services	4,300
Froedtert & Community Health	Health care services	4,300
Harley-Davidson Inc.	Motorcycles & accessories	3,800
Bon-Ton Department Stores	Department stores	3,400
US Bank	Banking services	3,300
Children's Hospital of Wisconsin	Pediatric health care services	3,200
Briggs & Stratton Corp.	Small gasoline engines	3,000
Johnson Controls	Control systems, batteries & auto interiors	2,500
Marquette University	University	2,300
Assurant Health	Health insurance products	2,000
Patrick Cudahy Inc.	Meat processor	2,000
Potawatomi Bingo Casino	Casino	2,000
Journal Communications	Newspapers, radio & television stations	1,900
Wells Fargo	Banking & financial services	1,900
Cargill Meat Solutions	Meat processor	1,800
Chase Bank	Banking & financial services	1,700
Marcus Corp.	Movie theaters & hotel operator	1,700
Miller Brewing Co.	Beer	1,700
Rexnord	Power transmission equipment	1,600

Source: 2008 MMAC Business Resource Guide, & The Business Journal, December 14, 2007

<sup>6</sup> This list of major private employers is not consistent with past Official Statements. Previously, Milwaukee County Department of Administrative Services administered a survey to area businesses, including public and non-profit entities. Over the last four years, the County has been unable to provide employer information for private, public and non-profit entities due to lack of participation by some firms. Therefore, major employer information is limited to major private employers within Milwaukee County.

### Major Non-Industrial Taxpayers in the County

Name of Company	Type of Business or Service	2007 Full Market Value	% of County's 2007 Full Market Value
Bayshore Town Center, LLC	Real estate	\$346,670,372	0.53%
Northwestern Mutual Life Insurance Co.	Insurance	337,276,959	0.52
Mayfair Property Inc.	Shopping mall	296,065,581	0.45
US Bank Corp.	Banking	279,038,880	0.43
Marcus Corp./Milw.City Ctr/Pfister	Hotels, theaters, convention ctr	144,471,211	0.22
Metropolitan Associates	Real estate	139,373,273	0.21
BRE Southridge Mall LLC	Real estate	137,336,239	0.21
Wheaton Franciscan Healthcare	Health care	113,715,593	0.17
M & I Marshall & Ilsley Bank	Banking	108,125,556	0.17
NNN 411 East Wisconsin LLC	Real estate	99,611,385	0.15
Towne Realty	Real estate	99,213,643	0.15
Crichton-Hauck/Shoreline/Juneau Village	Real estate	97,324,126	0.15
Centerpoint Properties	Real estate	90,318,420	0.14
G.E. Medical Systems	Health care	79,866,408	0.12
100 E. Wisconsin Ave Joint Venture	Real estate	76,800,294	0.12
Geneva Exchange Fund	Real estate	73,264,363	0.11
Mandel Group	Real estate	72,802,462	0.11
Aurora Health	Healthcare	70,978,723	0.11
Flanders Westborough	Real estate	68,326,993	0.10
875 East Wisconsin-Vanguard Advisors	Real estate	65,644,365	0.10
Liberty Property Limited	Real estate	64,139,334	0.10
Inland West Midtown	Real estate	61,338,356	0.09
J.P. Morgan Chase Bank	Banking	57,918,397	0.09
Hub Place	Real estate	55,760,204	0.09
Robert Franseway, Springbrook Circle	Real estate	54,194,662	0.08
		\$3,089,575,800	4.73%

Source: Wisconsin Department of Revenue 2008 and Survey of Municipal Assessors conducted by Milwaukee Metropolitan Sewerage District, November 2008.

## Major Construction Projects Planned and In Process in the County

(Projects of \$10.0 Million or More)<sup>7 8 9</sup>

### Construction Projects Located in the City of Milwaukee

Project Name	Municipality	Project Type	Estimated Project Costs
Charter Wire	City of Milwaukee	Industrial	\$20,000,000
Marquette - Zilber Hall	City of Milwaukee	Office	15,000,000
The North End	City of Milwaukee	Multi-Family	14,800,000
The Edge Condominiums	City of Milwaukee	Multi-Family	13,310,000
2040 Lofts Phase II	City of Milwaukee	Multi-Family	13,100,000
<b>TOTAL</b>			<b>\$76,210,000</b>

### Construction Projects Located in Other Municipalities

Project Name	Municipality	Project Type	Estimated Project Costs
Johnson Controls	City of Glendale	Office/Research	\$73,000,000
Monticello Gardens	City of Franklin	Residential (Multi-Family)	60,640,000
Mount Tosa	City of Wauwatosa	Residential	55,000,000
Woodland Trails	City of Franklin	Residential (Multi-Family)	54,395,000
Franklin Oaks	City of Franklin	Residential (Multi-Family)	52,290,000
Stone Pointe	City of Wauwatosa	Residential	50,000,000
Forest Hill Highlands	City of Franklin	Residential (Multi-Family)	43,000,000
Kaitlin Woods	City of Franklin	Residential (Multi-Family)	39,200,000
Shoppes at Wyndham Village	City of Franklin	Commercial (Retail)	35,000,000
Avian at Tuckaway	City of Franklin	Residential (Multi-Family)	31,500,000
Orthopedic Hospital of WI	City of Glendale	Health care/hospital	23,400,000
Prairie Grass Preserve	City of Franklin	Residential (Multi-Family)	21,750,000
Enclave	City of Wauwatosa	Residential	21,000,000
Hidden Oaks	City of Franklin	Residential	19,250,000
Heritage Village	City of West Allis	Residential	17,000,000
Tuckaway Pines	City of Franklin	Residential (Multi-Family)	16,500,000
Stone Hedge Addition I	City of Franklin	Residential	14,400,000
Wheaton/YMCA Lifestyle Village	Village of Brown Deer	Commercial/Institutional	14,000,000
Deerwood Estates	City of Franklin	Residential (Multi-Family)	12,720,000
Woodland Prairie (Formerly Carleton Creek)	City of Franklin	Residential (Multi-Family)	12,100,000
Wixon	City of Saint Francis	Manufacturing	12,000,000
Target	City of Wauwatosa	Commercial	12,000,000
Fountains of Franklin - Phase I	City of Franklin	Commercial (Office/Retail)	12,000,000
YMCA	City of Franklin	Recreational	12,000,000
Kaitlin Meadows	City of Franklin	Residential (Multi-Family)	11,200,000

<sup>7</sup> Excludes projects financed by counties, cities or villages.

<sup>8</sup> All projects included in the table are either approved for construction or currently under construction.

<sup>9</sup> At the time of this publication, the City of Oak Creek had not responded to our information request.

<b>Project Name</b>	<b>Municipality</b>	<b>Project Type</b>	<b>Estimated Project Costs</b>
Shadwell	City of Franklin	Residential	11,025,000
People's Choice Corporation - Hampton Inn	City of Franklin	Commercial (Hotel)	11,000,000
Staybridge Suites Hotel	City of Franklin	Commercial (Hotel)	10,000,000
Mayfair Retail	City of Wauwatosa	Commercial	10,000,000
		<b>TOTAL</b>	<b><u>\$767,370,000</u></b>
		<b>GRAND TOTAL</b>	<b><u>\$843,580,000</u></b>

## DEBT STRUCTURE

### *Payment Record*

The County has never defaulted in the payment of the principal or interest on its debt obligations, nor has the County issued any refunding securities for the purpose of preventing default in principal or interest on its debt obligations.

### *Bonds and Notes Authorized But Not Issued*

In addition to the Notes, the County anticipates the issuance of approximately \$33 million in general obligation corporate purpose bonds and airport revenue bonds, and has authorized (but not issued) general obligation promissory notes in the principal amount of \$14,215,000 pursuant to a Credit Assistance Agreement with Midwest Airlines, Inc. See “Other County Obligations.”

### *General Obligation Debt by Issue*

The County’s outstanding general obligation debt as of January 1, 2009, by issue is as follows:

#### Milwaukee County General Obligation Debt by Issue

Note	Date of Issue	Type of Obligation	Amount Issued	Final Maturity	Interest Rates Outstanding	Principal Outstanding
1	10/15/1993	G.O. Ref. Bonds, Series 1993A	\$57,669,714	12/01/2011	5.50%	\$19,654,801
2	03/01/1999	G.O. Ref. Bonds, Series 1999A	32,725,000	10/01/2012	4.00% - 4.375%	12,340,000
	05/01/1999	G.O. Bonds, Series 1999A	50,425,000	10/01/2009	5.00%	3,575,000
	05/01/1999	G.O. AirportBonds, 1999A (AMT)	6,825,000	10/01/2014	4.40% - 4.75%	2,730,000
3	05/27/1999	G.O. Ref. Bonds, Series 1999A	2,290,000	10/01/2013	4.50% - 4.85%	905,000
	03/01/2000	G.O. Bonds, Series 2000A	47,225,000	09/01/2009	5.375%	3,300,000
	04/01/2001	G.O. Bonds, Series 2001A	41,325,000	10/1/2016	5.00%	20,000,000
4	06/01/2001	Taxable Ref. Bonds, 2001A	2,610,000	12/01/2011	6.00% - 6.30%	750,000
5	10/01/2001	G.O. Ref. Bonds, Series 2001A	49,925,000	12/01/2011	4.00%	18,075,000
6	10/01/2001	G.O. AirportBonds, 2001A (AMT)	1,450,000	12/01/2011	4.20% - 4.50%	435,000
	02/01/2002	G.O. Bonds, Series 2002A	41,225,000	08/01/2017	5.00% - 5.25%	22,725,000
7	06/01/2002	G.O. Ref. Bonds, Series 2002A	62,950,000	09/01/2010	5.00%	15,700,000
	02/01/2003	G.O. Bonds, Series 2003A	25,950,000	08/01/2018	4.00% - 5.25%	17,325,000
8	07/01/2003	G.O. Ref. Bonds, Series 2003A	100,025,000	08/01/2017	2.50% - 3.90%	100,025,000
	02/01/2004	G.O. Bonds, Series 2004A	26,950,000	08/01/2019	2.50% - 4.125%	20,955,000
	04/15/2004	State Trust Fund Loan - Pension	18,627,012	03/15/2009	6.00%	4,129,867
	12/10/2004	State Trust Fund Loan - Equip	539,524	03/15/2009	2.75%	141,030
	11/01/2005	G.O. Bonds, Series 2005A	24,610,000	12/01/2020	4.00% - 5.00%	21,050,000
9	11/01/2005	G.O. Ref. Bonds, Series 2005B	63,025,000	10/01/2015	4.00% - 5.25%	62,500,000
	04/01/2006	G.O. Bonds, Series 2006A	31,595,000	10/01/2021	4.00% - 5.00%	28,980,000
	06/01/2007	G.O. Bonds, Series 2007A	32,625,000	12/01/2022	4.00% - 4.25%	32,100,000
	09/01/07	State Trust Fund Loan – Housing	1,000,000	3/15/2017	5.25%	1,000,000
	05/01/2008	G.O. Bonds, Series 2008A	30,860,000	12/01/2023	3.25% - 4.25%	30,860,000
<b>Total Outstanding Debt as of January 1, 2009</b>						<b>\$439,255,698</b>

Notes regarding outstanding refunding debt is presented below.

1. On October 28, 1993, the County issued \$57,669,714 General Obligation Refunding Bonds, Series 1993A, to advance refund and defease certain maturities totaling \$50,875,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 1992A. On May 17, 2001, the County issued \$2,610,000 in taxable bonds to defease \$2,346,134 in outstanding bonds relating to the Milwaukee County Soccer Complex (see Note 4). As of year-end 2008, the accreted value of the outstanding bonds (which are capital appreciation bonds) is \$19,654,801.
2. On March 11, 1999, the County issued \$32,725,000 General Obligation Refunding Bonds, Series 1999A, to advance refund \$33,000,000 outstanding principal of its general obligation bonds. On May 17, 2001, the County defeased \$160,000 in outstanding bonds relating to the Milwaukee County Soccer Complex (see Note 4). The refunding bonds are included in this figure for outstanding bonds, and the refunded bonds are excluded. As of year-end 2008, \$12,340,000 of these bonds remained outstanding.
3. On May 27, 1999, the County issued \$2,290,000 General Obligation Museum Refunding Bonds, Series 1999A, to advance refund certain maturities totaling \$2,100,000 of the County's outstanding General Obligation Museum Bonds, Series 1994A. Outstanding debt for the 1994A Museum Bonds totaled \$7,990,000. The remaining balance was advance refunded with the proceeds of the revenue bonds issued by the County on behalf of the Milwaukee Public Museum Inc. The refunding bonds are included in this figure for outstanding bonds, and the refunded bonds are excluded. As of year-end 2008, \$905,000 of these refunding bonds remained outstanding.
4. On June 4, 2001, the County issued \$2,610,000 Taxable General Obligation Refunding Bonds, Series 2001A, to defease a portion of the General Obligation Refunding Bonds, Series 1993A and General Obligation Corporate Purpose Bonds, Series 1994A, that related to the Milwaukee County Soccer Complex. The refunding bonds are included in this figure for outstanding bonds, and the refunded bonds are excluded. As of year-end 2008, \$750,000 of these refunding bonds remained outstanding.
5. On October 30, 2001, the County issued \$49,925,000 General Obligation Corporate Purpose Refunding Bonds, Series 2001A, to advance refund certain maturities totaling \$47,615,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 1994A, 1995A, and 1996A. The refunding bonds are included in this figure for outstanding bonds, and the refunded bonds are excluded. As of year-end 2008, \$18,075,000 of these refunding bonds remained outstanding.
6. On October 30, 2001, the County issued \$1,450,000 General Obligation Airport Refunding Bonds, Series 2001A (AMT), to refund certain maturities totaling \$1,450,000 of the County's outstanding General Obligation Airport Bonds, Series 1992A. The refunding bonds are included in this figure for outstanding bonds, and the refunded bonds are excluded. As of year-end 2008, \$435,000 of these refunding bonds remained outstanding.
7. On June 5, 2002, the County issued \$62,950,000 General Obligation Refunding Bonds, Series 2002A, to refund certain maturities totaling \$61,065,000 of the County's outstanding General Obligation Refunding Bonds, Series 1992A. The refunding bonds are included in this figure for total general obligation debt, and the refunded bonds are excluded. As of year-end 2008, \$22,725,000 of these refunding bonds remained outstanding.
8. On July 1, 2003, the County issued \$100,025,000 General Obligation Refunding Bonds, Series 2003A, to restructure the County's debt service payment schedule and allow the County to meet other budgetary demands. The refunding bonds are included in this figure for total general obligation debt, and the refunded bonds are excluded. The outstanding bonds are equal to the par amount of the bonds. The first principal payment on the bonds is due August 1, 2010.
9. On November 1, 2005, the County issued \$63,025,000 General Obligation Refunding Bonds, Series 2005B, to refund certain maturities totaling \$63,865,000 of the County's outstanding General Obligation Building Bonds, Series 1997A, General Obligation Corporate Purpose Bonds, Series 1997A, General Obligation Corporate Purpose Bonds, Series 1998A, General Obligation Corporate Purpose Bonds, Series 1999A, and General Obligation Corporate Purpose Bonds, Series 2000A. The refunding bonds are included in this figure for outstanding bonds, and the refunded bonds are excluded. As of year-end 2008, \$62,500,000 of these refunding bonds remained outstanding.

## General Obligation and Note Debt Service Schedule

Year	Levy Supported Debt		Revenue Supported Debt		Taxable General Obligation Promissory Notes Series 2009A		Taxable Pension Notes Series 2009B	
	Corporate Purpose Debt (Excludes Airport Debt)		Airport Debt		Principal	Interest	Principal	Interest
2009	51,403,136	18,390,291	1,072,330	348,159		10,542,962		4,830,788
2010	50,535,897	16,011,419	1,093,184	298,310	10,025,000	15,880,613		7,276,500
2011	50,301,598	14,436,746	1,128,165	247,283	10,380,000	15,593,898		7,276,500
2012	49,828,643	11,714,275	1,383,662	202,792	10,870,000	15,158,419		7,276,500
2013	50,078,545	9,648,749	1,554,579	150,841	11,475,000	14,596,754	135,000,000	7,276,500
2014	48,685,989	7,634,399	1,558,156	92,943	9,400,000	13,975,625		
2015	28,228,652	5,668,073	301,836	33,823	9,940,000	13,460,786		
2016	25,308,422	4,441,660	298,706	22,957	10,545,000	12,909,722		
2017	22,966,612	3,345,512	297,588	11,606	11,190,000	12,311,136		
2018	14,125,000	2,358,975			11,870,000	11,667,549		
2019	12,565,000	1,726,850			12,595,000	10,975,960		
2020	10,215,000	1,175,125			13,515,000	10,232,797		
2021	8,090,000	716,181			14,345,000	9,394,184		
2022	5,535,000	356,738			15,230,000	8,504,168		
2023	2,700,000	121,500			16,165,000	7,559,305		
2024					17,160,000	6,556,540		
2025					18,210,000	5,492,178		
2026					19,400,000	4,246,614		
2027					20,670,000	2,919,654		
2028					22,015,000	1,505,826		
2029								
2030								
2031								
2032								
2033								
Total	\$ 430,567,493	\$ 97,746,480	\$ 8,688,207	\$ 1,408,714	\$ 265,000,000	\$ 203,484,686	\$ 135,000,000	\$ 33,936,788
Less Sinking Funds	(51,403,136)	(18,390,291)	(1,072,330)	(348,159)	-	(10,542,962)	-	(4,830,788)
Total	\$ 379,164,357	\$ 79,356,189	\$ 7,615,877	\$ 1,060,556	\$ 265,000,000	\$ 192,941,724	\$ 135,000,000	\$ 29,106,000

Approximately 75.2 percent of County debt (including the Notes) will be retired within ten years. The amount includes general obligation bonds issued by the County on behalf of the airports because this debt is general obligation debt of the County. County debt does not include revenue bonds issued by the County with respect to the airports. Approximately \$8.7 million or 1.0 percent of the County's outstanding debt (after the issuance of the Notes) is for the airports. Pursuant to the lease agreements with the airlines, signatory airlines are obligated to pay all principal and accrued interest payments on debt issued on behalf of the airports.

### *Airport Revenue Debt*

The County owns and operates General Mitchell International Airport and Lawrence J. Timmerman Airport (collectively the "Airport System"). The County has eight separate series of outstanding airport revenue obligations as presented in the following table.

### Milwaukee County Airport Revenue Bonds

Date of Issue	Type of Obligation	Amount Issued	Final Maturity	Interest Rates Outstanding	Jan. 1, 2009 Principal Outstanding
06/01/2000	Airport Revenue, Series 2000A	\$83,565,000	12/01/2025	5.75% - 6.00%	\$62,445,000
01/01/2003	Airport Revenue, Series 2003A	7,125,000	12/01/2022	3.25% - 5.50%	5,250,000
03/31/2004	Airport Revenue, Series 2004A	37,360,000	12/01/2029	3.00% - 5.00%	33,690,000
12/22/2005	Airport Revenue, Series 2005A	29,010,000	12/01/2030	4.00% - 5.25%	28,645,000
12/22/2005	Airport Rev. Ref., Series 2005B	7,755,000	12/01/2014	4.00%	5,470,000
11/16/2006	Airport Revenue, Series 2006A	25,665,000	12/01/2031	4.00% - 5.00%	25,045,000
11/16/2006	Airport Rev. Ref., Series 2006B	5,020,000	12/01/2015	5.00%	2,790,000
11/15/2007	Airport Revenue, Series 2007A	13,445,000	12/01/2032	4.125% - 5.00%	13,185,000
<b>Total</b>					<u><u>\$176,520,000</u></u>

The revenues of the Airport System are derived from rentals, fees and charges paid by users of the Airport System, including airlines (the "Signatory Airlines") that have agreed in the Airline Leases to pay for their usage of GMIA based on a series of formulae designed to allow the County to recover its cost of providing facilities and services for the Airport System. The costs are apportioned among the Signatory Airlines based on usage. The principal and interest on the County's airport revenue obligations are payable solely from, and are secured equally and ratably by a pledge of net revenues derived from the Airport System.

#### *Other County Obligations*

In addition to issuing general obligation and airport revenue debt as described above, the County has undertaken other obligations in the form of financial guarantees for other entities. These include the following:

**Midwest Airlines, Inc.** Pursuant to a Credit Assistance Agreement dated as of October 1, 2003, between the County and Midwest Airlines, Inc., and Skyway Airlines, Inc., the County entered into a Standby Reimbursement Agreement with U.S. Bank National Association ("U.S. Bank") to provide for the guarantee of the obligations of Midwest and Skyway with respect to the letters of credit issued by U.S. Bank to support the \$8,300,000 City of Milwaukee, Wisconsin Variable Rate Demand Industrial Revenue Bonds, Series 1998 (Midwest Express Airlines, Inc. Project) and the \$7,000,000 City of Milwaukee, Wisconsin Variable Rate Demand Industrial Development Revenue Bonds, Series 2001 (Skyway Airlines Project). The County has authorized (but not issued) promissory notes with a principal amount of \$14,215,000 for the Reimbursement Agreement and Credit Assistance Agreement. The Standby Reimbursement Agreement with U.S. Bank was scheduled to end as of August 1, 2008. To continue the agreement, the industrial revenue bonds must still be outstanding and Midwest Airlines was required to provide an updated appraisal of the hangars. In September 2008, the Standby Reimbursement Agreement was extended for a one-year period to allow additional time for the appraisals to be completed.

**PIC Services LLC.** In June 2004, the County executed a guaranty in favor of JP Morgan Chase Bank, N.A., with respect to a construction and term loan made by JP Morgan Chase Bank N.A., to PIC Services LLC to finance the acquisition and improvement of a facility to be used by the Private Industry Council of Milwaukee County, Inc. The maximum amount of the County's liability under this guaranty is \$1 million plus interest. The guarantee decreases over the term of the loan, and is currently at \$400,000.

**City of Wauwatosa Redevelopment Authority.** In order to develop the Milwaukee County Research Park, the City of Wauwatosa created the Tax Incremental District #2 ("TID #2") in 1994. In 1997, the Wauwatosa Redevelopment Authority issued redevelopment lease revenue bonds of \$8,860 to fund infrastructure development costs in TID #2. The 1997 bonds were retired in 2007 with redevelopment refunding lease revenue bonds of \$6,200. In August 2004, the County agreed to guarantee the payment of the principal and interest due on the \$24,500,000 of bonds issued by the City of Wauwatosa Redevelopment Authority to provide certain financial incentives totaling approximately \$27,610,000 to a developer in order to induce a corporation to move to a building constructed in the Milwaukee

County Research Park. The County has agreed to guarantee the payment of the lease revenue bonds, if the tax increments generated by TID #2 are insufficient to pay the principal and interest due on the bonds. The 2004 and 2007 redevelopment lease bonds outstanding as of December 31, 2007 was \$23,500,000 and \$6,200,000, respectively.

**Short-Term Debt**

Pursuant to state law, the County has the authority to borrow monies on an interim basis for operations. Under Section 59.60(9) of the *Wisconsin Statutes*, the County Board may make supplemental appropriations of available revenue and surplus funds to meet a public emergency affecting life, health, property or the public welfare. To the extent that unappropriated funds or realized revenues in excess of anticipated revenues are unavailable to meet the emergency, the County Board may issue tax anticipation notes.

Under Section 67.12(1)(b) of the *Wisconsin Statutes*, the County also has the authority to borrow money and issue tax and revenue anticipation notes in anticipation of the receipt of federal or state aid, levied taxes or deferred payments to which it is entitled. The County last sold revenue anticipation notes on June 16, 1994. These notes matured on June 30, 1995. The County has no plans to issue revenue anticipation notes in 2009.

The County is issuing taxable note anticipation notes (the Series 2009B Notes) as shown below. The interest payments due on the Series 2009B Notes are expected to be appropriated each year, while the bullet maturity is expected to be funded with long-term debt.

**Short-Term Debt by Issue**

<b>Date of Issue</b>	<b>Type of Obligation</b>	<b>Estimated Amount Issued</b>	<b>Final Maturity</b>	<b>Interest Rates Outstanding</b>	<b>Principal Outstanding</b>
4/2/2009	Taxable Pension Notes, Series 2009B	\$135,000,000	12/01/2013	5.39%	\$135,000,000
	<b>TOTAL</b>				<u>\$135,000,000</u>

**Legal Debt Limit**

The County has the power to incur indebtedness for County purposes specified by statute (Article 11, Section 3 of the Wisconsin Constitution and Chapter 67, Wisconsin Statutes) in an aggregate amount, not exceeding 5 percent of the equalized value of taxable property in the County, as last determined by the Wisconsin Department of Revenue. In general, such indebtedness may be in the form of bonds and promissory notes for various public purposes.

The County’s unused borrowing capacity after issuance of the Bonds will be as follows:

2008 Equalized Value	\$68,224,068,500
Legal Debt Limit (5% of Equalized Value)	3,411,203,425
Debt Outstanding January 1, 2009	440,575,889
Plus: The Series 2009A Notes	265,000,000
Less: 2009 sinking fund payments	<u>(52,534,120)</u>
Debt Outstanding (19.1% of Capacity)	\$653,041,769
Remaining legal debt capacity (80.9% of Capacity)	<u>\$2,758,161,656</u>
Reserved for obligations to Refund Series 2009B Notes	\$135,000,000
Remaining borrowing capacity (76.9% of Capacity)	<u>\$2,623,161,656</u>

### Indirect General Obligation Debt of the County

<b>Governmental Unit</b>	<b>Outstanding Debt 12/31/2008</b>	<b>% Debt Within County</b>	<b>Amount of Debt Within County<sup>10</sup></b>
<i>Villages:</i>			
Village of Bayside	\$10,569,930	96.28%	\$10,177,203
Village of Brown Deer	\$18,815,943	100.00%	\$18,815,943
Village of Fox Point	\$15,080,000	100.00%	\$15,080,000
Village of Greendale	\$678,060	100.00%	\$678,060
Village of Hales Corners	\$4,667,195	100.00%	\$4,667,195
Village of River Hills	\$3,304,707	100.00%	\$3,304,707
Village of Shorewood	\$18,880,445	100.00%	\$18,880,445
Village of West Milwaukee	\$8,615,336	100.00%	\$8,615,336
Village of Whitefish Bay	\$17,765,001	100.00%	\$17,765,001
Subtotal	<u>\$98,376,617</u>		<u>\$97,983,890</u>
<i>Cities:</i>			
City of Cudahy	\$32,381,835	100.00%	\$32,381,835
City of Franklin	\$56,080,000	100.00%	\$56,080,000
City of Glendale	\$38,730,609	100.00%	\$38,730,609
City of Greenfield	\$26,581,283	100.00%	\$26,581,283
City of Milwaukee	\$686,032,539	100.00%	\$686,032,539
City of Oak Creek	\$7,550,000	100.00%	\$7,550,000
City of South Milwaukee	\$26,955,000	100.00%	\$26,955,000
City of St. Francis	\$0	100.00%	\$0
City of Wauwatosa	\$35,926,469	100.00%	\$35,926,469
City of West Allis	\$75,469,073	100.00%	\$75,469,073
Subtotal	<u>\$985,706,808</u>		<u>\$985,706,808</u>
<i>School Districts:</i>			
Brown Deer	\$8,947,582	100.00%	\$8,947,582
Cudahy	\$13,444,363	100.00%	\$13,444,363
Fox Point-Bayside Schools	\$2,335,000	98.65%	\$2,303,571
Franklin Public Schools	\$13,335,000	100.00%	\$13,335,000
Glendale-River Hills	\$4,000,000	100.00%	\$4,000,000
Greendale	\$19,205,000	100.00%	\$19,205,000
Greenfield	\$60,070,000	100.00%	\$60,070,000
Maple Dale-Indian Hill	\$325,000	100.00%	\$325,000
Milwaukee Area Technical College	\$63,475,000	99.94%	\$63,437,707
Milwaukee Public	\$102,546,612	82.41%	\$84,506,540
Nicolet High School	\$1,550,000	99.49%	\$1,542,112
Oak Creek-Franklin	\$64,075,000	100.00%	\$64,075,000
Shorewood	\$14,000,000	100.00%	\$14,000,000
South Milwaukee	\$49,468,711	100.00%	\$49,468,711
St. Francis	\$1,756,071	100.00%	\$1,756,071
Wauwatosa	\$2,915,000	100.00%	\$2,915,000
West Allis - West Milwaukee	\$43,185,000	93.91%	\$40,554,255
Whitefish Bay	\$2,724,215	100.00%	\$2,724,215
Whitnall	\$3,325,000	100.00%	\$3,325,000
Subtotal	<u>\$470,682,554</u>		<u>\$449,935,127</u>
Metropolitan Sewerage District	<u>\$906,720,697</u>	99.93%	<u>\$906,086,611</u>
<b>Total Overlapping Debt</b>	<b>\$2,461,486,676</b>		<b>\$2,439,712,436</b>

Source: Milwaukee County Department of Administration, January 2009 survey of taxing jurisdictions

<sup>10</sup> The proportion of indirect debt attributable to the County was determined by calculating the ratio of equalized value (with tax incremental districts) located within the County to city, village and school district totals. For the City of Milwaukee, property values located in Waukesha County are included in the allocation of City debt burdens. Milwaukee Public Schools does not have the ability to issue general obligation debt. The amount shown is broken out for the City of Milwaukee that was issued for school purposes.

**Trend of Direct Debt and Indirect Debt <sup>11</sup>**

<b>Dec. 31 Year</b>	<b>Direct County Debt</b>	<b>Milwaukee Metropolitan Sewerage District Debt</b>	<b>Cities, Villages, Schools, and Technical College, Debt</b>	<b>Total Direct and Indirect Debt Year End</b>
2008	\$ 440,575,889	\$ 906,086,611	\$ 1,532,230,557	\$ 2,877,572,867
2007	452,851,389	768,021,334	1,495,112,978	2,715,985,701
2006	457,863,014	741,759,757	1,437,550,126	2,637,172,897
2005	469,707,711	724,497,964	1,297,421,778	2,491,627,453
2004	488,900,532	692,009,192	1,238,077,578	2,418,987,302

**Direct and Indirect Debt as a Percent of Equalized Value and Per Capita**

<b>Dec. 31 Year</b>	<b>Population</b>	<b>Equalized Value (TID Included)</b>	<b>Total Direct Debt</b>	<b>Percent of Equalized Value</b>	<b>Per Capita</b>	<b>Total Direct and Indirect Debt</b>	<b>Percent of Equalized Value</b>	<b>Per Capita</b>
2008	938,490	\$ 68,224,068,500	\$ 440,575,889	0.64%	\$ 468	\$ 2,877,572,867	4.22%	\$3,066
2007	937,324	67,119,283,700	452,851,389	0.67%	483	2,715,985,701	4.05%	2,898
2006	936,892	63,609,181,500	457,863,014	0.72%	489	2,637,172,897	4.15%	2,815
2005	938,995	56,680,686,000	469,707,711	0.83%	500	2,491,627,453	4.40%	2,654
2004	939,358	51,153,360,200	488,900,532	0.96%	520	2,418,987,302	4.73%	2,575

<sup>11</sup> Direct Debt reflects all general obligation debt of the County, including general obligation debt supported by Airport revenues. Airport revenue debt is excluded from this presentation of outstanding direct and indirect debt.

## FINANCIAL INFORMATION

### *Tax Assessment*

The valuation of all real and personal property is the responsibility of the 19 city and village assessors within the County with the exception of real and personal manufacturing property. The valuation of manufacturing property is the responsibility of the Wisconsin Department of Revenue.

Assessments are made as of January 1st of each year in accordance with the provisions of Wisconsin Statutes. The law requires that all property subject to assessment be valued in accordance with procedures set forth in the Wisconsin Property Assessment Manual. Assessments must be based on actual view or from the best information that the assessor can practicably obtain, and be at the full value, which could ordinarily be obtained at private sale.

Wisconsin courts have determined that the constitutional requirement for uniformity of assessment is met even though the assessment in question may be less than full value, provided all property within the tax district is assessed at the same proximate level. Beginning in 1986, all municipalities were required to assess taxable property at a minimum of 90 percent of state equalized values at least once every five years.

The assessment of a class of property may also be lowered to obtain uniformity. This procedure is also utilized by the Wisconsin Department of Revenue to equate full value assessments of manufacturing property to the local level of all taxable non-manufacturing assessments.

The State of Wisconsin equalizes local assessments to full values. This equalized valuation is the basis used in computing the five-percent state constitutional debt limitation.

### Equalized Values 2003-2008 (In Millions of Dollars)

	2003	2004	2005	2006	2007	2008
Residential	\$31,166	\$34,014	\$37,975	\$42,355	\$44,453	\$44,934
Commercial	13,013	14,182	15,642	18,063	19,336	19,653
Manufacturing	1,405	1,394	1,405	1,439	1,489	1,552
Agriculture	34	35	34	34	27	31
<b>Total Real Estate</b>	<b>\$45,618</b>	<b>\$49,625</b>	<b>\$55,056</b>	<b>\$61,891</b>	<b>\$65,305</b>	<b>\$66,170</b>
Personal Property	1,649	1,528	1,625	1,718	1,814	2,054
<b>Total Real Estate and Personal Property</b>	<b>\$47,267</b>	<b>\$51,153</b>	<b>\$56,681</b>	<b>\$63,609</b>	<b>\$67,119</b>	<b>\$68,224</b>
Adjustment for TID (Tax Incremental Districts)	(1,159)	(1,428)	(1,787)	(1,969)	(2,637)	(2,952)
<b>Net Real Estate and Personal Property</b>	<b>\$46,108</b>	<b>\$49,725</b>	<b>\$54,894</b>	<b>\$61,640</b>	<b>\$64,482</b>	<b>\$65,272</b>
Population	941,301	939,358	938,995	936,892	937,324	938,490
<b>Equalized Value Per Capita (In Dollars)</b>	<b>\$48,983</b>	<b>\$52,935</b>	<b>\$58,460</b>	<b>\$65,792</b>	<b>\$68,794</b>	<b>\$69,550</b>

Source: Wisconsin Department of Revenue, Statistical Report of Property Valuations.

**Property Tax Levies and Collections Last Five Years (In Millions of Dollars)<sup>12, 13</sup>**

<b>Levy For Budget Year</b>	<b>Taxes Collectible By County</b>	<b>Collection of Current Year Levy as of December 31</b>	<b>Percent of Current Year Levy Collected as of December 31</b>	<b>Total Tax Collections During the Year</b>	<b>Delinquent Taxes Outstanding at Year-End</b>
2003	\$685.0	\$679.7	99.24%	\$686.8	\$8.9
2004	\$715.4	\$710.9	99.37%	\$719.0	\$7.9
2005	\$727.7	\$718.2	98.69%	\$726.2	\$9.2
2006	\$755.8	\$744.9	98.56%	\$753.4	\$10.9
2007	\$806.9	\$793.4	98.32%	\$802.8	\$14.9

Sources: Milwaukee County Treasurer's Office, Municipal Statement of Taxes.

Total taxes levied include municipal levies, assessments and charges. The individual municipalities collect these taxes until July 31 of the budget year. The portion of the total City of Milwaukee levy strictly for County purposes is approximately 16.4 percent of total taxes for the 2009 budget year.

**Property Tax Levies and Collections Last Five Years – City of Milwaukee (in thousands of dollars)**

<b>Budget Year</b>	<b>Taxes Levied for the Fiscal Year (Original Levy)</b>	<b>Purchased and Adjust.<sup>14</sup></b>	<b>Collected for the Levy Year</b>			<b>Collections</b>		<b>Total Collections to Date</b>	
			<b>Total Adjusted Levy</b>	<b>Current Tax Collections</b>	<b>Percent Original Levy Collected</b>	<b>Purchased Delinquents Original Levy Year</b>	<b>Total Adjusted Levy in Subsequent Years</b>	<b>Amount</b>	<b>Percentage of Adjusted Levy</b>
2003	\$234,485	\$20,846	\$255,331	\$228,345	97.38%	\$12,918	\$13,056	\$254,319	99.60%
2004	\$240,643	\$22,764	\$263,407	\$235,012	97.66%	\$15,497	\$11,335	\$261,844	99.41%
2005	\$248,267	\$23,475	\$271,742	\$242,587	97.71%	\$14,992	\$10,090	\$267,669	98.50%
2006	\$261,685	\$25,390	\$287,075	\$255,818	97.76%	\$15,647	\$0	\$271,465	94.56%
2007	\$265,319	\$31,686	\$297,005	\$257,350	97.00%	\$18,581	\$0	\$275,931	92.90%

Source: City of Milwaukee Comprehensive Annual Financial Report, 2007

The City of Milwaukee and the County have entered into an intergovernmental cooperation agreement, whereby the city collects all delinquent County real estate taxes in the City of Milwaukee. The agreement was subsequently revised beginning with the collection of 1990 property taxes whereby the city purchases all unpaid County taxes in February of the first collection year, but periodically remits taxes until the end of July that are considered on time through the installment payment plan. The city also collects delinquent Milwaukee Metropolitan Sewerage District and state taxes levied in the City of Milwaukee.

**Property Tax Rates for County Levies**

In November of each year, the County Board adopts an annual budget for the ensuing calendar year. At that time levies on real and personal property are set. The information provided below reflects the budget year for which taxes are to be used, not the year in which taxes are levied. For example, information listed below 2009 represents the 2008 property tax levy used to finance the County's 2009 budget. The County Board adopted the 2009 budget on November 19, 2008. The levies summarized below include the state forestry tax and other administrative levies used for regional planning and other non-general County purposes.

<sup>12</sup> Tax levy amounts include taxes for each school district, city or village, sewerage district, technical college and the County for the 18 suburban municipalities. See Property Tax Levies and Collections Last Five Years - City of Milwaukee taxation.

<sup>13</sup> Total Tax Collections During the Year includes collections for the current fiscal year and delinquent collections from any year during the past ten years.

<sup>14</sup> This column indicates adjustments. The City purchases delinquent taxes from other units (the County, Milwaukee Metropolitan Sewerage District, State, Milwaukee Area Technical College and Milwaukee Public Schools).

**Property Tax Rates for County Levies 2004 - 2009 (In Millions of Dollars)**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
General County Purposes	\$278.7	\$288.3	\$297.3	\$307.0	\$316.0	\$325.1
County Sales Tax Credit	(59.3)	(62.4)	(64.7)	(65.9)	(65.2)	(67)
State Forestry Taxes/Other Administrative Levies	10.3	11.1	11.5	12.0	11.4	12.4
<b>Total Net County Taxes</b>	<b>\$229.7</b>	<b>\$237.0</b>	<b>\$244.1</b>	<b>\$253.1</b>	<b>\$262.2</b>	<b>\$270.1</b>
General County Purposes	6.05	5.80	5.42	4.98	4.90	4.98
County Sales Tax Credit	(1.29)	(1.26)	(1.18)	(1.07)	(1.01)	(1.03)
<b>Net General County Purposes</b>	<b>4.76</b>	<b>4.54</b>	<b>4.24</b>	<b>3.91</b>	<b>3.89</b>	<b>3.95</b>
State Forestry Taxes/Other Administrative Levies	0.22	0.22	0.20	0.19	0.17	0.18
<b>Total Net County Taxes</b>	<b>4.98</b>	<b>4.76</b>	<b>4.44</b>	<b>4.10</b>	<b>4.06</b>	<b>4.13</b>

**Levy Limits**

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

**Operating Budget Levy Rate.** The only conditions under which the maximum rate may be increased are if services are transferred between governmental units (transfers to other governmental units reduce the maximum rate) or if a referendum is approved by a majority of local electors to allow the maximum rate to be increased. The operating property tax levy rate limit is \$4.08 per \$1,000 equalized value. An operating property tax rate of approximately \$3.03 per \$1,000 of equalized value was established for the County's 2009 general-purpose budget. The tax rate for total operating purposes including the Southeastern Wisconsin Regional Planning Commission levy and other administrative levies was \$3.04 per \$1,000 of equalized value.

**Debt Service Levy Rate.** The conditions under which the debt service rate may be increased include: approval of issuance of debt at a referendum, adoption of a resolution by the County Board which sets forth its "reasonable expectation" that the issuance of the debt, will not cause the County to exceed its debt levy rate limit, actual authorization of the debt prior to the August 12, 1993 effective date of the rate limit, issuance of debt for regional projects as described in Section 67.05(7)(f) of the *Wisconsin Statutes*, issuance of debt to refund outstanding municipal obligations or adoption of a resolution to issue debt which is approved by a 3/4 vote of the members-elect of the County Board. The debt property tax levy rate limit is \$1.42 per \$1,000 equalized value. In conformance with the conditions outlined above, the County levied a debt levy rate of \$.92 per \$1,000 of equalized value for the 2009 budget.

The general obligation debt was authorized by a three-quarters vote of the members-elect of the County Board. Therefore, the debt service levy rate allowed for the repayment of general obligation debt is not limited under current law.

**Levy Limit Legislation.** The 2008 (payable in 2009) levy limit will consist of net new construction plus the terminated TID percentage of 0.04 percent. The net new construction percentage for 2008 (payable in 2009) is 1.68 percent plus the terminated TID percentage for 2008 (payable in 2009) of 0.04 percent.

### *Property Tax Credits*

**School Tax Credit.** Wisconsin Statutes provide for a school tax credit, which is a direct payment by the state to the municipalities. This tax credit is used to reduce the public schools tax levy reflected on individual property tax bills. The school tax credit increased 14.4 percent between the 2006/2007 amount and the 2007/2008 amount. The tax credit increased 17.53 percent between the 2006/2007 amount and the 2007/2008 amount in the City of Milwaukee. The calculation of the net rate after the school tax credit excludes other tax credits identified below.

**Lottery and Gaming Tax Credit.** Wisconsin Statutes provide for a lottery and gaming tax credit financed with proceeds from the state lottery and other gaming revenues. This tax credit is shown on individual property tax bills. Each taxpayer was required to own the home described on the tax bill and use it as a primary residence to qualify for the credit between 1991 and 1997. The Governor's 1997-1999 budget modified the credit to provide tax relief to all property taxpayers. In April of 1999, voters approved a change in the state constitution that again limited the lottery tax credit to homeowners' primary residence. In 2007-2008, the statewide average lottery and gaming credit was approximately \$86, and the average credit in the County was \$89.

**Homestead Credit.** Indirectly related to property taxes, Wisconsin Statutes provide for a homestead credit. This is a direct claim by the taxpayer to the state whereby households with income of less than \$24,500 may qualify for a state income tax credit. This credit is based on the amount of property taxes paid. Renters are also eligible for this credit. Homestead returns accounted for 12.4 percent of all Milwaukee County returns in fiscal year 2008 (57,942 claims). The average claim made by a County resident was \$580. The maximum credit is \$1,160 for those with household income of no more than \$8,000 and property taxes of \$1,450.

**County Sales and Use Tax Credit.** For County property taxpayers, the December 1992 local property tax bill was modified to reflect property tax relief attributable to the local 0.5 percent County sales and use tax. For the homeowner of a typical \$150,000 home in the County, property tax savings due to enactment of the sales and use tax totaled approximately \$155 for the 2009 budget.

### *Property Tax Collections*

Real estate and personal property taxes become due as of January 31 of each year. Taxpayers may pay their property taxes in installments. The number of installment payments varies for each individual municipality. Municipalities initially collect all property taxes including county and school taxes. On or before January 15 and February 15, the city or village treasurer settles with other taxing jurisdictions including the County for all collections through December and January respectively. In municipalities that have authorized the payment of real property taxes in three or more installments, the city or village treasurer additionally settles with the other taxing jurisdictions including the County on the 15th day of each month following the month in which an installment payment is required. The County subsequently has a tax settlement with the municipalities in August of each year. The County exclusively purchases all uncollected real property taxes from the municipality, issues a tax certificate and assumes the collection responsibility. As a last resort, the County Treasurer can foreclose after approximately two years. Tax liens are the first liens against real estate and remain valid for eleven years. The County maintains a Reserve for Taxes Receivable equal to all non-current taxes remaining due.

The tax collection procedure within the City of Milwaukee is substantially different than the procedure outlined above. The city has ten installments with the County portion being collected by the seventh payment. The city and the County entered into an intergovernmental cooperation agreement, whereby the city collected all delinquent County real estate taxes in the City of Milwaukee. The agreement was revised beginning with the collection of 1990 property taxes so that the city purchases all unpaid County taxes in February of the first collection year and retains the interest and penalty collected. Interest on delinquent taxes is charged at a rate of one percent per month from the preceding February. In addition, a penalty of one-half of one percent is also charged each month.

## ***Other Major County Revenues***

**State Shared Revenues.** The state distributes revenues collected from state taxes to municipal and county governments. These revenues can be used at the discretion of local governments to finance local services. Sections 79.03 and 79.04 of the *Wisconsin Statutes* outline a formula to allocate these revenues to local government units. The allocation formula for counties was based on a number of variables including taxable property values, utility property values, population, property tax levies and certain user fees. The state has modified the state shared revenue formula so that the previous year's base, plus the utility payment, determines the budgeted amount.

The utility payment component compensates local governments for costs they incur in providing services to public utilities. These costs cannot be directly recouped through property taxation since utilities are exempt from local taxation and instead are taxed by the state.

The state changed the methodology for calculating the utility payment. Previously, the utility payments to cities and villages were computed at a rate of six mills (\$6 per \$1,000 of net book value), while payments to towns are computed at a rate of three mills. Payments to counties were computed at three mills if the property is located in a city or village or at six mills if the property is located in a town. Starting in 2009, municipalities and counties with power plants that became operational before January 1, 2004 will receive a utility payment based on the higher of the net book value formula amount or the megawatt capacity formula amount. The estimated utility payment component for 2009 is \$1,493,549.

Shared revenue payments are made by the state on the fourth Monday in July (15 percent) and the third Monday in November (85 percent). The 2009 budget includes approximately \$37.7 million in anticipated net state shared revenues.

Beginning in 1999, in accordance with Section 48.561(3) of the *Wisconsin Statutes*, the Wisconsin Department of Administration reallocates \$20,101,300 in state shared revenue to the state's Child Welfare Program to be used to defray state administrative costs for the program. Previously, this allocation was taken from community aids revenue in the Department of Health Human Services and Behavioral Health Division budgets. All future budgets, including the 2009 Budget, have been modified to reflect the allocation.

**County Sales and Use Tax.** Beginning April 1, 1991, a 0.5 percent sales and use tax was enacted by Milwaukee County. The tax, which is authorized under Section 77.70 of the *Wisconsin Statutes*, is administered by the state and is imposed on goods and services, which are currently subject to a 5.0 percent state sales tax. The state distributes payments to the County seven to 11 weeks after the taxes are collected by retailers. Based on generally accepted accounting principles, fiscal year revenues are based on March through February payments from the state. Existing County Ordinances require that sales tax revenue not budgeted for debt service payments are used to directly finance capital improvements. On June 18, 2003, the County modified the ordinance to allow for the use of sales tax revenue to pre-fund employee benefit costs, to fund anticipated or extraordinary annual increases in such costs or to supplement the Appropriation for Contingencies. The ordinance change remains in effect through calendar year 2007. At this time, there has been no decision to extend the sunset date, although previous budgets have used sales tax revenue to pay costs other than debt service costs and capital improvement financing costs.

In 2005, the Wisconsin Department of Revenue contacted counties to notify them of software defects detected in the computer program used to distribute sales and use tax to Wisconsin counties. There were five categories of software defects that resulted in the system over or under distributing sales tax revenues to counties for the years 2002-2005.

- Treat sales tax receipts on certain private party sales (occasional sales) of motor vehicles;
- Calculate fee discounts received when returns are filed on time and round numbers on certain sales tax receipts transactions;
- Handle adjustments necessary to correct tax return errors;
- Calculate tax abatements (forgiveness of liability, penalty and/or interest); and
- Transfer negative revenue entries from the system into checks distributed to counties.

According to the state, the County received an over-distribution of sales tax revenue that totaled approximately \$1.8 million that the state will capture in equal increments over a three-year period from 2008 to 2010. Therefore, sales tax revenue for the County will be reduced by approximately \$600,000, starting with the 2008 Budget.

The state also informed the County of an under-distribution of approximately \$800,000 for private party sale of motor vehicles. The County received repayment for the under-distribution in December 2005.

The County budgeted net sales tax collections, including amounts allocated to the capital improvements budget, of approximately \$65.9 million for 2008 and \$67.4 million for 2009. Sales tax revenues collected from Milwaukee County retailers for 2007 total approximately \$63.6 million. As of the date of this publication, the County has received 11 months of sales tax collection for 2008 totaling \$61.5 million.

**Five-Year Summary of Revenues, Expenditures and Changes In Fund Balance – General Fund  
For The Years Ended December 31, 2003 Through 2007  
(In Thousands of Dollars)**

	2003	2004	2005	2006	2007
<b>Revenues:</b>					
Intergovernmental Revenue	\$ 266,101	\$ 276,179	\$ 275,467	\$ 292,298	\$ 363,920
Sales Taxes	57,115	58,834	61,646	62,904	62,981
Property Taxes	221,265	220,612	228,628	234,317	243,144
Interest on Investment & Rents	9,789	6,974	7,657	13,448	17,741
Charges for Services	157,025	180,925	213,361	228,898	337,014
Fines and Forfeitures	2,909	3,129	2,823	3,616	3,571
Licenses and Permits	413	443	442	634	552
Other	26,309	26,133	30,205	28,950	26,922
<b>Total Revenues</b>	<u>\$ 740,926</u>	<u>\$ 773,229</u>	<u>\$ 820,229</u>	<u>\$ 865,065</u>	<u>\$ 1,055,845</u>
<b>Expenditures:</b>					
Legislative, Executive and Staff	\$ 39,257	\$ 38,246	\$ 38,774	\$ 37,729	\$ 36,094
Courts and Judiciary	52,862	55,748	57,456	56,964	61,120
General Governmental Services	6,775	6,608	8,203	7,731	7,886
Public Safety	126,758	135,596	136,397	136,634	147,082
Public Works and Highways	13,489	16,553	16,532	13,850	16,142
Human Services	322,013	345,157	362,756	394,560	617,455
Parks, Recreation and Culture	65,749	61,640	55,810	56,907	59,282
Other	(880)	11,254	15,981	10,002	3,161
<b>Total Expenditures</b>	<u>\$ 626,023</u>	<u>\$ 670,802</u>	<u>\$ 691,909</u>	<u>\$ 714,377</u>	<u>\$ 948,222</u>
<b>Excess of Revenues Over Expenditures</b>	\$ 114,903	\$ 102,427	\$ 128,320	\$ 150,688	\$ 107,623
<b>Other Financing Sources (Uses):<sup>15</sup></b>					
Operating Transfers From Other Funds	\$ -	\$ 5,538	\$ -	\$ -	\$ 66,797
Operating Transfers To Other Funds	(116,698)	(112,548)	(123,437)	(129,534)	(162,030)
Operating Transfers To Components Units	(7,639)	(6,359)	(6,216)	(6,459)	(6,356)
Residual Equity Transfers (To) From Other Funds	4,538	5,504	16,383	551	1,709
<b>Total Other Financing Uses</b>	<u>\$ (119,799)</u>	<u>\$ (107,865)</u>	<u>\$ (113,270)</u>	<u>\$ (135,442)</u>	<u>\$ (99,880)</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	\$ (4,896)	\$ (5,438)	\$ 15,050	\$ 15,246	\$ 7,743
<b>Fund Balance-January 1</b>	<u>\$ 19,318</u>	<u>\$ 14,422</u>	<u>\$ 8,984</u>	<u>\$ 24,034</u>	<u>\$ 40,531<sup>16</sup></u>
<b>Fund Balance-December 31</b>	<u>\$ 14,422</u>	<u>\$ 8,984</u>	<u>\$ 24,034</u>	<u>\$ 39,280</u>	<u>\$ 48,274</u>

Source: Derived from audited financial statements included in the Milwaukee County Comprehensive Annual Financial Reports, 2003 – 2007.

<sup>15</sup> "Operating Transfers from," "Operating Transfers To" and "Residual Equity" have been combined in 2004 into "Operating Transfers To Other Funds."

<sup>16</sup> Restated the beginning balance of 2007 for the addition of Behavioral Health to the General Fund.

**Five-Year Summary of Revenues, Expenditures and Changes In Fund Balance – All Proprietary Funds  
For The Years Ended December 31, 2003 Through 2007  
(In Thousands of Dollars)**

	2003	2004	2005	2006	2007
<b>Operating Revenues:</b>					
Charges for Services	\$ 163,749	\$ 180,953	\$ 186,047	\$ 193,183	\$ 148,734
Other	18,126	15,204	17,651	20,948	4,689
Total Operating Revenues	<u>\$ 181,875</u>	<u>\$ 196,157</u>	<u>\$ 203,698</u>	<u>\$ 214,131</u>	<u>\$ 153,423</u>
<b>Operating Expenses:</b>					
Personnel Services	\$ 207,138	\$ 218,733	\$ 224,083	\$ 232,138	\$ 166,497
Contractual Services	54,022	53,583	56,690	57,807	54,287
Intra County Services	15,027	15,312	16,475	15,586	12,452
Commodities	19,010	20,742	25,610	26,333	19,421
Depreciation	35,168	35,757	35,801	36,359	34,778
Maintenance	2,010	2,033	2,739	3,326	2,293
Insurance	-	-	5,533	5,753	6,881
Other	65,995	70,354	74,463	83,928	6,238
Total Operating Expenses	<u>\$ 398,370</u>	<u>\$ 441,394</u>	<u>\$ 441,394</u>	<u>\$ 461,230</u>	<u>\$ 302,847</u>
<b>Operating Income (Loss):</b>	<u>\$ (216,495)</u>	<u>\$ (220,357)</u>	<u>\$ (237,696)</u>	<u>\$ (247,099)</u>	<u>\$ (149,424)</u>
<b>Nonoperating Revenues (Expenses):</b>					
Intergovernmental Revenues	\$ 134,482	133,543	141,291	149,038	83,099
Net Interest Expense	(9,470)	(9,207)	(7,814)	(8,139)	(7,872)
Total Nonoperating Revenues	<u>125,012</u>	<u>124,336</u>	<u>133,477</u>	<u>140,899</u>	<u>75,227</u>
Income (Loss) Before Operating Transfers	\$ (91,483)	\$ (96,021)	\$ (104,219)	\$ (106,200)	\$ (74,197)
Net Capital Contributions	19,345	29,802	10,537	8,271	13,511
Net Operating Transfers From Other Funds	<u>75,296</u>	<u>76,433</u>	<u>80,160</u>	<u>96,429</u>	<u>52,750</u>
<b>Net Income (Loss):</b>	<u>\$ 3,158</u>	<u>\$ 10,214</u>	<u>\$ (13,522)</u>	<u>\$ (1,500)</u>	<u>\$ (7,936)</u>
Add Depreciation on Fixed Assets Acquired by Capital Grants that Reduces Contributed Capital from Capital Grants	-	-	-	-	-
<b>Fund Equity/Retained Earnings-Jan. 1:</b>	<u>234,967</u>	<u>238,125</u>	<u>248,339</u>	<u>234,817</u>	<u>228,992<sup>17</sup></u>
<b>Fund Equity/Retained Earnings-Dec. 31:</b>	<u>\$ 238,125</u>	<u>\$ 248,339</u>	<u>\$ 234,817</u>	<u>\$ 233,317</u>	<u>\$ 221,056</u>

<sup>17</sup> Restated the beginning balance of 2007 for the addition of Behavioral Health to the General Fund.

**Milwaukee County  
2008 Adopted and 2009 Adopted Budgets**

	<b>2008 Adopted Budget</b>	<b>2009 Adopted Budget</b>
<b><u>Expenditures</u></b>		
Legislative & Executive	11,252,520	12,022,820
Administration	43,309,468	39,434,204
Courts & Judiciary	69,016,777	68,579,249
Public Safety	164,978,120	168,628,930
General Government	7,825,716	7,228,296
Transportation and Public Works	254,215,241	262,232,280
Health & Human Services	662,759,526	666,515,113
Parks, Recreation & Culture	73,877,557	75,278,719
Debt Service	62,331,427	68,638,134
County-Wide Non-Departmentals	(64,008,359)	(53,303,643)
Capital Improvements	57,212,387	77,822,066
Trust Funds	1,169,858	1,024,490
<b>Total Expenditures</b>	<b>\$1,343,940,239</b>	<b>\$1,394,100,657</b>
<b><u>Revenues</u></b>		
Operating		
Sales Tax	65,208,949	67,435,903
Bond Proceeds	202,185	176,349
Other Direct Revenue	442,801,079	475,476,564
State Shared Revenue	38,062,280	37,733,754
Remaining State Revenue	350,076,204	334,911,577
Total Federal Revenue	57,482,836	59,749,159
Indirect Revenue	78,103,221	75,211,472
Prior Year Surplus (Deficit)	4,901,148	7,946,529
<b>Operating Revenue Subtotal</b>	<b>\$1,036,837,902</b>	<b>\$1,058,641,307</b>
Capital Improvement		
Sales Tax	417,000	420,000
Bond Proceeds	32,805,683	34,993,761
Other Direct Revenue	6,611,985	13,252,690
Remaining State Revenue	6,837,699	5,452,690
Total Federal Revenue	10,540,020	23,702,925
<b>Capital Improvement Revenue Subtotal</b>	<b>\$57,212,387</b>	<b>\$77,822,066</b>
<b>Property Tax Levy</b>	<b>\$249,889,950</b>	<b>\$257,637,284</b>
<b>Total Revenues</b>	<b>\$1,343,940,239</b>	<b>\$1,394,100,657</b>

**THIS PAGE INTENTIONALLY LEFT BLANK**

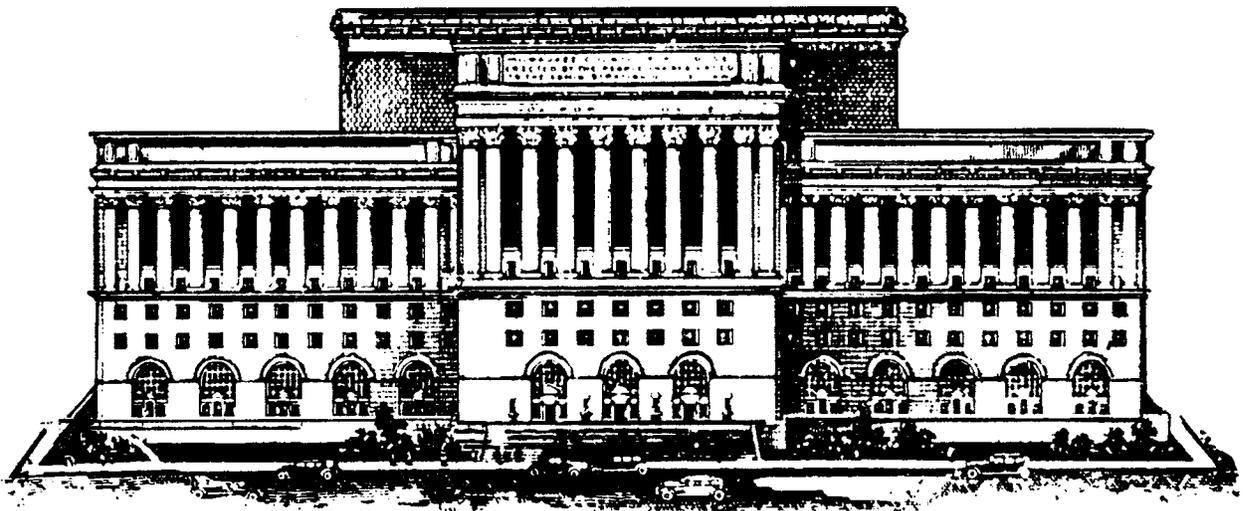
## **APPENDIX A**

### **ANNUAL FINANCIAL STATEMENTS**

The County is audited annually by an independent public accounting firm. This appendix presents the County's audited Basic Financial Statements for the fiscal year ended December 31, 2007. Copies of the County's Comprehensive Annual Financial Report are available on-line at:

<http://www.county.milwaukee.gov/ComprehensiveAnnualF12237.htm>

**COUNTY OF  
MILWAUKEE, WISCONSIN**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2007**

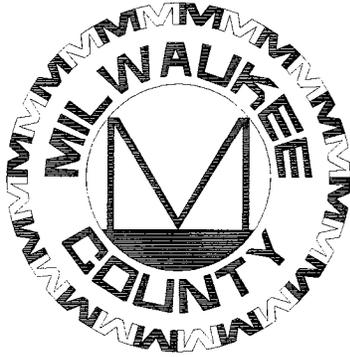
# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**COUNTY OF MILWAUKEE**

**WISCONSIN**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

**Prepared by:  
Department of Administrative Services  
Fiscal Affairs Division**



**This Page Left Blank Intentionally**

**COUNTY OF MILWAUKEE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Fiscal Year Ended December 31, 2007**

**Table of Contents**

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	2
GFOA Certificate of Achievement for Excellence in Financial Reporting for 2006.....	20
Organizational Chart.....	21
List of Principal Officials.....	22
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	25
Management's Discussion and Analysis (Required Supplementary Information) .....	27
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	48
Statement of Activities.....	50
Fund Financial Statements:	
Governmental Fund Financial Statements	
Balance Sheet.....	51
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	52
Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds.....	53
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities.....	54
Statement of Revenues, Expenditures, and Change in Fund Balance- Budget and Actual (Non- GAAP Budgetary Basis)- General Fund .....	55
Proprietary Fund Financial Statements:	
Balance Sheet.....	56
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	57
Statement of Cash Flows .....	58
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets .....	59
Statement of Changes in Fiduciary Net Assets.....	60

# COUNTY OF MILWAUKEE

## Table of Contents

	Page
<b>FINANCIAL SECTION (Continued)</b>	
Basic Financial Statements (Continued):	
Component Unit Financial Statements:	
Combining Statement of Net Assets.....	61
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	62
Notes to the Basic Financial Statements:	
1) Summary of Significant Accounting Policies.....	63
2) Stewardship, Compliance, and Accountability.....	83
3) Deposits and Investments.....	85
4) Receivables.....	94
5) Capital Assets.....	97
6) Interfund Transfers.....	104
7) Leases.....	104
8) Long-term Liabilities.....	105
9) Net Assets.....	116
10) Risk Management.....	117
11) Related Party Transactions.....	118
12) Subsequent Events.....	120
13) Commitments and Contingencies.....	120
14) Other Post-Employment Benefits.....	121
15) Employee Retirement Systems and Pension Plans.....	129
16) Restatement of Fund Balance and Net Assets.....	137
17) Pending Governmental Accounting Standards.....	138
Required Supplementary Information:	
Schedules of Funding Progress-Pension Plan.....	140
Schedules of Employer Contributions-Pension Plan.....	141
Schedules of Funding Progress-OPEB.....	142
Schedules of Employer Contributions-OPEB.....	143
Combining and Individual Fund Statements and Schedules:	
Budgetary Comparison Schedules:	
General Fund.....	146
Debt Service Fund.....	148
Capital Projects Fund.....	149
Airport Fund.....	150
Transit Fund.....	151

# COUNTY OF MILWAUKEE

## Table of Contents

	Page
<b>FINANCIAL SECTION (Continued)</b>	
Combining and Individual Fund Statements and Schedules (Continued)	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	153
Combining Statement of Revenues, Expenses and Changes in Fund Balances ...	154
Internal Service Funds:	
Combining Balance Sheet.....	156
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	157
Combining Statement of Cash Flows .....	158
Fiduciary Funds:	
Combining Statement of Changes in Assets and Liabilities- Agency Funds .....	160
<b>STATISTICAL SECTION (Unaudited)</b>	
Financial Trends Schedules	
Net Assets by Component.....	163
Changes in Net Assets.....	164
Fund Balances of Governmental Funds .....	166
Changes in Fund Balance-Governmental Funds .....	167
Revenue Capacity Schedules	
Property Tax Levies and Collections .....	168
Equalized Value of Taxable Property .....	169
Property Tax Rates per \$ 1,000 Equalized Value .....	170
Tax Rates by Municipality .....	171
Top Fifteen Principal Property Taxpayers.....	172
Debt Capacity Schedules	
Outstanding Debt by Type.....	173
Ratio of General Obligation Bonded Debt to Equalized Valuation and General Obligation Bonded Debt per Capita.....	174
Computation of Legal Debt Margin .....	175
Direct and Overlapping Bonded Debt- General Obligation Bonds.....	176
Demographic and Economic Information Schedules	
Demographic and Economic Statistics .....	177
Top Ten Major Employers .....	178
Operating Information Schedules	
County Employees by Function.....	179
Operating Indicators by Function.....	180
Capital Asset Statistics by Function.....	182



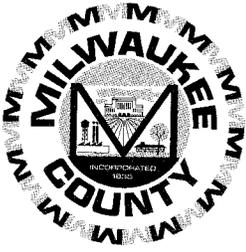
**This Page Left Blank Intentionally**

## **INTRODUCTORY SECTION**

- **Letter of Transmittal**
- **Certificate of Achievement for Excellence in  
Financial Reporting**
- **Organizational Chart**
- **List of Elected and Appointed Officials**



**This Page Left Blank Intentionally**



MILWAUKEE COUNTY EXECUTIVE SCOTT WALKER

# Milwaukee County

DEPARTMENT OF ADMINISTRATIVE SERVICES

CYNTHIA ARCHER, DIRECTOR

STEPHEN KREKLOW, FISCAL AND BUDGET ADMINISTRATOR

July 28, 2008

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

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

### CAFR Overview

The Comprehensive Annual Financial Report (CAFR) of Milwaukee County, Wisconsin (the County) for the year ended December 31, 2007 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 organization chart, and a list of the County's principal elected and appointed officials. It is designed to give the reader of the financial report some basic background information about the County.

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

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

## Financial Section Overview

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** - a narrative report providing financial information about the County. Readers of this report are encouraged to read the Management's Discussion and Analysis (MD&A), in conjunction with this Letter of Transmittal. The MD&A provides basic financial information about the County and an overview of the County's activities.
- 2) **Basic Financial Statements**
  - a) **Government-Wide Financial Statements** - government-wide financial statements, consisting of a statement of net assets and a statement of activities, provide a comprehensive financial picture of the County, split between governmental activities and business-type activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, where all assets, liabilities, revenues, and expenses of the County are reported. Internal service funds are combined with governmental activities for presentation purposes.
  - b) **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 revised adopted 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 assets with the governmental funds on the balance sheet and the governmental funds net change in fund balances on the statement of activities with the governmental funds statement of revenues, expenditures and changes in fund balances. The proprietary funds statement reports on each of the enterprise

funds and includes a separate column that combines all internal service funds.

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

### **Component Units**

This Comprehensive Annual Financial Report (CAFR) includes the funds of the primary government and the following discrete component units: the War Memorial Center, the Milwaukee Public Museum, Inc., the Marcus Center for the Performing Arts, and the Milwaukee County Research Park Corporation.

As of July 1, 2007, governance of the Private Industry Council of Milwaukee County was transferred from Milwaukee County to the City of Milwaukee. To reflect the change, the City of Milwaukee appointed a new board for the Private Industry Council and changed its name to the “Milwaukee Area Workforce Investment Board”. Due to this change, the former Private Industry Council of Milwaukee County is no longer considered a component unit of Milwaukee County and has been removed from County’s financial statements.

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

## **B) GOVERNMENTAL STRUCTURE AND TYPES OF SERVICES**

Milwaukee County is located in southeastern Wisconsin on the Lake Michigan shoreline. The County covers an area of approximately 242 square miles and consists of ten cities and nine villages. The Michigan Territorial Government incorporated

Milwaukee County in 1835. In 1837 the Wisconsin Territorial Legislature divided Milwaukee County and reduced its size. Nine years later the County was divided again into its present size.

Milwaukee County was the first county in the State to establish an executive branch. A County Executive and a 19-member Board of Supervisors govern Milwaukee County. The County Executive and the County Supervisors are elected to nonpartisan four-year terms. Each Supervisor is elected from a district with an average population of approximately 50,000. In addition, six constitutional officers are elected to serve two-year terms on a partisan basis. The Sheriff is elected to serve a four-year term on a partisan basis.

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. At its annual meeting in November of each year, the Board adopts the next calendar year's budget. It meets on a regular basis to transact official business, and its committees meet regularly to hold hearings, gather information and take testimony preparatory to making recommendations to the full County Board.

The County operates two airports, a mass transit system, a behavioral health facility, a correctional facility, a sheriff's department, a civil and criminal court system, a zoo, a botanical garden, a nature center, several marinas, several golf courses, swimming pools, beaches, bike trails, and park areas.

The County also administers Federal and State public assistance programs. Other activities include employment and training services, legal counsel services for the indigent, community health care programs, emergency medical services, medical service funding for the indigent, correctional programs and counseling and residential programs for the mentally ill, disabled, and chemically dependent. The County is also responsible for the maintenance and construction of highways, roads, and bridges. In addition, the County also offers a number of general government services.

## **C) ECONOMIC CONDITION AND OUTLOOK**

Milwaukee County serves as the population, economic and financial center of the State. The City of Milwaukee, which acts as the County seat, contains approximately 64 percent of the County's population and 48 percent of its taxable property value.

Milwaukee County's location on Lake Michigan, near the nation's geographic center and in close proximity to the Chicago metropolitan area, provides many economic advantages. The County has a well-developed arterial street and highway system, including four interstate highways, three major U.S. highways and 17 state highways. 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. During 2007,

the Port of Milwaukee handled 3.6 million tons of materials. Port traffic has rebounded between 2003 and 2007, increasing by 34 percent. Major commodities included in this tonnage were coal, salt, grain and cement. A high-speed auto/passenger ferry service is also available between Milwaukee and Muskegon, Michigan.

One of Milwaukee's strengths is a highly diversified economic system. While the Milwaukee metropolitan area is well known as a manufacturing center, activity in other industries has grown increasingly important in recent years. Sectors demonstrating the highest growth in employment in recent years are education, health, leisure and hospitality, and professional and business services. The regional economy is transitioning away from manufacturing towards a service-based economy.

According to the first quarter business outlook survey by the Metropolitan Milwaukee Association of Commerce (MMAC), the business outlook in Milwaukee County remains positive. The majority of metro area businesses surveyed expect "continuing business gains in 2008". Based on a survey of 124 Milwaukee area firms, "sixty-nine percent forecast sales increases for 2008, sixty-one percent predict profit gains, and fifty-two percent expect employment growth for their local operations." The results of the MMAC's Business Outlook Survey suggest ongoing improvement in the metro area economic environment.

The average annual unemployment rate for Milwaukee County through December 2007 was 6.0 percent compared to the national average of 4.6 percent. After two consecutive years of decline in the unemployment rate, 2007 was the first year the County experienced an increase in the unemployment rate.

According to the United States Census Bureau, Milwaukee County's estimated population for 2007 is 951,252, a decrease of approximately 0.11% from the 2006 population estimate.

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

## **D) MAJOR INITIATIVES BY CLASSIFICATION**

The following is a brief description of the departments and major initiatives for the classifications within both the Governmental Activities and Business-type Activities of the Statement of Activities.

### **Governmental Activities**

- 1) **Legislative, Executive, and Staff** consists of the following areas, the County Board, the Office of Community Business Development Partners, the Department of Audit, the County Executive, the Department of

Administrative Services, the Office of Persons with Disabilities, Veterans Services, the Civil Service Commission, the Personnel Review Board, the Ethics Board, Procurement and Corporation Counsel.

The Department of Administrative Services includes Fiscal Affairs, Economic and Community Development, Human Resources, Employee Benefits and Labor Relations. In 2007, Human Resources was divided into three separate divisions: Human Resources for recruiting and centralized human resource management, Labor Relations for the negotiation and administration of collective bargaining agreements, and Employee Benefits for the management and cost containment of employee health, dental, and life insurance programs and administration of the County pension plan.

The Risk Management Division and the Information Management Services Division are also under the Department of Administrative Services for management purposes. These divisions are reported as internal service funds. They are consolidated into the governmental activities in the Government-wide Financial Statements and are included in the proprietary funds in the Fund Financial Statements.

- 2) **Courts and Judiciary** consists of Combined Court Related Operations and the Department of Child Support. State and non-tax revenues support approximately 52.6 percent of the cost of the Courts function. The balance of the costs is funded with County tax levy dollars.

The Combined Court Related Operations consists of County Funded State Court Services Division, the Family Court Commissioner Division, the Register in Probate Division, and the Clerk of Circuit Courts. The County Funded State Court Services Division is the first judicial administrative district of the State Court System and has 47 judges and 23 court commissioners. The Family Court Commissioner Division is the legal extension of the Family Court Branch of the Circuit Court. This division conducts formal hearings in matters relating to marriage and actions affecting the family. It also includes the Family Court Mediation Services Unit. The Register in Probate Division maintains the records and files of all probate proceedings and provides support to the courts on probate matters. The Clerk of Circuit Courts maintains the records, books and files of the circuit courts. The Clerk of Circuit Court is also the Director of Court Services. This position summons the eligible jurors for the County funded state court system.

The Department of Child Support is required by Title IV-D of the Social Security Act to provide services to locate parents, establish paternity, enforce and establish child support and medical support orders. The

Child Support Establishment and Enforcement Unit is part of this Department.

- 3) **General Governmental Services** consists of the separately elected positions of the County Treasurer, the Register of Deeds, and the County Clerk, and their associated staff and related costs. The Election Commission is also included in this category. In 2007, the County Treasurer's office began a pilot Tax Return Intercept Program (TRIP) to manage the collection of delinquent tax accounts. Recent state legislation has expanded TRIP to include the collection of delinquent property taxes.
- 4) **Public Safety** consists of the Office of the Sheriff, District Attorney's Office, Medical Examiner and the House of Correction.

The Office of the Sheriff is responsible for law enforcement, the safety and security of citizens and protection of property throughout the County. The Sheriff is a separately elected position within Milwaukee County. The Office of the Sheriff acts as an arm of the criminal justice system. In addition to providing detention services, the Office of the Sheriff provides bailiff services, security at the Airport, and patrols for County parks and expressways.

The District Attorney's Office plans, organizes, and prosecutes all criminal, juvenile and applicable ordinance violations in Milwaukee County. The District Attorney is a separately elected official of Milwaukee County. The District Attorney's Office also administers numerous federal and state funded grant programs that enhance the public safety of Milwaukee County residents.

The Medical Examiner investigates all deaths in which there are unexplained, unusual or suspicious circumstances such as homicides, suicides, accidental deaths, and all deaths in which there is no physician in attendance.

The House of Correction receives and maintains custody of all sentenced prisoners in Milwaukee County for periods not exceeding one year. The House of Correction also provides programs of work release, rehabilitation, education, work, recreation and training. It also operates a home detention program using electronic surveillance equipment and other systems of control. In 2007 the House of Correction and the Office of the Sheriff continued its inmate population control "cap proposal" for the Milwaukee County detention population. The "cap proposal" attempts to limit the population at the Criminal Justice Facility and transfer any overflow to the House of Correction, which is able to open and close sleeping/housing units on a more flexible basis.

- 5) **Public Works and Highways** in the General Fund consists of the Department of Transportation and Public Works - Highway Maintenance and Director's Office.

The internal service funds of Fleet Management; Architectural, Engineering and Environmental Services; Transportation Services; and Facilities Management are also under the Department of Transportation and Public Works for management purposes. These four internal services funds are consolidated into one fund for reporting purposes and are identified in the Comprehensive Annual Financial Report as "Public Works Services". The Public Works Services fund is reported as part of the governmental activities in the Government-wide Financial Statements and as part of the proprietary funds in the Fund Financial Statements.

- 6) **Human Services** consists of the Department on Aging, the Department of Health and Human Services (DHHS), DHHS – Behavioral Health Division and the DHHS - County Health Programs.

The Department of Health and Human Services (DHHS) provides a wide range of life-sustaining, life-saving and life-enhancing services to children and adults through age 60. Programs focus on providing services for delinquent youth, persons who are developmentally disabled, physically disabled, mentally ill, homeless, and those in need of financial assistance. Many of the services provided are mandated by State Statute and/or provided through a State/County contract. The department includes the Economic Support Division, which assists eligible people in obtaining Food Share (formerly called Food Stamps), Medical Assistance (Title 19) and child day care benefits. The department is also responsible for administering the State's BadgerCare health program and specialized financial assistance programs. The Delinquency and Court Services Division administers a wide range of juvenile justice programs and provides support staff for the operation of the Children's Court. This division operates a Juvenile Detention Center and also administers the following programs oriented to alleged and adjudicated delinquent youth: pre-dispositional secure/non-secure out-of-home placements, the First Time Offender program, post-dispositional placements, probation, and programs that are designed to divert youth from State facilities. The Disabilities Services Division provides human services that are targeted at populations with special needs, including adults and children with physical and developmental disabilities. The services administered by this division allow these persons to live in the community and avoid institutional placement. The Division utilizes a Resource Center format to serve these clients. The Management Services Division provides contract administration, accounting and business support to the other DHHS divisions.

The Department on Aging plans for and services the growing needs of Milwaukee County's large and diverse older adult population. Services are provided through the Department of Aging under the divisions of Area Agency Services, Resource Center and the Care Management Organization. Area Agency Services includes elderly services for educating the public on services available for older adults, senior meal programs and senior centers. The Care Management Organization is designed to provide an appropriate mix of community-based care and direct services through the State of Wisconsin's Family Care Program to prevent the inappropriate and costly institutionalization of older adults. The State's Family Care Program replaces the state's numerous long-term support programs with a single integrated long-term care entitlement program. Under Family Care, the Care Management Organization coordinates all long-term care services, including home and community based services and institutional services for eligible elders in Milwaukee County who require publicly funded long term care services. The majority of the Care Management Organization program revenue represents a capitated rate payment per member per month from the State. The capitated rate payment is adjusted on an annual basis after an actuarial review of costs. Forty percent of client service costs of the Care Management Organization are controlled by Medicaid rate rules. The remaining 60%, which is not covered by Medicaid rates, is based on rates established by the department or by contracts with providers. Due to the capitated rate payment, the Care Management Organization is required to maintain reserves against potential cost deficits. At the end of 2007 the program had approximately 6,257 clients.

The Department of Health and Human Services - Behavioral Health Division (BHD) was reported in 2006 as an enterprise fund of Milwaukee County. For 2007, BHD is reported as part of the General Fund, and included in the Human Services cost category. For the 2007 budget, an evaluation was made of the operations of BHD and the changes that have occurred in their operations over the last ten years. A decision was made that the BHD more closely resembled a governmental fund division rather than a proprietary fund unit. BHD provides care and treatment to mentally ill and developmentally disabled persons through contracts with community agencies, outpatient care, day treatment services and inpatient care. In 2007, BHD is focusing on studying the current housing for persons with mental illness, with a long-term outlook to improve and increase the housing for persons with mental illness.

The County Health Programs (CHP) is comprised of programs that pertain to health services for County residents or visitors. The division develops, implements and evaluates programs, opportunities, and

partnerships related to improving or providing for the health of Milwaukee County citizens. CHP is comprised of three areas of service: Administration, Emergency Medical Services (EMS) Program (Paramedics), and General Assistance Medical Program (GAMP). EMS (Paramedics) supports the provision of paramedic services in Milwaukee County. GAMP is the County's health care financing/delivery system for medically indigent persons residing within Milwaukee County. Local hospital systems and other care providers treat GAMP eligible clients and submit billings for services, through a third party administrator. Hospitals receive an interim cash settlement from the County for services, until the State of Wisconsin provides reimbursement under State and Federal funding programs.

- 7) **Parks, Recreation and Culture** includes the Department of Parks, Recreation and Culture, the Zoological Department, Milwaukee County University Extension Service and funding for the Milwaukee Public Museum. The Department on Parks, Recreation and Culture administers and operates the Milwaukee County Park System that includes 15,000 acres and encompasses 153 parks and parkways. The Parks include 15 golf courses, and numerous pools, beaches, pavilions, marinas, and athletic fields. The Zoological Department operates a zoo on a 200-acre site in western Milwaukee County. The Zoo's collection and exhibits are acquired with the assistance of private funding.

#### **Business-type Activities:**

- 1) The **Airports** are an enterprise fund that is classified as a business-type activity in the Government-wide financial statements. Milwaukee County operates two airports: General Mitchell International Airport (GMIA) and Lawrence J. Timmerman Airport. User fees support both of these airports. Airport administrative, maintenance and operational cost reimbursement are guaranteed through contractual agreements with the major airline carriers serving GMIA. Growth in flights and passenger traffic from GMIA, over the past several years has led to the need for additional parking at the Airport. Milwaukee County issued \$ 83.6 million of revenue bonds in 2000 for the building of an addition to the existing parking structure. These were the first revenue bonds issued by the County. The parking revenues were estimated to be sufficient to pay the bonds, but the bonds were also supported by the signatory airline lease agreements. In subsequent years, the County issued revenue bonds to fund improvements to the C and D concourses, finish the parking structure, repair the Bus/Limousine Queue area, remodel the E concourse stem and GMIA baggage claim area. Security measures put in place after the events of September 11, 2001 will continue for the foreseeable future. Security costs represent 10.9% of the Airports 2007 budget.

- 2) The **Milwaukee County Transit/Paratransit System** is an enterprise fund activity that is managed by Milwaukee Transport Services, Inc.; a private, non-profit corporation. The corporation uses facilities and equipment owned and provided by the County to transport passengers by bus to various locations within the County. The Paratransit system is also operated by Milwaukee Transport Services. The Paratransit system provides transportation using private vendors for passengers who meet the paratransit eligibility requirements. The County's Department of Transportation and Public Works (DTPW) oversees and administers federal and state grants for the transit system. DTPW - Transportation Services Division, an internal services fund, assists with the acquisition of capital equipment and facilities.

The Department of Human Services - Behavioral Health Division (BHD) will not be reported as an enterprise fund of Milwaukee County in 2007. As a result of a 2007 review of BHD's financial operation, the County began reporting BHD as part of the General Fund. BHD is no longer reported as an enterprise fund of Milwaukee County. The financial statements have been changed to reflect this new classification.

### **Countywide Financial Activities**

- 1) **Employee Benefits:** In response to the concerns raised about the increased level of benefits that were granted to employees and elected officials in 2001, the County Board voted in February 2002 to change certain benefits. This included the level of payout at retirement for earned sick leave benefits. Prior to the change, all employees were entitled to full payout at retirement of earned sick leave benefits. In February 2002 the County changed the "earned retirement benefits" for non-represented employees by reverting to the previous pay out maximum of 400 hours plus 16 hours for each additional 100 hours or part thereof. Depending on hire date, sick leave at retirement is either paid in cash or is used to buy retiree health insurance. Between 2005 and 2007, union labor agreements were negotiated to reduce future *cash payouts* at retirement for sick leave earned. Sick leave for union members credited at retirement for retiree *health insurance payments* is generally still credited at 100%.

A lawsuit, filed in 2002, was pending in State court against the County seeking to have changes made in the retiree sick payout benefit for non-represented employees invalidated, and to have employees reinstated who retired as a result of the 2002 Sick Pay Change. This lawsuit requests both compensatory and punitive damages. A final decision was reached in early 2007, and settlement was made with retirees and the cost for future non-represented retirees could be estimated. Due to earlier court opinions, the County had set aside funds in 2005 and 2006 to cover these settlement costs.

The benefit enhancements and accelerated retirement rate have caused a severe strain on the County's budget. In 2001 and 2002, the County was contributing \$2.65 million and \$2.58 million respectively, to the Employee Retirement System (ERS). For 2004, 2005, and 2006, the County contributed \$35.1 million, \$37.8 million and \$27.4 million, respectively to ERS. The 2006 contribution was below an actuarial recommended contribution of \$45.9 million, based on an 8.0% rate of return on investments. The 2007 contribution was \$49.3 million, which approximated the actuarial contribution requirement.

The County has begun to successfully reduce certain pension benefits and contracts with most County unions effective in 2005. The contracts include the elimination of the pension eligibility Rule of 75 and the pension back-drop program. One union, DC 48 (AFSCME), which represents just fewer than half the County's employees, adopted a contract with these changes in early 2007.

## **B) FINANCIAL INFORMATION**

### **Internal Accounting Controls**

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 judgements by management.

Milwaukee County's internal control structure is supported by written policies and procedures. It is continually reviewed, evaluated and modified to meet current needs. This internal control structure is strengthened by the Milwaukee County Department of Audit. Under Milwaukee County Ordinances and Wisconsin Statutes, the Department of Audit is an extension of the legislative branch of Milwaukee County and provides the County Board of Supervisors with consistent independent review of County operations. The Department of Audit is responsible for the examination of financial, reviews of internal accounting controls, administrative controls, compliance with applicable laws and regulations, economic efficiency of operations, and effectiveness in achieving program results. The Department of Audit are performed audits in accordance with generally accepted government auditing standards.

## **Budgetary Process**

Milwaukee County has an executive budget process for the preparation of the annual operating and capital budgets. The Fiscal Affairs Division of the Department of Administrative Services provides the technical assistance required by the County Executive to review budget requests submitted by County departments and agencies. The Fiscal Affairs Division compiles departmental budget requests, along with non-departmental revenue projections, debt service 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 1<sup>st</sup> of each year. Subsequent to the receipt of the budget by the County Board, the County Board's Finance and Audit Committee reviews the County Executive's budget at public meetings. On the Monday following its regularly scheduled meeting on the first Tuesday in November, the County Board acts on the amendments and recommendations submitted by the Finance and Audit Committee, as well as amendments submitted by individual Board members. It adopts a final budget, subject to any vetoes by the County Executive, and levies taxes to support the adopted budget.

## **Budgetary Controls**

Budgetary control is maintained by a formal appropriation and encumbrance system. Encumbrances are made against appropriations prior to the release of a purchase order to a vendor, or prior to the issuance of a check when a liability is incurred without a purchase order. Liabilities that exceed appropriation balances are not paid until an increased appropriation is made available.

During the year, departments may request transfers of appropriated dollars between departments or from an unallocated contingency budget. All transfers require the approval of the County Board and County Executive. If a transfer is to be made within a department, approval of the transfer may not require County Board and County Executive approval.

Encumbered appropriations 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. Expenditures are then recorded when the services or materials are received.

For County capital projects, any unencumbered appropriations and the associated unrecorded revenue that is still available at the end of the year may be "carried over" to the subsequent year. A report of unappropriated budget dollars and unrecorded revenues are reported to the County Board by capital project number. The County Board and County Executive will then review the report and make any modifications to "capital carry-over" requests. The final result is the establishment of a carryover

reserve for capital projects. Similar to encumbrance reserves, these reserves are restored to the departmental appropriation account and revenue budget in the following year.

### **County Tax Rate Limit**

Section 59.605 of the Wisconsin Statutes imposed a property tax rate limit on Wisconsin counties, effective August 12, 1993. Separate limits were imposed for operating levy rates and debt service levy rates. The baseline for the rate limit was the 1992 actual levy rate adopted for the 1993 budget. Reductions in State shared revenues and transportation aid are among the penalties established by State Statutes for failing to meet the operating and debt service limit requirements.

The property tax rate established for general County operating purposes and special administrative levies, as part of the 1993 adopted budget, was \$4.08 per \$1,000 of equalized value. The maximum rate may only be increased if services are transferred between governmental units (transfers to other governmental units reduce the maximum rate), or if a referendum is approved by a majority of local electors to allow for an increase in the maximum rate. For 2007, the operating tax rate was \$ 3.19 per \$ 1,000 of equalized value.

The County adopted a debt levy rate of \$ 1.42 per \$ 1,000 of equalized value as part of the 1993 budget. The conditions under which the debt service rate may be increased include: 1) a referendum is held that approves the debt issuance; 2) the County Board of Supervisors adopts a resolution that sets forth its reasonable expectation that the issuance of the debt will not cause the County to increase the debt levy rate; 3) the issuance of the debt was authorized by an initial resolution adopted prior to the effective date of the rate limit; 4) the debt is issued for certain specified purposes, including financing regional projects under Section 67.05 (7)(f); 5) the debt is issued to fund or refund outstanding municipal obligations; or 6) the County Board of Supervisors adopts an initial resolution authorizing the issuance of the debt by a vote of at least three-fourths of the members-elect of the County Board. In accordance with the conditions outlined above, the County levied a debt levy rate of \$ 0.72 per \$ 1,000 of equalized value for the 2007 budget.

The rate limit also prohibits borrowing for "operating expenses". The statute defines "operating expenses" as "wages, salaries, fringe benefits, materials, supplies, contractual services, equipment with a useful life of less than one year and other costs specified by the Department of Revenue by rule".

### **Debt Administration**

The County Board and County Executive monitor all anticipated borrowing plans of the County on a continuing basis. In 1994, Milwaukee County revised existing policies and established new policies that directly and indirectly affected its borrowing practices. Some of the changes included the development of guidelines for maximum

debt burdens, modifications to the procedures for accepting competitive bids, and the maximum length of maturity.

Wisconsin Statutes limit the County's direct general obligation borrowing to an amount equivalent to 5% of the equalized valuation of taxable property. At December 31, 2007, the County had \$ 452.3 million of general obligation debt, representing 13.5% of the \$3,356 million debt limit. The debt limit is based upon equalized value of County property of \$67.1 billion.

Approximately 89 percent of the County's general purpose obligations will be retired within ten years. County general purpose obligations do not include revenue bonds issued by the County with respect to the airports. For 2007, total debt of the County, which includes general purpose and Airport revenue bond obligations, was \$ 636.5 million. As of December 31, 2007, approximately \$ 190.4 million or 29.9 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 has maintained its ratings from Fitch IBCA, Moody's Investors Service, and Standard & Poor's Corporation on general obligation bond issues. Any explanations of the significance of ratings may be obtained from the rating agencies.

Fitch IBCA  
AA

Moody's Investors Service  
Aa3

Standard & Poor's  
AA

In September 2003, the County authorized, but did not issue, general obligation promissory notes in the principal amount of \$14.2 million pursuant to the Credit Assistance agreement with a local company. These promissory notes would be issued in the event that the company defaults on Industrial Revenue Bonds issued within the last ten years to construct maintenance facilities for the company. In return for the credit assistance, the County obtained a mortgage on these maintenance facilities and \$4.9 million of debt reserves. Community Development Block Grant funds, for economic development, from the State of Wisconsin provided \$4.0 million of the reserve funds. These reserve funds accrue interest and total \$5.7 million as of December 31, 2007.

In 2004, the County provided a guarantee totaling \$ 1.0 million of a \$ 3.2 million loan for a non-profit corporation. The loan was used for the purchase of a building. This guarantee is now at \$ 0.4 million, based on terms of the original agreement.

On June 1, 2007, the County issued \$32.625 million of General Obligation Corporate Purpose Bonds. These bonds were used for various County capital improvement projects including highways and bridges, park improvements, building improvements and the replacement of buses and other vehicles.

## **Cash Management and Investment Policies**

Milwaukee County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The County may purchase investment securities at prevailing market rates as allowed by Wisconsin State Statutes (S.66.0603(1m)) and Milwaukee County Ordinance. 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 State Statutes, the County does not directly invest in securities maturing more than ten years from the date of purchase. County policy requires that direct investment in public depository securities is further limited to a maximum investment, per institution of \$500,000 at one time, unless an acceptable form of collateral, surety, or other guarantee exists assuring the principal repayment to the County. The County's investment policy limits the use of reverse repurchase agreements to transactions with commercial banks located in the State of Wisconsin to a period of time no longer than 14 days. The County enters into reverse repurchase agreements for cash flow purposes only.

The Pension Trust fund's available cash is held separately by an external trustee and is invested in various types of investments deemed appropriate by the Pension Board.

## **Risk Management**

As stated in Note 10 in the notes to the financial statements, 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, loss control, and insurance-related activities of the County and its employees. The Risk Management Fund minimizes risk through the use of various risk control strategies. The County is self-insured for worker's compensation. County management believes that assets of the Risk Management Fund together with the commercial insurance companies' coverage will be adequate to meet insurance claims as they come due.

## **Pension Trust Fund Operations**

The Pension Trust Fund ("Retirement System") accounts for the activities of the Employees' Retirement System ("ERS") and the OBRA 1990 Retirement System ("OBRA"). The ERS is a non-contributory single employer defined benefit pension plan that covers substantially all of its full-time employees. The OBRA (Omnibus Budget Reconciliation Act) 1990 Retirement System is a non-contributory single employer defined benefit pension plan that covers the County's seasonal and certain temporary employees (see Note 15 to the financial statements). For investment purposes, assets of OBRA are commingled with the assets of the ERS. A complete financial report of the Retirement System is available from the Pension Board that includes financial statements and required supplementary information.

## **C) OTHER INFORMATION**

### **Independent Audit**

The accounting firm of Virchow Krause & Company, 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 developed by a committee composed of representatives from the Department of Audit, County Controller's office, and two representatives from at-large departments. A request for proposal was issued to solicit proposals from eligible firms. The proposals received by the County were reviewed and ranked by the committee. The County Board and County Executive then approved the contract of the successful firm.

The audit was performed to provide reasonable assurance that the financial statements are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2007 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of the CAFR.

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

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the year ended December 31, 2006. This was the twenty-eighth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. 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 comprehensive annual financial report 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 Department of Administrative Services, Fiscal Affairs Division, the assistance of personnel in the various departments and through the competent service of the independent public accountants as well as the Department of Audit. We would like to express our appreciation to all persons who assisted in its preparation.

Respectfully submitted,



---

Steven Kreklow, Fiscal and Budget Administrator  
Department of Administrative Services



---

Scott Walker  
County Executive

# 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, 2006

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



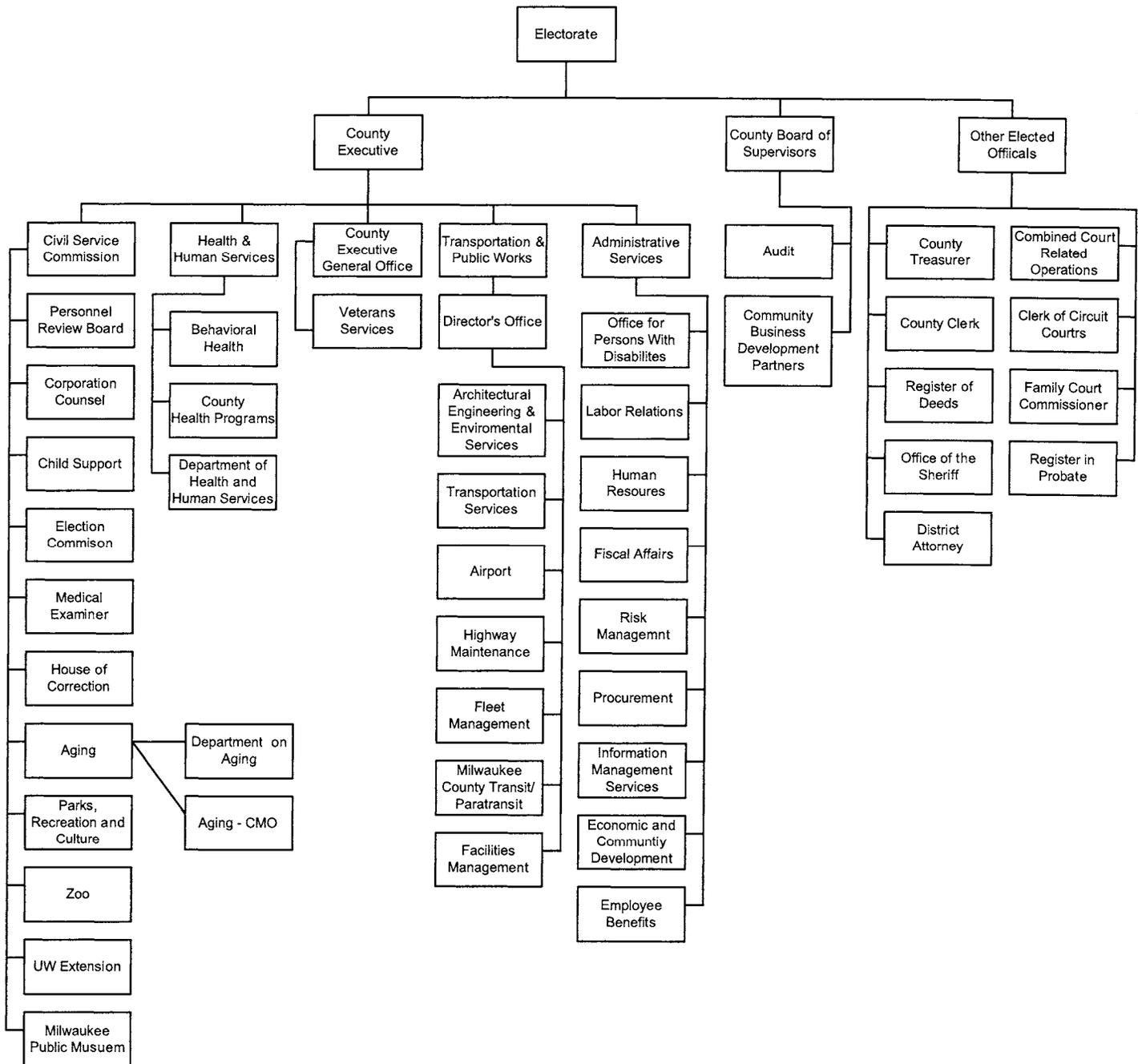
*Oliver S. Cox*

President

*Jeffrey R. Emery*

Executive Director

# COUNTY OF MILWAUKEE ORGANIZATIONAL CHART





**This Page Left Blank Intentionally**

**COUNTY OF MILWAUKEE**

**LIST OF PRINCIPAL OFFICIALS**

**ELECTED**

County Executive	-	Scott Walker
County Treasurer	-	Daniel Diliberti
District Attorney	-	John T. Chisholm
County Clerk	-	Mark Ryan
Clerk of Courts	-	John Barrett
Sheriff	-	David Clarke Jr.
Register of Deeds	-	John La Fave

**Supervisors and Their District by Number**

1- James G. White	11- Mark A. Borkowski
2- Toni M. Clark	12- Peggy West
3- Gerry P. Broderick	13- Willie Johnson, Jr.
4- Marina Dimitrijevic	14- Richard D. Nyklewicz, Jr.
5- Lee Holloway	15- Lynne D. De Bruin
6- Joseph Rice	16- John F. Weishan, Jr.
7- Michael Mayo, Sr.	17- Dan Devine
8- Patricia Jursik	18- Roger H. Quindel
9- Paul M. Cesarz	19- James Schmitt
10- Elizabeth M. Coggs	

**APPOINTED**

<b><u>Departments</u></b>	<b><u>Title</u></b>	<b><u>Name</u></b>
Administration	Director	Rob Henken
Human Services	Director	Corey Hoze
Admin - Human Resources	Director	Dr. Karen R. Jackson
Parks, Recreation, and Culture	Director	Susan Black
Transportation and Public Works	Director	George A. Torres
Aging	Director	Stephanie Sue Stein
Audit	Director	Jerome Heer
Circuit Courts	Chief Judge	Kitty K. Brennan
Child Support Enforcement	Director	LisaJo Marks
Corporation Counsel	Corporation Counsel	William Domina
DHHS – Behavioral Health	Administrator	John Chianelli
Employee Benefits	Administrator	David Arena
Family Court Commissioner	Commissioner	Michael J. Bruch

**COUNTY OF MILWAUKEE**  
**LIST OF PRINCIPAL OFFICIALS**

**APPOINTED Continued**

<b><u>Departments</u></b>	<b><u>Title</u></b>	<b><u>Name</u></b>
House of Correction	Superintendent	Ronald Malone
Labor Relations	Director	Gregory L. Gracz
Medical Examiner	Medical Examiner	Dr. Jeffrey Jentzen
Office for Persons with Disabilities	Director	Donald Natzke
Register in Probate	Register in Probate	Robert R. Knoll
Zoological Department	Director	Charles Wikenhauser



**This Page Left Blank Intentionally**

## **FINANCIAL SECTION**

- **Independent Auditors' Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Other Supplementary Information**



## INDEPENDENT AUDITORS' REPORT

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

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, 2007, which collectively comprise the County of Milwaukee's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Milwaukee's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Milwaukee County War Memorial Center, Inc., the Marcus Center for the Performing Arts, and the Milwaukee County Research Park Corporation, which represent 47 percent and 53 percent, respectively, of the assets and the operating revenues of the discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Milwaukee County War Memorial Center, Inc., the Marcus Center for the Performing Arts, and the Milwaukee County Research Park Corporation, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our 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, 2007, 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 conformity with accounting principles generally accepted in the United States of America.

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

As described in Note 1, the County of Milwaukee has implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as of December 31, 2007.

As also described in Note 1, the County of Milwaukee changed the financial reporting of the activities of the Department of Health and Human Services Behavioral Health Division from a separate enterprise fund to being included as part of the general fund effective January 1, 2007. In addition, a previously reported component unit, the Private Industry Council of Milwaukee County Inc., A workforce Development Board, no longer qualifies for inclusion in this report.

The management's discussion and analysis, schedules of funding progress and employer contributions – Employees' Retirement System and schedules of funding progress and employer contributions – Other Postemployment Benefits on pages 27 through 46, pages 140 through 141 and pages 142 through 143, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Milwaukee's basic financial statements. The combining and individual fund financial statements and schedules, 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. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The "Letter of Transmittal" and "Statistical Section" as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of Milwaukee, Wisconsin. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on such information.

*Virehow, Krause & Company, LLP*

Milwaukee, Wisconsin  
July 28, 2008

## **Management's Discussion and Analysis Required Supplementary Information**

This section of the County of Milwaukee's comprehensive annual financial report provides a narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2007. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

### **FINANCIAL HIGHLIGHTS:**

#### **Highlights for Government-wide Financial Statements**

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

- The County's assets exceeded its liabilities by \$ 388,986 on a government-wide basis as of December 31, 2007. The unrestricted net assets of the County were a negative \$ 75,352.
- For the fiscal year, program and general revenues of the County's governmental activities totaled \$ 1,104,829. Expenses totaled \$ 1,162,777 including operating transfers out of \$ 19,073.
- For 2007, revenues of the County's business-type activities were \$ 230,254 including operating transfers in of \$ 19,073. Expenses totaled \$ 237,958.

#### **Highlights for Fund Financial Statements**

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

- As of December 31, 2007, the County's governmental funds reported combined ending fund balances of \$ 116,278, as compared to \$ 99,943 for the year ended December 31, 2006 (as restated).
- As of December 31, 2007, unreserved fund balance for the General Fund was \$ 16,568 or 1.7% of total General Fund expenditures. At the end of the 2006 fiscal year the unreserved fund balance of the General Fund was \$ 5,942.

## FINANCIAL HIGHLIGHTS (CONTINUED):

### Highlights for Fund Financial Statements (Continued)

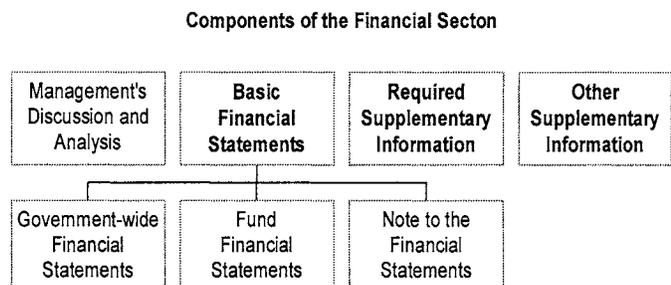
- The County's enterprise funds had combined net assets of \$ 203,597 as of December 31, 2007, compared to \$211,301 as of December 31, 2006 (as restated).

### General Financial Highlights

- In June 2007, the County issued \$ 32,625 of General Obligation Bonds to finance various capital needs.
- In November 2007, the Airport, an enterprise fund of the County, issued \$ 13,445 of revenue bonds for various capital improvements at General Mitchell International Airport.
- Prior to 2007 the County reported the financial activities of the Behavioral Health Division (BHD) as an enterprise fund. In 2007, it was determined that BHD no longer operates as a business-type entity. As of 2007, BHD's financial activity is reported as part of the General Fund.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The second statement- *the statement of activities*- presents information showing how the County's net assets changed during 2007. All changes in net assets 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 vacation leave).

Both of these government-wide financial statements distinguish functions of Milwaukee County that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The governmental activities of Milwaukee County include legislative, executive and staff, general government, courts and judiciary services, public safety, public works and highways, 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), but also legally separate entities (known as discretely presented component units) for which the County is financially accountable. Together, the primary government and its discretely presented component units are referred to as the reporting entity. The Milwaukee Public Museum, the Milwaukee County Research Park, the Milwaukee County War Memorial Center, and the Marcus Center for Performing Arts are the County's discretely presented component units.

# OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

## Government-wide Financial Statements (Continued)

Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 48-50 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*.

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

# OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

## Fund Financial Statements (Continued)

### ***Governmental funds (Continued)***

The County adopts an annual appropriated budget for its general fund, debt service fund, and its 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 have been included in other supplementary financial information. In addition, a general fund budgetary comparison by department is also included in other supplementary information.

The governmental fund financial statements can be found on pages 51-53 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 have been included within *governmental activities* in the government-wide financial statements.

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

The proprietary fund financial statements can be found on pages 56-58 of this report.

### ***Fiduciary funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial

# OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

## Fund Financial Statements (Continued)

### *Fiduciary funds (Continued)*

statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds, the economic resources measurement focus and the accrual basis of accounting.

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

The fiduciary fund financial statements can be found on pages 59-60 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 63-138 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 progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees.

Required supplementary information can be found on pages 139-143 of this report.

## **Other Supplementary Information.**

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions as other supplementary information. Budgetary comparison for the major funds is also provided in this section. Combining and individual fund statements and schedules can be found on pages 144-161 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements are provided as part of the new 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.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Milwaukee County, assets exceeded liabilities by \$ 388,986 at the close of the fiscal year. The County's net assets decreased for this fiscal year by \$ 65,652.

### County of Milwaukee, Wisconsin

#### Net Assets

(In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2007	2006*	2007	2006*	2007	2006
Current and Other Assets	\$ 542,452	\$ 499,067	\$ 112,368	\$ 120,838	\$ 654,820	\$ 619,905
Long-Term Assets	3,318	4,442	-	-	3,318	4,442
Capital Assets	620,693	643,434	360,292	353,527	980,985	996,961
<b>Total Assets</b>	<b>1,166,463</b>	<b>1,146,943</b>	<b>472,660</b>	<b>474,365</b>	<b>1,639,123</b>	<b>1,621,308</b>
Current Liabilities	481,335	447,833	50,994	47,712	532,329	495,545
Long-term Liabilities	499,739	455,773	218,069	215,352	717,808	671,125
<b>Total Liabilities</b>	<b>981,074</b>	<b>903,606</b>	<b>269,063</b>	<b>263,064</b>	<b>1,250,137</b>	<b>1,166,670</b>
<b>Net Assets:</b>						
Invested in Capital Assets,						
Net of Related Debt	207,437	218,614	182,931	190,947	390,368	409,561
Restricted	55,800	39,594	18,170	16,181	73,970	55,775
Unrestricted (Deficit)	(77,848)	(14,871)	2,496	4,173	(75,352)	(10,698)
<b>Total Net Assets</b>	<b>\$ 185,389</b>	<b>\$ 243,337</b>	<b>\$ 203,597</b>	<b>\$ 211,301</b>	<b>\$ 388,986</b>	<b>\$ 454,638</b>

\*In 2006 the Behavioral Health Division (BHD) was reported as a business-type activity. In 2007, it was reported as a governmental activity. The 2006 amounts reported above have been adjusted to report BHD as a governmental activity.

[This section intentionally left blank]

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The largest portion of the County's net assets reflects its investment in capital assets (e.g. land, land improvements, buildings, vehicles, equipment and infrastructure, net of depreciation and amortization) less the outstanding debt that was used to acquire those assets. For 2007, the balance of capital assets net of related debt was \$ 390,368. 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.

Composition of Net Assets of the Primary Government  
As of December 31, 2007  
(In Thousands)

	Primary Government	
	Total	
	2007	2006
<b>Net Assets:</b>		
Invested in Capital Assets,		
Net of Related Debt	\$ 390,368	\$ 409,561
Restricted	73,970	55,775
Unrestricted	(75,352)	(10,698)
<b>Total Net Assets</b>	<b>\$ 388,986</b>	<b>\$ 454,638</b>

The restricted net assets represent resources that are subject to external restrictions on how they may be used. Restricted net assets at the end of 2007 totaled \$ 73,970. This amount is subject to external restrictions, some of which include debt service, airport passenger facility charges (PFC) revenue and the airports capital projects. The airport PFC revenue is restricted for airport bond repayment and future airport capital needs. Unrestricted net assets represent the remaining amount of net assets that are neither related to capital assets nor are restricted for specific purposes. The increase in the restricted net assets for 2007 is due in part to the transfer of \$ 9,852 of funds to a Behavioral Health Division Special Revenue Fund. The transfer represented funds charged to State and Federal entities and the County and collected by the former DHHS – Behavioral Health Division (BHD) enterprise fund for the accrued cost of retirement payments for sick and vacation of their employees. These funds will be paid out by the special revenue funds as BHD employees retire. The increase in restricted net assets is further due to the restriction \$ 5,779 of Aging Care Maintenance Organization funds as required in a contractual agreement with the State of Wisconsin. The remaining increase in restricted net assets is due to an increase in the Debt Service Reserve as approved by the County Board.

The unrestricted net assets were a negative \$ 75,352 at the end of 2007. The unrestricted net assets decreased in 2007, as it was the first year in which the County reported other post employment benefits (OPEB) costs of \$ 47,678 in accordance with Governmental Accounting Standards Board Statement 45. Additional information on the County's OPEB plans can be found in Note 14 on pages 121-129 of this report. In addition, the County increased its estimate of unfunded claims and judgments due to the uncertainty of those claims.

# GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

## Statement of Activities

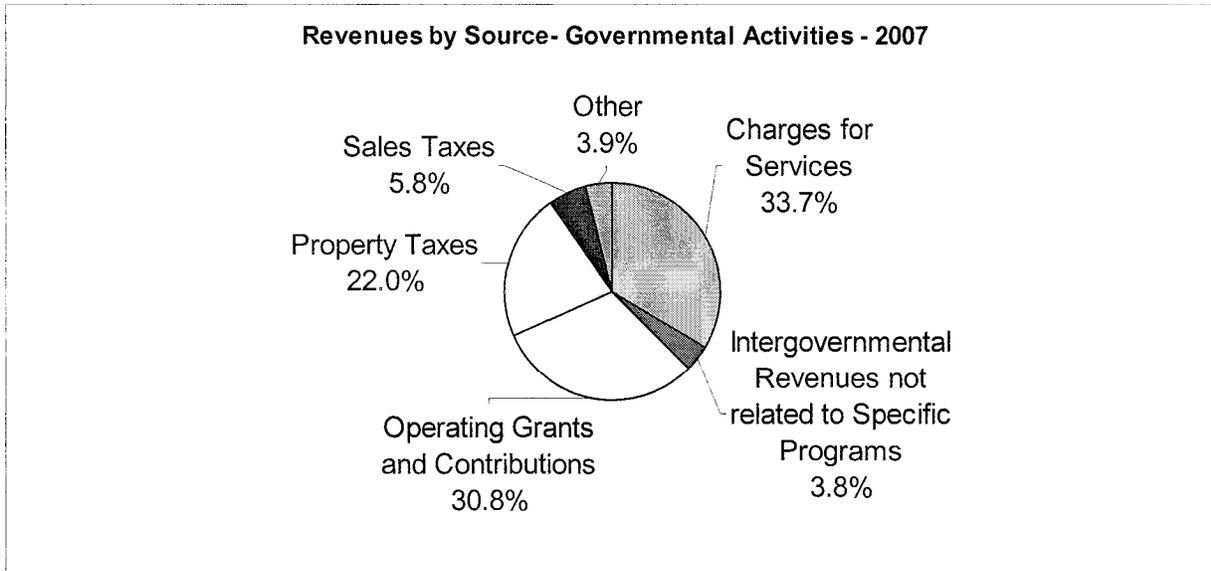
The following table provides the summary of the changes in net assets for the primary government for the fiscal years ended December 31, 2007 and 2006:

County of Milwaukee, Wisconsin						
Summary of Changes in Net Assets						
(In Thousands)						
	Governmental Activities		Business-type Activities		Primary Government Total	
	2007	2006*	2007	2006*	2007	2006
<b>Revenues:</b>						
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 372,400	\$ 329,066	\$ 117,002	\$ 115,680	\$ 489,402	\$ 444,746
Operating Grants and Contributions	340,634	341,739	82,548	79,378	423,182	421,117
Capital Grants and Contributions	3,229	45	9,532	10,203	12,761	10,248
General Revenues:						
Property Taxes	243,144	234,317	-	-	243,144	234,317
Sales Taxes	63,613	63,654	-	-	63,613	63,654
Intergovernmental Revenues not Related to Specific Programs	42,387	41,332	-	-	42,387	41,332
Investment Income and Rents	16,329	12,185	2,070	1,698	18,399	13,883
Gain on Sale of Capital Assets	96	93	29	31	125	124
Other-Revenue	22,997	22,456	-	-	22,997	22,456
<b>Total Revenues</b>	<b>1,104,829</b>	<b>1,044,887</b>	<b>211,181</b>	<b>206,990</b>	<b>1,316,010</b>	<b>1,251,877</b>
<b>Expenses:</b>						
Legislative, Executive, and Staff	70,318	65,242	-	-	70,318	65,242
Courts and Judiciary	64,486	58,432	-	-	64,486	58,432
General Governmental Services	8,545	9,884	-	-	8,545	9,884
Public Safety	178,063	146,410	-	-	178,063	146,410
Public Works and Highways	80,433	64,445	-	-	80,433	64,445
Human Services	637,120	569,309	-	-	637,120	569,309
Parks, Recreation, and Culture	81,779	72,361	-	-	81,779	72,361
Other	6,996	14,587	-	-	6,996	14,587
Interest	15,964	16,520	-	-	15,964	16,520
Airport	-	-	68,401	64,254	68,401	64,254
Transit	-	-	169,557	163,619	169,557	163,619
<b>Total Expenses</b>	<b>1,143,704</b>	<b>1,017,190</b>	<b>237,958</b>	<b>227,873</b>	<b>1,381,662</b>	<b>1,245,063</b>
<b>Change in Net Assets Before Transfers</b>	<b>(38,875)</b>	<b>27,697</b>	<b>(26,777)</b>	<b>(20,883)</b>	<b>(65,652)</b>	<b>6,814</b>
Transfers	(19,073)	(23,059)	19,073	23,059	-	-
<b>Change in Net Assets</b>	<b>(57,948)</b>	<b>4,638</b>	<b>(7,704)</b>	<b>2,176</b>	<b>(65,652)</b>	<b>6,814</b>
<b>Net Assets- Beginning of the Year (As Restated)</b>	<b>243,337</b>	<b>238,699</b>	<b>211,301</b>	<b>209,125</b>	<b>454,638</b>	<b>447,824</b>
<b>Net Assets- End of the Year</b>	<b>\$ 185,389</b>	<b>\$ 243,337</b>	<b>\$ 203,597</b>	<b>\$ 211,301</b>	<b>\$ 388,986</b>	<b>\$ 454,638</b>

\*In 2006 the Behavioral Health Division (BHD) was reported as a business-type activity. In 2007, it was reported as a governmental activity. The 2006 amounts reported above have been adjusted to report BHD as a governmental activity.

# GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

## Governmental Activities



Revenues for the County's governmental activities were \$ 1,104,829 for the fiscal year 2007, representing an increase of \$ 59,942, or 5.7%, over fiscal year 2006. Sources of revenue for 2007 as a percentage of total revenues are shown above. Charges for Services constitute the largest source of County revenues, amounting to \$ 372,400 for fiscal year 2007, an increase of \$ 43,334 over 2006. Charges for services represent collections from those who directly benefit from County services. Charges for Services related human service programs increased \$ 43,964 in 2007. Prior to 2007, revenue from the County Health Programs General Assistance Medical Program (GAMP) had been reported as Intergovernmental Revenue. The State now requires the County to report GAMP revenue under Charges for Services. This change caused Charges for Services to increase by \$ 29,106 in 2007. The actual increase in GAMP revenue from 2006 to 2007 was \$ 658, or 1.6%. Charges for Services related to the Department of Aging's Care Maintenance Organization increased by \$ 14,846 over the prior year due to an increase in the number of clients. The Behavioral Health Division's Charges for Services increased by \$ 10,656 due primarily to a reclassification of certain client revenues which had been reported as Other Revenue in 2006.

Property tax revenue increased by \$ 8,827 over the prior year; however, property tax revenue as a percent of total governmental activity revenues decreased from 22.4% to 21.9%.

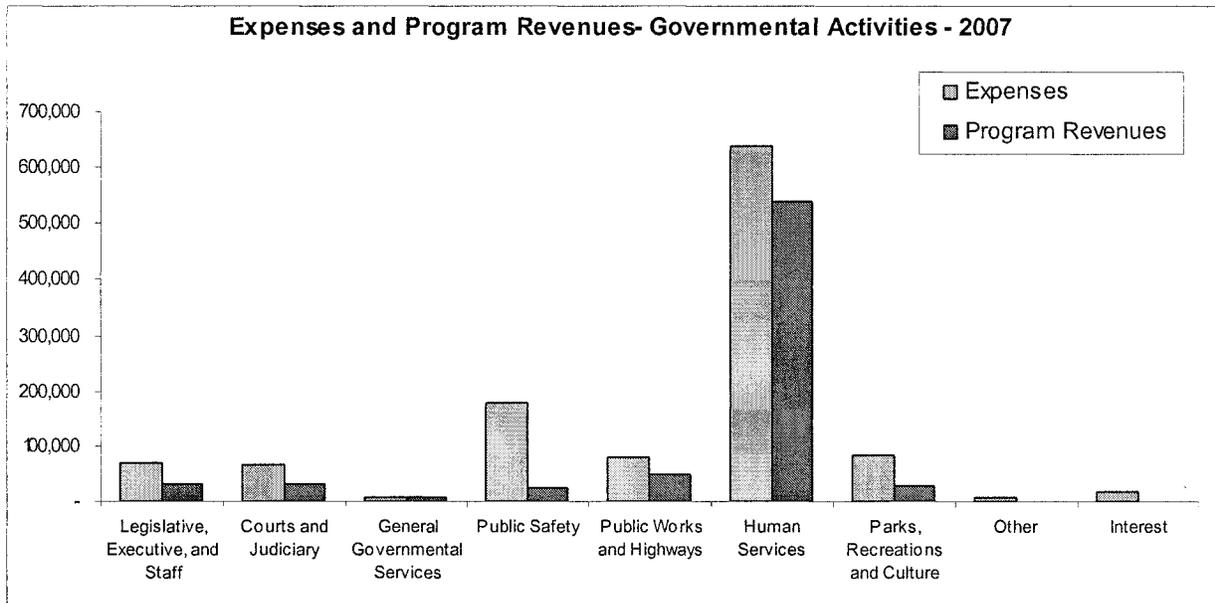
Operating grants and contributions continue to support a significant portion of County services with \$ 340,634 of revenue in 2007. Operating grants and contributions generally represent federal and state grant revenues. \$ 252,592 of the 2007 operating grants and contributions supported human service programs.

# GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

## Governmental Activities (Continued)

Total expenses for all of the County's governmental activities for the fiscal year 2007 were \$ 1,143,704, representing an increase of \$ 126,514, or 12.4% over 2006. As the chart below indicates, human service programs continue to represent the County's largest expense category, totaling \$ 637,120 in 2007, an increase of \$ 67,811 over 2006. Costs for County Health Programs increased \$ 24,487, Department on Aging costs increased \$ 18,489, and Department of Health and Human Services costs increased by \$ 11,835 over 2006. The net tax contribution for human services was \$ 98,063, a 31.1% increase over 2006.

Public safety represents the second largest expense category totaling \$ 178,063 for the operation of correctional facilities, pre-trial holding facilities, county sheriff services, and the district attorney. Public safety expenses increased by \$ 31,653, or 21.6%, over the prior year. House of Correction's operating costs increased by \$7,069 over 2006. In addition, Public Safety costs related to long-term liabilities such as compensated absences and unfunded claims increased by \$ 14,447. An additional \$ 6,805 of the increase in Public Safety expenses was due to increased depreciation expense and disposal of capital assets. The net 2007 tax contribution for public safety was \$ 152,421, a 25.7% increase over 2006.



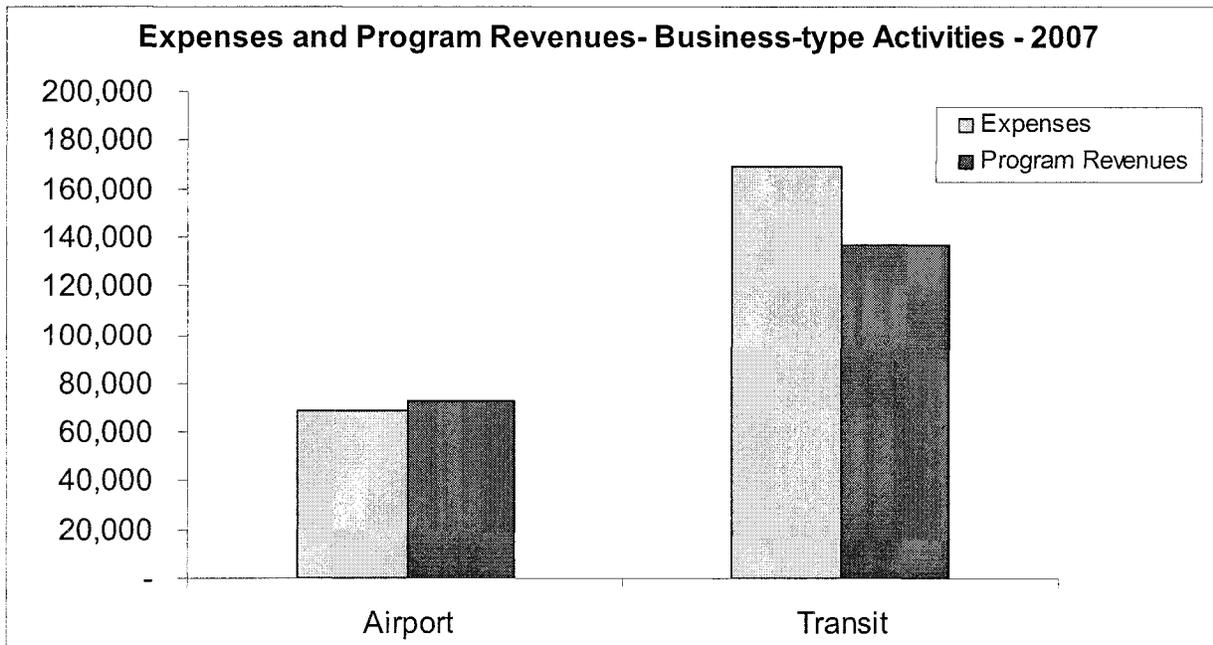
## Business-type activities

In 2007, the Airports revenue from fees charged to airlines for use of the airports, including fees received from ancillary services of the airports, exceeded its annual operating costs. Operating transfers are negligible for the Airports.

# GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

## Business-type activities (Continued)

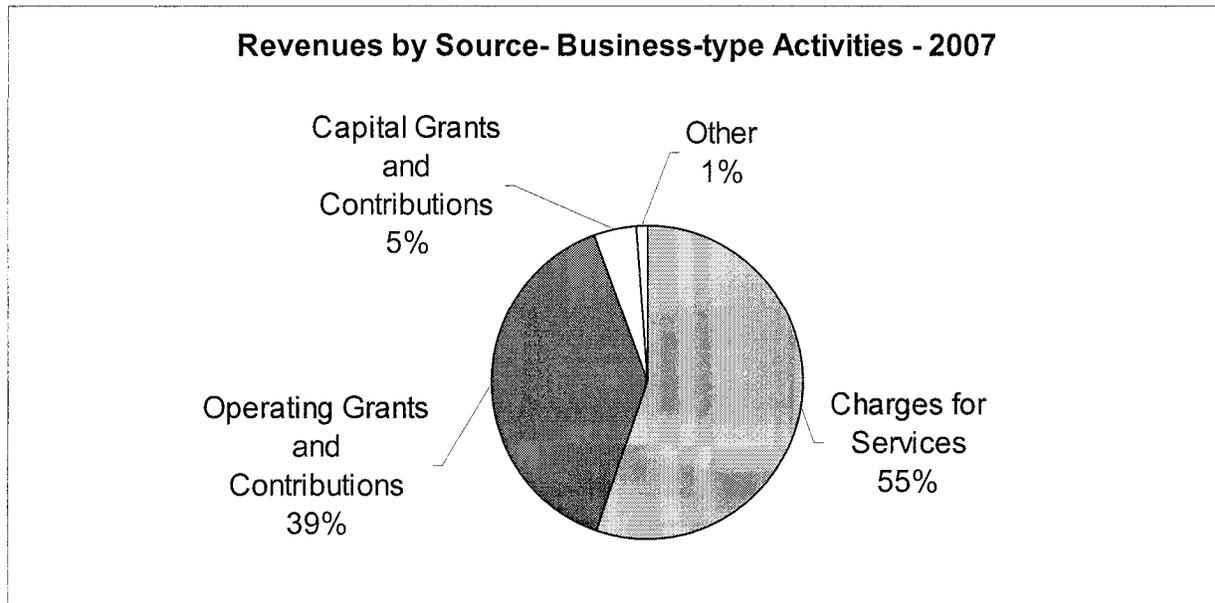
The Transit System requires operating assistance from the governmental activities funds to balance its revenues and expenses. Total governmental activity operating support through operating transfers for the Transit System was \$ 21,909 for fiscal year 2007. Total state and federal grants for the Transit System was \$ 82,513 for 2007. Grant revenue to the Transit System is an increase of \$13,378 over the 2006 fiscal year. Direct support from users of the Transit System was \$ 48,411 or 28.7% of total expenses. The Transit System uses federal grant funds to purchase capital assets and pay for maintenance parts and tires. State funding is available to cover general operating costs; however, this grant funding has been fixed in recent years.



[This section intentionally left blank]

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

### Business-type activities (Continued)



## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

### Governmental funds.

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

As of December 31, 2007, the County's governmental funds reported combined ending fund balances of \$ 116,278. *Unreserved fund balance* of \$16,568 represents 14.2% of the total fund balance, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has been committed. The reserved fund balance consists of \$ 1,269 for inventories, \$ 29,793 for encumbrances, \$ 6,071 for debt service, \$ 4,901 for 2008 appropriations, \$ 7,947 for 2009 appropriations, \$ 9,671 for the Behavioral Health

# FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (CONTINUED)

## Governmental funds (Continued)

Division, \$ 5,779 for the Department of Aging Care Maintenance Organization, and \$ 34,279 for endowments, bequests, restricted donations, and restricted user fees. Restricted user fees are Airport passenger facilities charges (PFC) collected by Airlines that are restricted for revenue bond debt and or future capital needs of the Airports. These fees are recorded in the non-major governmental funds. The general, debt service, and capital projects funds are reported as major funds.

The general fund is the chief operating fund of the County. At December 31, 2007, unreserved fund balance of the general fund was \$ 16,568 while total fund balance was \$ 48,274. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 1.7% of total fund expenditures, while total fund balance represents 5.1% of that same amount.

The fund balance of the County's general fund increased by \$ 7,743 during the 2007 fiscal year. Cost saving measures, an increase in the reserve for encumbrances, and the application of 2007 tax levy to offset a prior year deficit led to this increase, plus the lapse of unspent capital project bond proceeds.

The debt service fund has a total fund balance of \$ 6,071 all of which is reserved for the payment of debt service. The net increase in the debt service reserve for the current year was \$ 498. The reserve was used in 2007 for debt service interest costs, but was replenished with a \$ 2,000 transfer from general fund reserves.

The capital projects fund has a total fund balance of \$ 17,983 all of which is reserved for commitments made on capital projects in progress. The net increase in fund balance during the current year in the capital projects fund was \$ 9,996. The fund balance increased due to additional unspent bond proceeds at the end of 2007. The County issued debt in November 2007 for capital projects and was unable to complete all of the capital projects associated with the debt issued by the end of 2007.

## Proprietary funds.

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of 2007, unrestricted net assets of the two major funds, the Airports and the Transit System, totaled \$ 2,496. Total net assets of these same two major funds were

# FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (CONTINUED)

## Proprietary funds (Continued)

\$ 203,597 at the end of 2007, compared to \$ 211,301 at the end of 2006. The total net assets for the Airports increased by \$ 3,580 while total net assets for the Transit System decreased by \$ 11,284.

## GENERAL FUND BUDGETARY HIGHLIGHTS

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Net Assets - Budgetary Basis**  
**For the Year Ending December 31, 2007**  
(In Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>Revenues and Other Sources</u></b>				
Taxes	\$ 308,370	\$ 308,451	\$ 306,125	\$ (2,326)
Intergovernmental Revenue	357,734	362,266	363,920	1,654
Charges for Services	324,260	346,620	341,137	(5,483)
Other	47,672	47,375	49,327	1,952
<b>Total</b>	<b><u>\$1,038,036</u></b>	<b><u>\$1,064,712</u></b>	<b><u>\$1,060,509</u></b>	<b><u>\$ (4,203)</u></b>
<b><u>Expenditures and Other Uses</u></b>				
Expenditures	\$ 943,377	\$ 985,335	\$ 958,168	\$ 27,167
Transfers	94,659	79,377	99,880	(20,503)
<b>Total</b>	<b><u>\$1,038,036</u></b>	<b><u>\$1,064,712</u></b>	<b><u>\$1,058,048</u></b>	<b><u>\$ 6,664</u></b>
<b>Change in Fund Balance</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,461</u></b>	<b><u>\$ 2,461</u></b>

As shown above, revenues and other financing sources exceeded expenditures and other financing uses by \$ 2,461 in the General Fund for the year ended December 31, 2007. This table is based on a budgetary basis presentation. The budgetary basis of actual revenues and expenditures presented above differs from the combined statement of revenues, expenditures, and changes in net assets due to the inclusion of encumbrances of \$ 9,946 in expenditures offset by the inclusion of the contribution from reserves for 2007 appropriations of \$ 4,664.

Actual General Fund revenues were below the budgeted revenues by \$ 4,203 during fiscal year 2007. Variances between budget and actual amounts for taxes and intergovernmental revenues were less than 1% of the amount budgeted.

Charges for Services were \$ 5,483, or 1.6% below the final budget. 2007 Parks and Recreation Charges for Services fell \$ 2,556 short of the amount budgeted due primarily

## GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

to the following shortfalls: Zoo \$ 800, Golf Course fees \$ 638, and Pool fees \$ 988. General Governmental fees were \$ 1,148 under budget during 2007 due primarily to the decline in home sales, which resulted in reduced recording and transfer fees collected by the Register of Deeds.

Other Revenues exceeded the budget by \$ 1,952. Investment income exceeded the budget by \$ 7,084 due to higher than anticipated returns on County investments.

Actual General Fund expenditures were lower than the final budget by \$ 6,664. General Fund departmental spending was \$ 27,167, or 2.8%, below the amount budgeted while transfers to other funds exceeded the budget by \$ 20,503. The following General Fund departments were below budgeted expenditures by more than \$ 1,000 for 2007: Human Services \$ 2,749, Child Support Enforcement \$ 1,921, Department on Aging Care Maintenance Organization \$ 1,774, Register of Deeds \$ 1,155, and Parks \$ 1,090.

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 increases between the original budget and the amended budget: fund transfer requests from departments, carryover of capital outlay and the associated revenue from the prior year, and carryover of encumbrances from the prior year. The encumbrance carryover 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 \$ 26,676 difference between the original budget revenue of \$ 1,038,036 and the final budget revenue of \$ 1,064,712 is due to the following:

- Net revenue increase of \$16,382 in the State of Wisconsin 2007 Care Management Organization (CMO) for Family Care costs. This includes \$11,882 in capitation reimbursement and \$4,500 in member cost share revenue.
- The Department of Health and Human Services (DHHS) and Behavioral Health Division (BHD) reflects a revenue increase of \$ 1,201 from a settlement between the Behavioral Health Division and CMS-Medicaid for the actual cost per day to provide inpatient care to BHD clients.

## GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

- \$1,316 revenue increase for the CIP 2 Community Relocation Initiative and the Children's Long Term Support Program requested by the Department of Health and Human Services.
- The Department of Health and Human Services increased revenue of \$2,550 of which \$2,000 is for Medical Assistance Transportation and \$550 for burial aid. The State Department of Health and Family Services fund these programs through a contract with Milwaukee County.
- \$1,700 in surplus revenue from the Medicare Cost Report Settlement for the Behavioral Health and Human Services Division to offset the increase for medical drugs, security costs and food for client cares.
- \$7,300 for General Assistance Medical Program (GAMP) from the State of Wisconsin, who have worked together to increase the federal claim for uncompensated hospital expenditures associated with GAMP. The amount of the increased match will be completely offset by an equivalent amount of revenue.
- \$4,800 decreased in revenue from the Department of Health and Human Services (DHHS) and DHHS-County Health Programs (CHP) from paramedic runs based on a change in the funding mechanism for municipal Emergency Medical Services (EMS).

The difference between the original budget expenditures of \$ 943,377 (before transfers) and the final budget expenditures of \$ 985,335 (before transfers) resulted in an increased appropriation of \$ 41,958 due to the following:

- The CMO expenditures increase \$16,382, including \$14,382 for contractual care management unit services and \$2,000 for Bad Debt Expense.
- The increased amount of patients at the Behavioral Health Division increased expenditures by \$1,201 of which \$601 was for the increase cost of drugs. In addition, there was increasing costs of \$100 for food, \$200 for heating, \$200 for security, and \$100 for household supplies.
- Department of Health and Human Services expenditures increased by \$1,316 of which \$1,052 was for client services, \$79 for salary and social security and CLTS client service in the amount of \$172 and \$13 for administrative costs.
- Department of Health and Human Services expenditures increased by \$2,550 for the Medical Assistance (MA) Transportation Program, the State of Wisconsin Funeral and Cemetery Aids Program (WFCAP). The State Department of Health and Family Services funds these programs through a contract with Milwaukee County.
- \$1,700 to realign expenditures with Behavioral Health Division.
- \$7,300 to align the Department of Health and Human Services 2007 Adopted Budget with the actual 2007 State/County Contract for the provision of various human services.

## **GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)**

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 (original budget of \$ 94,659 and amended budget of \$ 79,377). The net contribution actually made by the General Fund to other funds was \$ 93,524. The General Fund collects all of the property tax and sales tax revenues of the County, which was \$ 306,125 for 2007. The General Fund also collected intergovernmental revenues not related to a specific program of \$ 42,387. 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, who is required to maintain any gains or losses as part of its lease agreements and revenue bond agreements. 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 investment in capital assets for its governmental and business-type activities as of December 31, 2007 was \$ 980,985 (net of accumulated depreciation of \$ 909,187). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery, vehicles and equipment, and infrastructure. All infrastructure assets of the County are included in this report. The County's total investment in capital assets for the current fiscal year decreased by 1.6% (a 3.5% decrease in governmental activities and a 1.9% increase for business-type activities). In 2007, the County performed a detailed review of its capital asset records. This resulted in a decreased in the amount of capital assets recorded due to the removal of assets that had been disposed of or had become obsolete. Major capital asset events in the current year included the following:

- The Airport continued several capital projects, including Runway Safety Improvements. Because the GMIA Runway Safety Improvement project is Airport Improvement Program (AIP) eligible, the majority of project funding \$ 897 is provided through federal and state AIP grant dollars. The remaining portion \$ 128 will be funded via the GMA Capital Improvement Reserve.
- Other Airport capital improvements include enhancements to the Baggage screening system for a cost of \$ 1,230.
- Park's continued various infrastructure improvements for a cost of \$ 1,427.

# CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

## Capital Assets (Continued)

<b>Milwaukee County's Capital Assets (Net) (In Thousands)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Primary Government Total</b>	
	<b>2007</b>	<b>2006*</b>	<b>2007</b>	<b>2006*</b>	<b>2007</b>	<b>2006</b>
Land	\$ 59,520	\$ 59,520	\$ 21,366	\$ 22,441	\$ 80,886	\$ 81,961
Land Improvements	109,708	88,595	55,424	43,160	165,132	131,755
Building and Improvements	307,924	310,773	205,645	116,847	513,569	427,620
Furniture, Vehicles & Equipment	46,594	46,324	61,411	68,057	108,005	114,381
Infrastructure	78,860	77,313	-	-	78,860	77,313
Construction in Progress	18,087	60,909	16,446	103,022	34,533	163,931
<b>Total</b>	<b>\$ 620,693</b>	<b>\$ 643,434</b>	<b>\$ 360,292</b>	<b>\$ 353,527</b>	<b>\$ 980,985</b>	<b>\$ 996,961</b>

\*In 2006 the Behavioral Health Division (BHD) was reported as a business-type activity. In 2007, it was reported as a governmental activity. The 2006 amounts reported above have been adjusted to report BHD as a governmental activity.

Additional information on the County's capital assets can be found in Note 5 on pages 97-103 of this report.

## Long-term debt

At December 31, 2007, the County had total debt outstanding of \$ 636,539. Of this amount, \$ 452,326 comprised of general obligation bonds and \$ 184,213 of airport revenue bonds.

<b>Milwaukee County's Outstanding Debt General Obligation and Revenues Bonds</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006*</b>	<b>2007</b>	<b>2006*</b>	<b>2007</b>	<b>2006</b>
General Obligation Bonds	\$ 422,851	\$ 424,820	\$ 29,475	\$ 31,777	\$452,326	\$456,597
Revenue Bonds	-	-	184,213	178,025	184,213	178,025
<b>Totals</b>	<b>\$ 422,851</b>	<b>\$ 424,820</b>	<b>\$213,688</b>	<b>\$209,802</b>	<b>\$636,539</b>	<b>\$634,622</b>

\*In 2006 the Behavioral Health Division (BHD) was reported as a business-type activity. In 2007, it was reported as a governmental activity. The 2006 amounts reported above have been adjusted to report BHD as a governmental activity.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

### **Long-term debt (Continued)**

The County's total debt increased by \$ 1,917 during the year ended December 31, 2007. This increase is a combination of a net increase in revenue bonds of \$ 6,188 and a net decrease in general obligation bonds of \$ 4,271. Revenue bond proceeds, from newly issued revenue bonds, exceeded the principal payments on the revenue bonds. General obligation bond principal payments exceeded the proceeds received from newly issued general obligation bonds therefore general obligation debt decreased.

New general obligation bonds were issued in May 2007 for \$ 32,625 to finance the following capital projects: highways and bridges \$ 4,401; transit bus replacement and improvement, DHHS building renovation and improvement, parking lot construction, parks, recreational, and cultural facilities and general government buildings and related improvements for \$ 28,144; and public art acquisition, construction and improvements for \$ 80. New airport revenue bonds were issued in November 2007 for \$ 13,445, with a premium of \$ 256 to finance the Inline Baggage screening improvements for \$ 10,536, HVAC replacements in the terminal for \$ 1,810, roof replacement of the air cargo building for \$ 915, and debt service reserve deposit of \$ 440.

Additional information on the County's long-term debt can be found in Note 8 on pages 105-115 of this report.

### **Economic Factors and Next Year's Budget and Rates**

- Milwaukee County unemployment rate increased from 5.7% in 2006 to 6.0% in 2007. The national average unemployment rate for 2007 was 4.6%.
- Equalized value of taxable property increased to \$ 67.1 billion in 2007 from \$ 63.6 billion in 2006.

During the 2007 fiscal year, the County had a net excess of revenues over expenditures of \$ 7,947 after considering net revenue from operations and changes in reserve balances. This excess is identified on the governmental funds balance sheet as a Reserved for 2009 Appropriations, and will be added to the revenue of the 2009 budget.

### **Request for 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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, Milwaukee County Court House, 901 North 9<sup>th</sup> Street, Room 308, Milwaukee, WI 53233.

## **BASIC FINANCIAL STATEMENTS**



**This Page Left Blank Intentionally**

COUNTY OF MILWAUKEE  
Statement of Net Assets  
December 31, 2007  
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 172,949	\$ 55,870	\$ 228,819	\$ 9,004
Cash and Investments -- Restricted	38,382	38,650	77,032	-
Receivables:				
Accounts (Net of Allowances for Doubtful Accounts)	12,739	4,976	17,715	920
Property Taxes:				
Current Levy	250,733	-	250,733	-
Delinquent	11,778	-	11,778	-
Accrued Interest and Dividends	5,615	-	5,615	24
Notes	1,124	-	1,124	-
Other	8,839	3,848	12,687	-
Due From Other Governments	36,778	3,620	40,398	-
Inventories	1,917	3,093	5,010	63
Prepaid Items	1,598	278	1,876	235
Other Post Employment Benefit Asset	-	1,844	1,844	-
Other Assets	-	189	189	-
Total Current Assets	<u>542,452</u>	<u>112,368</u>	<u>654,820</u>	<u>10,246</u>
Noncurrent Assets:				
Long-term Investments	-	-	-	4,113
Contributions Receivable	-	-	-	626
Notes Receivable	2,895	-	2,895	-
Deferred Charges	423	-	423	-
Other Assets	-	-	-	500
Capital Assets (Net)				
Land	59,520	21,366	80,886	-
Construction in Progress	18,087	16,446	34,533	936
Land Improvements	230,213	141,544	371,757	-
Buildings and Improvements	633,812	330,495	964,307	38,603
Infrastructure	138,062	-	138,062	-
Machinery, Vehicles and Equipment	131,892	168,735	300,627	11,199
Less: Accumulated Depreciation	<u>(590,893)</u>	<u>(318,294)</u>	<u>(909,187)</u>	<u>(19,516)</u>
Total Capital Assets (Net)	<u>620,693</u>	<u>360,292</u>	<u>980,985</u>	<u>31,222</u>
Total Noncurrent Assets	<u>624,011</u>	<u>360,292</u>	<u>984,303</u>	<u>36,461</u>
Total Assets	<u>\$ 1,166,463</u>	<u>\$ 472,660</u>	<u>\$ 1,639,123</u>	<u>\$ 46,707</u>

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

COUNTY OF MILWAUKEE  
Statement of Net Assets  
December 31, 2007  
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 57,540	\$ 4,767	\$ 62,307	\$ 1,369
Accrued Liabilities	33,406	2,505	35,911	785
Accrued Interest Payable	5,855	1,209	7,064	127
Accrued Pension Payable	49,794	-	49,794	-
Due to Other Governments	2,279	-	2,279	-
Unearned Revenues	251,386	15,960	267,346	4,084
Bonds and Notes Payable - General Obligation	43,790	3,242	47,032	772
Bonds and Notes Payable - Revenue	-	7,415	7,415	-
Net Pension Obligation	4,155	-	4,155	-
Unfunded Claims and Judgments	750	-	750	-
Landfill Postclosure Costs	885	-	885	-
Compensated Absences Payable	25,583	6,727	32,310	-
Risk Claims	5,583	6,216	11,799	-
Capital Leases	-	-	-	247
Other Current Liabilities	329	2,953	3,282	134
Accrued Pension and Postretirement Benefits	-	-	-	561
Total Current Liabilities	<u>481,335</u>	<u>50,994</u>	<u>532,329</u>	<u>8,079</u>
Noncurrent Liabilities:				
Bonds and Notes Payable - General Obligation	379,061	26,233	405,294	23,723
Bonds and Notes Payable - Revenue	-	176,798	176,798	-
Net Pension Obligation	20,214	-	20,214	-
Unfunded Claims and Judgments	19,250	-	19,250	-
Landfill Postclosure Costs	3,350	-	3,350	-
Compensated Absences Payable	26,842	5,583	32,425	-
Risk Claims	3,406	7,149	10,555	-
Other Post Employment Benefits	47,616	1,906	49,522	-
Capital Leases	-	400	400	114
Other Noncurrent Liabilities	-	-	-	27
Accrued Pension and Postretirement Benefits	-	-	-	8,216
Total Noncurrent Liabilities	<u>499,739</u>	<u>218,069</u>	<u>717,808</u>	<u>32,080</u>
Total Liabilities	<u>981,074</u>	<u>269,063</u>	<u>1,250,137</u>	<u>40,159</u>
<b>NET ASSETS</b>				
Unrestricted (Deficit)	(77,848)	2,496	(75,352)	(6,924)
Restricted for:				
Debt Service	6,071	13,049	19,120	-
Aging CMO	5,779	-	5,779	-
Capital Asset Needs	-	5,121	5,121	-
Airport PFC	32,603	-	32,603	-
Other	11,347	-	11,347	5,253
Invested in Capital Assets, Net of Related Debt	<u>207,437</u>	<u>182,931</u>	<u>390,368</u>	<u>8,219</u>
Total Net Assets	<u>185,389</u>	<u>203,597</u>	<u>388,986</u>	<u>6,548</u>
Total Liabilities and Net Assets	<u>\$ 1,166,463</u>	<u>\$ 472,660</u>	<u>\$ 1,639,123</u>	<u>\$ 46,707</u>

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

COUNTY OF MILWAUKEE  
Statement of Activities  
For The Year Ended December 31, 2007  
(In Thousands)

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total
					Governmental Activities	Business-Type Activities		
<b>Functions / Programs</b>								
<b>Primary Government:</b>								
Governmental Activities:								
Legislative, Executive and Staff	\$ (70,318)	\$ 10,153	\$ 19,513	\$ 1,046	\$ (39,606)	\$ -	-	
Courts and Judiciary	(64,486)	4,854	24,857	-	(34,775)	-	-	
General Governmental Services	(8,545)	5,785	82	-	(2,678)	-	-	
Public Safety	(178,063)	6,494	19,148	-	(152,421)	-	-	
Public Works and Highways	(80,433)	32,106	23,170	2,183	(22,974)	-	-	
Human Services	(637,120)	286,465	252,592	-	(98,063)	-	-	
Parks, Recreation and Culture	(81,779)	26,543	1,272	-	(53,964)	-	-	
Other	(6,996)	-	-	-	(6,996)	-	-	
Interest	(15,964)	-	-	-	(15,964)	-	-	
Total Governmental Activities	(1,143,704)	372,400	340,634	3,229	(427,441)	-	-	
Business-Type Activities:								
Airport	(68,401)	64,559	35	8,124	-	4,317	-	
Transit	(169,557)	52,443	82,513	1,408	(33,193)	-	-	
Total Business-Type Activities	(237,958)	117,002	82,548	9,532	(28,876)	-	-	
<b>Total Primary Government</b>	<b>\$ (1,381,662)</b>	<b>\$ 489,402</b>	<b>\$ 423,182</b>	<b>\$ 12,761</b>	<b>(427,441)</b>	<b>(28,876)</b>	<b>(456,317)</b>	

Component Units:	General Revenues:		Total Component Units
	Property Taxes	Sales Taxes	
Museum	\$ (12,168)	\$ 7,839	\$ 3,503
War Memorial Center	(2,828)	393	1,748
Marcus Center	(8,144)	3,931	1,280
Research Park Corporation	(2,569)	222	-
Total Component Units	(25,709)	12,385	6,531

General Revenues:							
Property Taxes	243,144	-	-	-	243,144	-	-
Sales Taxes	63,613	-	-	-	63,613	-	-
Intergovernmental Revenues Not Related to Specific Program	42,387	-	-	-	42,387	-	-
Investment Income	16,329	2,070	-	-	18,399	4,733	-
Gain on Sale of Capital Assets	96	29	-	-	125	-	-
Other -- Revenue	22,997	-	-	-	22,997	2,968	-
Transfers	(19,073)	19,073	-	-	-	-	-
Total General Revenues and Transfers	369,493	21,172	-	-	390,665	7,721	-
Change in Net Assets	(57,948)	(7,704)	-	-	(65,652)	928	-
Net Assets -- Beginning (As Restated)	243,337	211,301	-	-	454,638	5,620	-
Net Assets -- Ending	\$ 185,389	\$ 203,597	\$ -	\$ -	\$ 388,986	\$ 6,548	\$ -

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



**This Page Left Blank Intentionally**

COUNTY OF MILWAUKEE

Balance Sheet  
Governmental Funds  
December 31, 2007  
(In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 109,124	\$ 6,652	\$ 23,182	\$ 11,425	\$ 150,383
Cash and Investments -- Restricted	5,779	-	-	32,603	38,382
Receivables:					
Accounts (Net of Allowances for Doubtful Accounts)	11,727	-	-	-	11,727
Property Taxes:					
Current Levy	250,733	-	-	-	250,733
Delinquent	11,778	-	-	-	11,778
Accrued Interest	5,615	-	-	-	5,615
Notes Receivable	1,260	2,759	-	-	4,019
Other	8,730	-	109	-	8,839
Due From Other Governments	36,168	-	610	-	36,778
Inventories	1,269	-	-	-	1,269
Prepaid Items	1,450	-	-	-	1,450
<b>Total Assets</b>	<b>\$ 443,633</b>	<b>\$ 9,411</b>	<b>\$ 23,901</b>	<b>\$ 44,028</b>	<b>\$ 520,973</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ 49,584	\$ 171	\$ 5,918	\$ 77	\$ 55,750
Accrued Liabilities	32,996	410	-	-	33,406
Accrued Pension Payable	49,794	-	-	-	49,794
Other Liabilities	328	-	-	1	329
Due to Other Governments	2,279	-	-	-	2,279
Deferred Revenues	260,378	2,759	-	-	263,137
<b>Total Liabilities</b>	<b>395,359</b>	<b>3,340</b>	<b>5,918</b>	<b>78</b>	<b>404,695</b>
Fund Balance:					
Reserved for 2009 Appropriations	7,947	-	-	-	7,947
Reserved for 2008 Appropriations	4,901	-	-	-	4,901
Reserved for Debt Service	-	6,071	-	-	6,071
Reserved for Encumbrances	11,810	-	17,983	-	29,793
Reserved for Aging CMO	5,779	-	-	-	5,779
Reserved for Inventories	1,269	-	-	-	1,269
Reserved for Health and Safety	-	-	-	112	112
Reserved for Zoo	-	-	-	587	587
Reserved for Parks	-	-	-	853	853
Reserved for Persons with Disabilities	-	-	-	124	124
Reserved for Behavioral Health Division	-	-	-	9,671	9,671
Reserved for Airport PFC	-	-	-	32,603	32,603
Unreserved -- Designated for Delinquent Property Tax	8,278	-	-	-	8,278
Unreserved -- Designated for Economic Development	200	-	-	-	200
Unreserved -- Designated for Housing	1,954	-	-	-	1,954
Unreserved -- Designated for Aging CMO	4,919	-	-	-	4,919
Unreserved -- Designated for Investments	1,217	-	-	-	1,217
<b>Total Fund Balance</b>	<b>48,274</b>	<b>6,071</b>	<b>17,983</b>	<b>43,950</b>	<b>116,278</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 443,633</b>	<b>\$ 9,411</b>	<b>\$ 23,901</b>	<b>\$ 44,028</b>	<b>\$ 520,973</b>

COUNTY OF MILWAUKEE  
 Reconciliation of the Balance Sheet  
 of Governmental Funds  
 to the Statement of Net Assets  
 For the Year Ended December 31, 2007  
 (In Thousands)

Total Fund Balances for Governmental Funds as of 12/31/07 \$ 116,278

**Total net assets reported for governmental activities in the  
 statement of net assets 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	58,138
Construction in Progress	11,565
Land Improvements	220,126
Buildings and Improvements	532,504
Infrastructure	138,062
Machinery, Vehicles and Equipment	55,232
Less: Accumulated Depreciation	(452,486)

Internal service funds are used by management to charge costs associated with risk management, data processing services and public works services including fleet management and facilities management. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are: 17,459

Amounts to be collected under long-term receivables are not available to pay for the current period expenditures, and therefore are reported as deferred in the funds. 11,971

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	(379,992)
Unamortized Debt Issuance Costs	423
Net Pension Obligation	(24,369)
Unfunded Claims and Judgments	(20,000)
Landfill Postclosure Costs	(4,235)
Compensated Absences Payable	(46,578)
Other Post Employment Benefits	(43,401)

Interest on long-term debt is not accrued in governmental funds; rather, it is recognized as an expenditure when due. These liabilities are reported in the statement of net assets. (5,308)

Total Net Assets of Governmental Activities as of 12/31/07 \$ 185,389

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

COUNTY OF MILWAUKEE  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For The Year Ended December 31, 2007  
(In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Intergovernmental	\$ 363,920	\$ -	\$ 6,894	\$ -	\$ 370,814
Property Taxes	243,144	-	-	-	243,144
Sales Taxes	62,981	-	632	-	63,613
Charges for Services	337,014	-	-	10,464	347,478
Fines and Forfeits	3,571	-	-	-	3,571
Licenses and Permits	552	-	-	-	552
Investment Income and Rents	17,741	-	1,355	1,315	20,411
Other	26,922	5,471	1,936	181	34,510
Total Revenues	<u>1,055,845</u>	<u>5,471</u>	<u>10,817</u>	<u>11,960</u>	<u>1,084,093</u>
<b>Expenditures:</b>					
Current:					
Legislative, Executive and Staff	36,094	-	-	-	36,094
Courts and Judiciary	61,120	-	-	-	61,120
General Governmental Services	7,886	-	-	-	7,886
Public Safety	147,082	-	-	-	147,082
Public Works and Highways	16,142	-	-	12,479	28,621
Human Services	617,455	-	-	607	618,062
Parks, Recreation and Culture	65,638	-	-	776	66,414
Other	3,161	70	-	-	3,231
Capital Outlay	-	-	33,587	-	33,587
Debt Service:					
Principal Retirement	-	31,063	-	-	31,063
Interest	-	15,473	-	-	15,473
Total Expenditures	<u>954,578</u>	<u>46,606</u>	<u>33,587</u>	<u>13,862</u>	<u>1,048,633</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>101,267</u>	<u>(41,135)</u>	<u>(22,770)</u>	<u>(1,902)</u>	<u>35,460</u>
<b>Other Financing Sources (Uses):</b>					
General Obligation Bonds Issued	-	-	33,625	-	33,625
Transfers In	68,506	46,783	22,508	-	137,797
Transfers Out	(162,030)	(5,150)	(23,367)	-	(190,547)
Total Other Financing Sources (Uses)	<u>(93,524)</u>	<u>41,633</u>	<u>32,766</u>	<u>-</u>	<u>(19,125)</u>
Net Change in Fund Balances	7,743	498	9,996	(1,902)	16,335
Fund Balances - Beginning (As Restated)	40,531	5,573	7,987	45,852	99,943
Fund Balances - Ending	<u>\$ 48,274</u>	<u>\$ 6,071</u>	<u>\$ 17,983</u>	<u>\$ 43,950</u>	<u>\$ 116,278</u>

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

COUNTY OF MILWAUKEE  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balance  
 of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended December 31, 2007  
 (In Thousands)

Net change in fund balances -- total governmental funds \$ 16,335

**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	33,587
Capital outlay reported as an expenditure in the General Fund	630
Items reported as capital outlay that were not capitalized	(3,060)
Depreciation reported in the government-wide statements	(38,616)
Net book value of assets retired	(10,901)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 636

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt issued	(33,625)
Principal repaid	31,063

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. (232)

Principal payments reduce notes receivable on the Statement of Net Assets but are reported as revenues in the funds. (1,116)

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

Accrued Interest Payable	523
Amortization of Bond Costs	(1,006)
Net Pension Obligation	1,267
Unfunded Claims and Judgments	(10,000)
Landfill Postclosure Costs	636
Compensated Absences Payable	(668)
Other Postemployment Benefits	(43,401)

Change in net assets of governmental activities	\$ (57,948)
-------------------------------------------------	-------------

COUNTY OF MILWAUKEE  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances-Budget and Actual  
 (Non-GAAP Budgetary Basis)  
 General Fund  
 For the Year Ended December 31, 2007  
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 357,734	\$ 362,266	\$ 363,920	\$ 1,654
Property Taxes	242,448	242,529	243,144	615
Sales Taxes	65,922	65,922	62,981	(2,941)
Charges for Services	320,265	342,625	337,014	(5,611)
Fines and Forfeits	3,558	3,558	3,571	13
Licenses and Permits	437	437	552	115
Investment Income and Rents	10,657	10,657	17,741	7,084
Other	32,351	32,054	26,922	(5,132)
<b>Total Revenues</b>	<u>1,033,372</u>	<u>1,060,048</u>	<u>1,055,845</u>	<u>(4,203)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Legislative, Executive and Staff	37,856	39,320	37,733	1,587
Courts and Judiciary	63,590	63,878	61,828	2,050
General Governmental Services	7,638	9,474	8,221	1,253
Public Safety	148,857	148,105	148,040	65
Public Works and Highways	16,706	16,720	16,194	526
Human Services	604,434	626,389	620,623	5,766
Parks, Recreation and Culture	61,882	61,789	59,680	2,109
Other	2,414	19,660	5,849	13,811
<b>Total Expenditures</b>	<u>943,377</u>	<u>985,335</u>	<u>958,168</u>	<u>27,167</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>89,995</u>	<u>74,713</u>	<u>97,677</u>	<u>22,964</u>
<b>Other Financing Sources (Uses):</b>				
<b>Application of Fund Balance</b>				
Reserved for 2007 Appropriations	4,664	4,664	4,664	-
Transfers In	-	-	68,506	68,506
Transfers Out	(88,303)	(73,021)	(162,030)	(89,009)
Transfers To Component Units	(6,356)	(6,356)	(6,356)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(89,995)</u>	<u>(74,713)</u>	<u>(95,216)</u>	<u>(20,503)</u>
<b>Net Change in Fund Balance</b>	-	-	2,461	2,461
Fund Balances -- Beginning (As Restated)	40,531	40,531	40,531	-
<b>Fund Balances -- Ending</b>	<u>\$ 40,531</u>	<u>\$ 40,531</u>	<u>\$ 42,992</u>	<u>\$ 2,461</u>

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



**This Page Left Blank Intentionally**

COUNTY OF MILWAUKEE

Balance Sheet

Proprietary Funds

December 31, 2007

(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities -- Internal Service Funds
	Airports	Transit System	Total	
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Investments	\$ 34,403	\$ 21,467	\$ 55,870	\$ 22,566
Cash and Investments -- Restricted	38,650	-	38,650	-
<b>Receivables:</b>				
Accounts (Net of Allowances for Uncollectible Accounts and Contractual Adjustments)	4,976	-	4,976	1,012
Other	79	3,769	3,848	-
Due From Other Governments	-	3,620	3,620	-
Inventories	-	3,093	3,093	648
Prepaid Items	-	278	278	148
Other Post Employment Benefit Asset	-	1,844	1,844	-
Other Assets	-	189	189	-
<b>Total Current Assets</b>	<b>78,108</b>	<b>34,260</b>	<b>112,368</b>	<b>24,374</b>
<b>Capital Assets:</b>				
Land	18,594	2,772	21,366	1,382
Construction in Progress	15,936	510	16,446	6,522
Land Improvements	135,067	6,477	141,544	10,087
Building and Improvements	270,470	60,025	330,495	101,308
Furniture, Vehicles and Equipment	7,780	160,955	168,735	76,660
<b>Total Capital Assets</b>	<b>447,847</b>	<b>230,739</b>	<b>678,586</b>	<b>195,959</b>
Less Accumulated Depreciation	(179,678)	(138,616)	(318,294)	(138,407)
<b>Net Capital Assets</b>	<b>268,169</b>	<b>92,123</b>	<b>360,292</b>	<b>57,552</b>
<b>Total Assets</b>	<b>\$ 346,277</b>	<b>\$ 126,383</b>	<b>\$ 472,660</b>	<b>\$ 81,926</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 2,348	\$ 2,419	\$ 4,767	\$ 1,790
Accrued Liabilities	383	2,122	2,505	-
Accrued Interest Payable	886	323	1,209	547
Unearned Revenues	13,061	2,899	15,960	220
Bonds and Notes Payable - General Obligation	1,215	2,027	3,242	5,115
Bonds and Notes Payable - Revenue	7,415	-	7,415	-
Compensated Absences	1,332	5,395	6,727	2,812
Risk Claims	-	6,216	6,216	5,583
Other Liabilities	10	2,943	2,953	-
<b>Total Current Liabilities</b>	<b>26,650</b>	<b>24,344</b>	<b>50,994</b>	<b>16,067</b>
<b>Long-Term Liabilities:</b>				
Bonds and Notes Payable - General Obligation	4,968	21,265	26,233	37,744
Bonds and Notes Payable - Revenue	176,798	-	176,798	-
Compensated Absences Payable	1,384	4,199	5,583	3,035
Risk Claims	-	7,149	7,149	3,406
Other Post Employment Benefits	1,906	-	1,906	4,215
Capital Leases	400	-	400	-
<b>Total Long-Term Liabilities</b>	<b>185,456</b>	<b>32,613</b>	<b>218,069</b>	<b>48,400</b>
<b>Total Liabilities</b>	<b>212,106</b>	<b>56,957</b>	<b>269,063</b>	<b>64,467</b>
<b>Net Assets</b>				
Unrestricted (Deficit)	2,527	(31)	2,496	2,260
<b>Restricted for:</b>				
Debt Service	13,049	-	13,049	-
Capital Asset Needs	5,121	-	5,121	-
Invested in Capital Assets, Net of Related Debt	113,474	69,457	182,931	15,199
<b>Total Net Assets</b>	<b>134,171</b>	<b>69,426</b>	<b>203,597</b>	<b>17,459</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 346,277</b>	<b>\$ 126,383</b>	<b>\$ 472,660</b>	<b>\$ 81,926</b>

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

COUNTY OF MILWAUKEE  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2007  
(In Thousands)

	<u>Business-Type Activities -- Enterprise Funds</u>			Governmental Activities --
	<u>Airports</u>	Transit <u>System</u>	<u>Total</u>	Internal Service Funds
Operating Revenues:				
Rentals and Other Service Fees	\$ 52,226	\$ 104	\$ 52,330	\$ 35,673
Admissions and Concessions	12,320	-	12,320	-
Transit Fares	-	48,411	48,411	-
Total Charges for Services	<u>64,546</u>	<u>48,515</u>	<u>113,061</u>	<u>35,673</u>
Other Revenues	13	3,928	3,941	623
Total Operating Revenues	<u>64,559</u>	<u>52,443</u>	<u>117,002</u>	<u>36,296</u>
Operating Expenses:				
Personnel Services	18,760	110,021	128,781	37,716
Contractual Services	14,756	26,235	40,991	13,296
Intra-County Services	9,849	725	10,574	1,878
Commodities	2,400	14,255	16,655	2,766
Depreciation and Amortization	13,795	13,023	26,818	7,960
Maintenance	414	572	986	1,307
Insurance and Claims	-	-	-	6,881
Client Payments	1,224	3,718	4,942	1,296
Total Operating Expenses	<u>61,198</u>	<u>168,549</u>	<u>229,747</u>	<u>73,100</u>
Operating Income (Loss)	<u>3,361</u>	<u>(116,106)</u>	<u>(112,745)</u>	<u>(36,804)</u>
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	35	82,513	82,548	551
Nonoperating Revenue	29	-	29	96
Investment Income	2,070	-	2,070	-
Interest Expense	(7,203)	(1,008)	(8,211)	(1,731)
Total Nonoperating Revenues (Expenses)	<u>(5,069)</u>	<u>81,505</u>	<u>76,436</u>	<u>(1,084)</u>
Income (Loss) Before Contributions and Transfers	(1,708)	(34,601)	(36,309)	(37,888)
Capital Contributions	8,124	1,408	9,532	3,979
Transfers In	9,402	25,093	34,495	58,244
Transfers Out	<u>(12,238)</u>	<u>(3,184)</u>	<u>(15,422)</u>	<u>(24,567)</u>
Change in Net Assets	3,580	(11,284)	(7,704)	(232)
Net Assets -- Beginning (As Restated)	130,591	80,710	211,301	17,691
Net Assets -- Ending	<u>\$ 134,171</u>	<u>\$ 69,426</u>	<u>\$ 203,597</u>	<u>\$ 17,459</u>

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

COUNTY OF MILWAUKEE  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2007  
(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities -- Internal Service Funds
	Airports	Transit System	Total	
<b>Cash Flows Provided (Used) by Operating Activities:</b>				
Receipts from Customers and Users	\$ 71,400	\$ 52,297	\$ 123,697	\$ 4,641
Receipts from Interfund Services	-	-	-	31,371
Payments to Suppliers	(18,456)	(44,181)	(62,637)	(24,757)
Payments to Employees	(17,287)	(117,458)	(134,745)	(33,815)
Payments for Interfund Services Used	(9,849)	(725)	(10,574)	(1,437)
Net Cash Flows Provided (Used) by Operating Activities	25,808	(110,067)	(84,259)	(23,997)
<b>Cash Flows Provided (Used) by Noncapital Financing Activities:</b>				
Intergovernmental Revenues	35	83,183	83,218	812
Transfers From Other Funds	9,402	25,093	34,495	58,244
Transfers (To) Other Funds	(12,238)	(3,184)	(15,422)	(24,567)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	(2,801)	105,092	102,291	34,489
<b>Cash Flows Provided (Used) by Capital and Related Financing Activities:</b>				
Proceeds from Bonds	13,567	203	13,770	5,138
Capital Contributions	8,124	1,408	9,532	-
Principal Payment on Bonds	(8,623)	(1,319)	(9,942)	(5,020)
Interest Paid on Bonds	(6,283)	(661)	(6,944)	(1,741)
Sale of Capital Assets	29	-	29	96
Acquisition of Capital Assets	(32,655)	(928)	(33,583)	(4,990)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(25,841)	(1,297)	(27,138)	(6,517)
<b>Cash Flows Provided (Used) by Investing Activities:</b>				
Investment Income	2,070	-	2,070	-
Net Cash Flows Provided (Used) by Investing Activities	2,070	-	2,070	-
Net Increase (Decrease) in Cash and Cash Equivalents	(764)	(6,272)	(7,036)	3,975
Cash and Cash Equivalents at Beginning of Year	73,817	27,739	101,556	18,591
Cash and Cash Equivalents at End of Year	\$ 73,053	\$ 21,467	\$ 94,520	\$ 22,566
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 3,361	\$ (116,106)	\$ (112,745)	\$ (36,804)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	13,795	13,023	26,818	7,960
(Increase) Decrease in Assets:				
Accounts Receivable	2,894	277	3,171	(271)
Other Receivables	-	(971)	(971)	-
Inventories	-	340	340	10
Prepaid Items	-	31	31	(9)
Other Post Employment Asset	-	(1,844)	(1,844)	-
Other Assets	-	37	37	-
Increase (Decrease) in Liabilities:				
Accounts Payable	338	(740)	(402)	679
Accrued Liabilities	(529)	(1,677)	(2,206)	(89)
Unearned Revenues	3,752	511	4,263	(4)
Compensated Absences	96	(2,822)	(2,726)	(225)
Risk Claims	-	(1,094)	(1,094)	541
Other Post Employment Benefits	1,906	-	1,906	4,215
Other Liabilities	(205)	968	763	-
Total Adjustments	22,447	6,039	28,486	12,807
Net Cash Flows Provided (Used) by Operating Activities	\$ 25,808	\$ (110,067)	\$ (84,259)	\$ (23,997)

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



**This Page Left Blank Intentionally**

COUNTY OF MILWAUKEE  
 Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 December 31, 2007  
 (In Thousands)

	Pension Trust Fund	Agency Funds
<b><u>Assets</u></b>		
Cash and Investments:		
US Government Securities	\$ 32,931	\$ -
Notes and Bonds	617,942	-
Federal Agency and Mortgage	52,944	-
Real Estate Investments Trust	54,268	-
Common and Preferred Stocks	811,048	-
Venture Capital Investments	24,838	-
Deposits	17,292	24,091
Total Cash and Investments	1,611,263	24,091
Receivables:		
Pension Trust Fund Contribution	49,794	-
Accrued Interest and Dividends	6,516	-
Other	2,073	-
Securities Lending	105,540	-
Other Assets	3,599	-
Total Assets	1,778,785	24,091
<b><u>Liabilities</u></b>		
Accounts Payable	-	331
Agency Deposits	-	23,760
Securities Lending	105,540	-
Other Liabilities	6,734	-
Total Liabilities	112,274	24,091
<b><u>Net Assets</u></b>		
Held in Trust for Pension Benefits	\$ 1,666,511	\$ -

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

COUNTY OF MILWAUKEE  
 Statement of Changes in Fiduciary Net Assets  
 Pension Trust Fund  
 For the Year Ended December 31, 2007  
 (In Thousands)

	Total
Additions:	
Contributions:	
County of Milwaukee	\$ 49,291
Plan Participants	345
Total Contributions	49,636
Investment Income	
Net Appreciation in Fair Value	71,245
Interest and Dividends	33,474
Other Income	1,310
Total Investment Income	106,029
Security Lending Income	7,354
Less: Security Lending Rebates and Fees	(6,940)
Net Security Lending Activity	414
Investment Expense	(4,481)
Net Investment Income	101,962
Total Additions	151,598
Deductions:	
Benefits Paid to Retirees and Beneficiaries	(139,991)
Administrative Expenses	(3,235)
Withdrawal of Membership Accounts	(57)
Total Deductions	(143,283)
Change In Plan Net Assets	8,315
Plan Net Assets Held In Trust for Pension Benefits	
Beginning of Year	1,658,196
End of Year	\$ 1,666,511

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

COUNTY OF MILWAUKEE  
Combining Statement of Net Assets  
Component Units  
December 31, 2007  
(In Thousands)

	Museum	War Memorial Center	Marcus Center	Research Park Corporation	Total
<b>Assets</b>					
Current Assets:					
Cash and Investments	\$ 3,202	\$ 68	\$ 4,977	\$ 757	\$ 9,004
Accounts Receivable	521	-	231	168	920
Accrued Interest Receivable	-	-	24	-	24
Inventories	57	-	6	-	63
Prepaid Items	172	-	57	6	235
Total Current Assets	<u>3,952</u>	<u>68</u>	<u>5,295</u>	<u>931</u>	<u>10,246</u>
Noncurrent Assets:					
Long-Term Investments	-	-	1,779	2,334	4,113
Accounts Receivable	626	-	-	-	626
Other	252	-	248	-	500
Capital Assets (Net)					
Construction in Progress	936	-	-	-	936
Buildings and Improvements	19,221	-	19,382	-	38,603
Machinery, Vehicles and Equipment	9,468	-	1,731	-	11,199
Less: Accumulated Depreciation	<u>(9,616)</u>	<u>-</u>	<u>(9,900)</u>	<u>-</u>	<u>(19,516)</u>
Total Capital Assets (Net)	<u>20,009</u>	<u>-</u>	<u>11,213</u>	<u>-</u>	<u>31,222</u>
Total Noncurrent Assets	<u>20,887</u>	<u>-</u>	<u>13,240</u>	<u>2,334</u>	<u>36,461</u>
Total Assets	<u>\$ 24,839</u>	<u>\$ 68</u>	<u>\$ 18,535</u>	<u>\$ 3,265</u>	<u>\$ 46,707</u>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	\$ 1,087	\$ -	\$ 134	\$ 148	\$ 1,369
Accrued Liabilities	534	-	249	2	785
Accrued Interest Payable	127	-	-	-	127
Unearned Revenues	1,577	-	2,507	-	4,084
Bonds and Notes Payable	292	-	405	75	772
Capital Leases	233	-	14	-	247
Other Current Liabilities	-	-	68	66	134
Accrued Pension and Postretirement Benefits	561	-	-	-	561
Total Current Liabilities	<u>4,411</u>	<u>-</u>	<u>3,377</u>	<u>291</u>	<u>8,079</u>
Noncurrent Liabilities:					
Bonds and Notes Payable	21,083	-	2,532	108	23,723
Capital Leases	57	-	57	-	114
Other Noncurrent Liabilities	-	-	27	-	27
Accrued Pension and Postretirement Benefits	8,216	-	-	-	8,216
Total Noncurrent Liabilities	<u>29,356</u>	<u>-</u>	<u>2,616</u>	<u>108</u>	<u>32,080</u>
Total Liabilities	<u>33,767</u>	<u>-</u>	<u>5,993</u>	<u>399</u>	<u>40,159</u>
<b>Net Assets</b>					
Unrestricted (Deficit)	(13,936)	2	4,309	2,701	(6,924)
Restricted	5,008	66	14	165	5,253
Invested in Capital Assets, Net of Related Debt	-	-	8,219	-	8,219
Total Net Assets	<u>(8,928)</u>	<u>68</u>	<u>12,542</u>	<u>2,866</u>	<u>6,548</u>
Total Liabilities and Net Assets	<u>\$ 24,839</u>	<u>\$ 68</u>	<u>\$ 18,535</u>	<u>\$ 3,265</u>	<u>\$ 46,707</u>

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

COUNTY OF MILWAUKEE  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Component Units  
For the Year Ended December 31, 2007  
(In Thousands)

	Museum	War Memorial Center	Marcus Center	Research Park Corporation	Total
<b>Revenues:</b>					
Intergovernmental	\$ 175	\$ -	\$ -	\$ -	\$ 175
County Program Support	3,328	1,748	1,280	-	6,356
<b>Charges for Services:</b>					
Contributions and memberships	5,782	115	1,256	54	7,207
Other	2,057	278	2,675	168	5,178
Interest on Investments and Rents	304	646	2,850	933	4,733
Other	896	47	438	1,607	2,988
<b>Total Revenues</b>	<u>12,542</u>	<u>2,834</u>	<u>8,499</u>	<u>2,762</u>	<u>26,637</u>
<b>Expenses:</b>					
Public Works and Highways	-	-	-	2,569	2,569
Parks, Recreation and Culture	12,168	2,828	8,144	-	23,140
<b>Total Expenses</b>	<u>12,168</u>	<u>2,828</u>	<u>8,144</u>	<u>2,569</u>	<u>25,709</u>
<b>Changes in Net Assets</b>	374	6	355	193	928
<b>Net Assets -- Beginning (As Restated)</b>	<u>(9,302)</u>	<u>62</u>	<u>12,187</u>	<u>2,673</u>	<u>5,620</u>
<b>Net Assets -- Ending</b>	<u>\$ (8,928)</u>	<u>\$ 68</u>	<u>\$ 12,542</u>	<u>\$ 2,866</u>	<u>\$ 6,548</u>

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



**This Page Left Blank Intentionally**

**Milwaukee County**  
**Notes to the Financial Statements**  
**December 31, 2007**  
**(Amounts Expressed in Thousands)**

**Note 1-Summary of Significant Accounting Policies**

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

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.

In 2007, the County adopted Governmental Accounting Standards Board Statement No. 45-"Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" (OPEB). This statement addresses how state and local governments should account for and report costs and obligations related to postemployment healthcare and other nonpension benefits. It is effective for fiscal periods beginning after December 15, 2006. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. The County has adopted the provisions of GASB Statement No. 45 for the year ended December 31, 2007. See Note 14- Other Postemployment Benefits for additional information.

Effective July 1, 2007, the Mayor of the City of Milwaukee was designated as the new Chief Local Elected Official for Workforce Development Area #2-geographically defined as Milwaukee County. Additionally, the Mayor appointed a

## **Note 1-Summary of Significant Accounting Policies (Continued)**

new President/CEO to lead the Private Industry Council and appointed a new 33 member Board of Directors. To reflect the changes in leadership, the Board has renamed itself the Milwaukee Area Workforce Investment Board (MAWIB) as of September 25, 2007. Due to the fore mentioned events, The Private Industry Council of Milwaukee County is no longer a component unit of Milwaukee County, because the County has lost the ability to impose its will on the former Private Industry Council of Milwaukee County. The Mayor of the City of Milwaukee appoints all of the members of the governing body and the economic resources held by the PIC are no longer accessible by the County.

In 2007, the County began reporting the activities of its Department of Health and Human Services Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, BHD had been reported as a separate proprietary fund. The County determined BHD no longer functions primarily as a business-type entity. In 2007, the County property tax levy funded 23.6 percent of the Behavioral Health Division's annual budget, as opposed to 12.1 percent in 1992. In addition, 43.0 percent of BHD's 2007 expenditures represented payments to outside providers for client services, compared to 1992 when BHD did not contract out for any client services. Finally, client services revenue has decreased from \$59,000 in 1992 to \$28,400 in 2007. BHD has evolved from serving solely as a primary provider of client services. Its primary client services operations have decreased over the past 15 years while it's role as a coordinator of services between clients and third-party providers has increased. The current operations and funding of BHD more closely correspond to the departments currently reported as part of the General Fund than a separate business entity.

### **A. The Reporting Entity**

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

## Note 1-Summary of Significant Accounting Policies (Continued)

### A. The Reporting Entity

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

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

#### Component Units

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

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

Due to the events described in Note 1, the Private Industry Council is no longer considered a component unit of Milwaukee County. Therefore, the County has removed the former Private Industry Council of Milwaukee County from the County's financial statements.

**The Milwaukee County War Memorial Center, Inc** ("The War Memorial Center") is a non-profit organization whose purpose is to operate and maintain the War Memorial Center and the Charles Allis/Villa Terrace Art Museums. The Center also provides services to the Milwaukee Art Museum. The governing

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **A. The Reporting Entity (Continued)**

#### **Component Units (Continued)**

board of the Center consists of fifteen members who oversee the day-to-day operations. The County Executive appoints four board members. The Board of County Supervisors appoints four other board members. The War Memorial Center is presented as a discretely presented component unit of the County because the County appoints the voting majority of the Center's governing body and therefore has the ability to impose its will on the Center. In addition, the County provides the majority of the Center's financial support, thus it has the ability to impose specific financial burdens on the County. The War Memorial Center has a December 31<sup>st</sup> year-end.

**The Marcus Center for the Performing Arts** ("Marcus Center") is a not-for-profit non-stock corporation that offers facilities and services to a wide range of performing arts within the state. This cultural 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 within the state. The governing body of the Marcus Center consists of a twenty-five member Board of Directors. The County Executive appoints seven board members. The Board of Directors provides oversight and governance for the Marcus Center. The President and CEO oversee the day-to-day operations. The Marcus Center is presented as a discretely presented component unit of the County because the County owns the majority of the economic resources available to the Marcus Center (the building) and the majority of the Marcus Center's debt has been issued by Milwaukee County, therefore the Marcus Center has imposed specific financial burdens on the County. The Marcus Center has a fiscal year ending December 31<sup>st</sup>.

**The Milwaukee Public Museum, Inc** ("The Museum"), is a non-profit natural history museum, whose purpose is to preserve and protect the collections of the museum and to educate the public through exhibits and research into natural history. The governing body of the Museum consists of a twenty-seven member Board of Directors who oversees the day-to-day operations. The Museum Board appoints 18 members, the County Executive appoints five members, and the County Board Chairman appoints four members. The Museum is presented as a discretely presented component unit of the County because the County owns the majority of the economic resources available to the Museum (the building and the artifacts) and because the County provides a significant amount of financial support to the Museum. As result, the Museum has the ability to impose specific financial burdens on the County. The Museum has a fiscal year ending August 31<sup>st</sup>.

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **A. The Reporting Entity (Continued)**

#### **Component Units (Continued)**

**The Milwaukee County Research Park Corporation**, (“The Corporation”) is a non-stock, non-profit organization whose purpose is to advance the economic and social interest of the community. The Corporation was formed solely for the purpose of developing a research and technology park on parts of the Milwaukee County Institution Grounds that are not required for medical or health institution purposes. The governing body of the Corporation consists of a fifteen-member board. The County Executive appoints ten of the members and the County Board Chairman appoints five members. The Corporation is presented as a discretely presented component unit because the County appoints all of the members of the governing board and therefore has the ability to impose its will on the Corporation and because the economic resources held by the Corporation were contributed to the Research Park by the County for the direct benefit of the County and its constituents. The Corporation has a fiscal year ending December 31<sup>st</sup>.

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

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

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

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

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

#### **Related Organizations**

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

**Milwaukee County Federated Library System-** The County Executive appoints the seven-member board. One board member is required to be a County Board Supervisor. In accordance with State Statute s. 43.15, it is a co-operative of the fifteen public libraries within Milwaukee County. The system allows for cross border borrowing, in exchange for technological services.

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **B. Measurement Focus and Basis of Accounting**

#### **Government-Wide Financial Statements**

The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the primary government and its discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately 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 are 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. The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

#### **Fund Financial Statements**

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

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **B. Measurement Focus and Basis of Accounting (Continued)**

#### **Fund Financial Statements (Continued)**

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 have occurred and grant requirements have been met, regardless of the timing of the revenues. State shared revenues are recognized as revenues in the governmental funds when the County is entitled to these funds. Intergovernmental grants received for proprietary fund operating purposes, or which may be utilized for either operations or capital expenditures at the discretion of the County, are recognized as non-operating revenues in the accounting period in which they are earned. Intergovernmental grants restricted for the acquisition or construction of capital assets in the proprietary funds are recorded as a component of income.

#### **All Financial Statements**

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

#### **Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **B. Measurement Focus and Basis of Accounting (Continued)**

#### **Governmental Funds (Continued)**

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. The County considers inter-governmental 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 considered to be measurable and available only when the county receives cash. Uncollected property taxes of municipalities within the County are purchased and then collected by the County. There is no recourse to the municipalities for the collection of these taxes. The County uses a three-month availability period for these receivables of \$ 11,778.

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

#### **Proprietary Funds**

The County's enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets. The enterprise fund activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

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

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **B. Measurement Focus and Basis of Accounting (Continued)**

#### **Proprietary Funds (Continued)**

party receives and gives up essentially equal values. Proprietary fund operating expenses result from providing services and producing and delivering goods. Non-operating revenues and expenses entail all other activity not included in operating revenues and expenses. Non-operating revenues and expenses include capital and noncapital 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**

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

**The General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those resources required to be accounted for in another fund.

**The Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

**The Capital Projects Fund** accounts for the resources segregated for the acquisition or construction of major capital facilities.

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **C. Basis of Presentation (Continued)**

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

**The Airports Fund** accounts for the operations of General Mitchell International and Timmerman Airports. Airport passenger facility charges and related capital expenditures are not accounted for in the airport's enterprise fund but are accounted for as a special revenue fund.

**The Transit System Fund** accounts for the activities of the Milwaukee County Transit System and the Paratransit System. The Transit System provides public transportation in the Milwaukee metropolitan area and is managed by Milwaukee Transport Services, Inc.; a private non-profit corporation. The Paratransit System is also operated by Milwaukee Transport Services, Inc., to provide transportation, using private vendors, for passengers who meet the paratransit eligibility requirements.

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

**Special Revenue Funds** account for endowments, bequests and restricted donations to the County and passenger facility charges of the Airport, where the principal may be expended in the course of their designated operations. The specific purpose of each fund is as follows:

**Zoo-** Purchase of animals and maintenance of the miniature passenger railroad.

**Parks-** Enhancement of the Todd Wehr Nature Center and maintenance of parks and pathways.

**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. Effective January 1, 2007, the County accounts for the compensated absences liability previously reported in the Behavioral Health Division enterprise fund in this special revenue fund. See Note 1 – Summary of Significant Accounting Policies for further information.

**Airport** – established for the collection of Federal Aviation Administration (FAA) approved passenger facility charges to be used for capital projects at the Airport. In addition, a trust is maintained in this fund to secure a pledge by the County for debt repayment of certain debt of local airlines.

## **Note 1-Summary of Significant Accounting Policies (Continued)**

### **C. Basis of Presentation (Continued)**

**Health and Safety-** established for Risk Management to work with the countywide safety committee to address safety issues. It also funds costs associated with new employee health screenings.

**Internal Service Funds** account for services provided to other departments and agencies of the government. Information Management Services, Public Works Services, and Risk Management are the County's internal service funds.

**The Pension Trust Fund** accounts for activities of the Employees' Retirement System and OBRA 1990 Retirement System of the County of Milwaukee. This fund accumulates resources for pension benefit payments to qualified Milwaukee County employees. Substantially all full and part-time employees of the County participate in these single-employer defined benefit plans.

**Agency Funds** are custodial in nature and are used to account for resources held by the County as an agent for individuals, private organizations and other governmental units. The significant agency fund within the County is the Civil Court-ordered Family Support/ Payments.

### **D. Assets, Liabilities and Net Assets or Equity**

#### **1. Deposits and Investments**

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

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

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

## **Note 1-Summary of Significant Accounting Policies (Continued)**

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

#### **1. Deposits and Investments (Continued)**

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

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

#### **2. Receivables**

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

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 amounts. All trade receivables for the Business-type funds are shown net of an allowance for uncollectibles.

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

Property taxes are levied based on the equalized value, which is computed from January 1, the assessment date, 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 the County purchases from other taxing authorities, except the City of Milwaukee, to facilitate the collection of taxes. The purchases are a financing arrangement and

## **Note 1-Summary of Significant Accounting Policies (Continued)**

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

#### **2. Receivables (Continued)**

are reflected as a reservation of fund balance at year-end for amounts considered unavailable. The County's portion of uncollected property taxes within the boundaries of the City of Milwaukee is sold, at the unpaid balance, to the City each year.

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

#### **3. Inventory and Prepaid Items**

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.

#### **4. Restricted Assets**

Certain proceeds of the Airports enterprise fund revenue bonds, as well as certain resources set aside for repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. At the end of 2007, these restricted assets were \$ 17,604. As stated earlier (see item 1 under section D in the notes), the Special Revenue and Agency funds are also restricted resources and are not available to the County to finance its operations. The Airport Revenue Bond Interest and Principal Account is 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

## **Note 1-Summary of Significant Accounting Policies (Continued)**

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

#### **4. Restricted Assets (Continued)**

resources to liquidate payments. Restricted Airport passenger facility charges totaled \$ 26,900 at the end of 2007.

In addition, at the end of 2007, the Airport had \$ 21,046 of 2004, 2005, 2006 and 2007 revenue bond proceeds that were unspent, and for purposes of this report, are considered restricted.

In addition, the County has restricted \$ 5,703 contributed assets for a \$ 14,400 debt guarantee made by the County on behalf of a local company. The County provided the guarantee in return for a mortgage on specific assets of the company plus \$ 5,000 of cash provided by the company and the State of Wisconsin. These funds act as a debt reserve, and are included in the Airport special revenue fund.

Under a contract agreement between the State of Wisconsin Department of Health and Family Services and the County's Department on Aging Care Management Organization, the County is required to restrict cash of \$ 5,779. This restricted cash is for a working capital reserve, restricted reserve and a solvency reserve under the contract.

#### **5. Capital Assets**

##### **Government-wide Statements**

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

## Note 1-Summary of Significant Accounting Policies (Continued)

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

#### 5. Capital Assets (Continued)

##### Government-wide Statements (Continued)

Major outlays for capital assets and improvements are capitalized at cost when purchased or constructed and updated for the cost of additions and retirements during the year.

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

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

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

## **Note 1-Summary of Significant Accounting Policies (Continued)**

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

#### **5. Capital Assets (Continued)**

##### **Government-wide Statements (Continued)**

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

##### **Fund Financial Statements**

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

#### **6. Compensated Absences**

County employees are granted sick and annual vacation leave in varying amounts in accordance with administrative policies and union contracts. County employees are requested to use all accumulated vacation time earned before the end of the subsequent calendar year. In the event of termination or retirement, the employees are paid for accumulated vacation days.

Generally, accumulated sick pay is forfeited upon termination other than retirement. When an employee retires, accumulated sick leave benefits vest. Most represented employees are entitled to full payment for accumulated sick pay upon retirement. Full payment is either made in cash or is used to pay for post-employment health insurance costs of the employee. In 2007, various unions agreed to a reduction in cash sick leave payouts made at retirement for new sick leave earned. Non-represented employees who retire are entitled to payment for accumulated sick leave up to a maximum of 400 hours plus 16 hours per 100 hours, or fraction thereof, of accrued sick leave in excess of the 400 hours, instead of full payment for all accumulated sick leave. Payments for retiree sick pay benefits were \$ 6,067 in 2007 and \$ 1,505 in 2006. In 2007, the County settled a lawsuit brought by non-represented employees related to sick leave benefits due at retirement. The 2007 sick pay benefits include \$3,948 in payments made to non-represented employees as a result of this lawsuit.

Amounts of vacation and sick pay earned and vested by employees have been accrued in the government-wide and proprietary fund financial statements. The short-term portions of compensated absences are classified as current liabilities. For the business-type activities and governmental activities the short-term portion

## **Note 1-Summary of Significant Accounting Policies (Continued)**

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

#### **6. Compensated Absences (Continued)**

is \$ 6,727 and \$ 25,583, respectively. The long-term portion of compensated absences, generally for sick leave payable upon retirement, is classified as compensated absences. Amounts paid to employees in the governmental fund types within 60 days of year-end have been recorded in the governmental funds.

#### **7. Long-term Obligations**

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

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.

The 1993 Refunding Bonds included zero coupon bonds, which were sold at a deep discount. These zero coupon bonds mature in the last three years of the bond issue beginning in 2009. The discount on the 1993 zero coupon bonds are amortized as accretion (interest expense) over the life of the bonds in the government-wide and in the proprietary fund type financial statements.

#### **8. Equity Classifications**

##### **Government-wide Statements**

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

- a. Invested in capital assets, net of related debt- Consists of capital assets including restricted capital assets, net of accumulated depreciation and

## **Note 1-Summary of Significant Accounting Policies (Continued)**

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

#### **8. Equity Classifications (Continued)**

##### **Government-wide Statements (Continued)**

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.

- b. Restricted net assets- Consists of net assets 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.
- c. Unrestricted net assets- All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

##### **Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicated it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The Statutes of the State of Wisconsin require that the surplus/deficit of all departments of the County be determined in accordance with GAAP based on fund financial statements. The amount of any surplus/deficit of the current year is reserved by County Ordinance 32.91(4) a (4) and is 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 use of the surplus in whole to retire outstanding general obligation bonds of the County. The Board of Supervisors may also by two-thirds vote adopt a resolution authorizing the surplus to be used to provide funds for emergency needs, as defined under the Statutes. The surplus cannot be used for any other purposes except those stated above.

## **Note 1-Summary of Significant Accounting Policies (Continued)**

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

#### **9. Allowance for Doubtful Accounts**

The County's Behavioral Health Division (BHD) provides an allowance for all third-party payers such as Medicare, Medicaid, HMO's, and other types of health insurance. The County's Aging Care Maintenance Organization (Aging CMO) provides an allowance for amounts due from the State in the event a client is not eligible for service reimbursement and for client service copayments. BHD and Aging CMO both adjust revenue in the current year of operations for the difference between billed charges 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. At December 31, 2007, the total allowance for both BHD and Aging CMO was \$ 9,367. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectable as reported at December 31, 2007. All allowances are netted against receivables for financial statement presentation.

#### **10. Capitalization of Interest**

Interest is capitalized on business-type assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested proceeds over the same period. Interest costs related to bond issues are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During 2007, the amount of capitalized interest was \$ 3,522.

#### **11. Obligation for Bond Arbitrage Rebate**

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the "revenue reduction" approach in accounting for rebateable arbitrage. This approach treats excess earnings as a reduction of revenue. The liability for rebateable arbitrage was \$ 171 as of December 31, 2007 and is recorded in the Debt Service Fund.

#### **12. Landfill Post-Closure Costs**

Under the terms of current state and federal regulations, the County is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The County recognizes these costs of closure and post-closure maintenance over the

## **Note 1-Summary of Significant Accounting Policies (Continued)**

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

#### **12. Landfill Post-Closure Costs (Continued)**

active life of each landfill area, based on landfill capacity used during the period. Required obligations for closure and post-closure costs are recognized in the governmental activities.

#### **13. 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 assets in accordance with GASB Statement 34.

#### **14. Unearned Revenues**

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

#### **15. Pension Obligations**

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

#### **16. Encumbrances**

Encumbrance accounting is employed in governmental funds. Encumbrances of purchase orders, contracts and other commitments for the expenditure of funds are recorded as reservation of fund balance until expended. Encumbrances are not reflected as expenditures. Encumbrance appropriations are recorded as reservations of fund balance and are liquidated in subsequent years. Every

## **Note 1-Summary of Significant Accounting Policies (Continued)**

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

#### **16. Encumbrances (Continued)**

appropriation lapses at December 31, to the extent that it has not been expended or encumbered. Expenditures are recorded and encumbrances are liquidated when the services or materials are received.

#### **17. Claims and Judgments**

Claims and judgments are recorded as liabilities when the conditions of Statement of Financial Accounting Standards No. 5 have been met. Claims and judgments are liquidated with expendable available financial resources and are recorded during the year as expenditures in the governmental funds. If they are not liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

#### **18. Other Post Employment Benefit Obligations**

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

## **Note 2- Stewardship, Compliance, and Accountability**

### **Budgetary Information**

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

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

### **Budgetary Information (Continued)**

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- reserve for 2007 appropriations and encumbrances. For budget purposes, fund balance-reserved for 2007 appropriations – is reflected as other financing sources whereas, for accounting purposes, it is reflected as part of fund balance. For budget purposes, encumbrances are recorded as expenditures as opposed to a reservation 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. During the 2007 fiscal year, the Board of Supervisors adopted no supplemental appropriations.

### **Budgetary Basis of Accounting**

The “Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Non-GAAP Budgetary Basis)- General Fund ” is prepared on a basis consistent with the legally adopted budget. Under this method, encumbrances outstanding are charged to budgetary appropriations and considered as expenditures of the current period. In addition, Fund Balance Reserved for 2007 Appropriations is available for financial expenditures and is reflected as 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 reservation of fund balance and charged to expenditures in the period in which goods or services are received. Encumbrance amounts at year-end are reflected as a component of the Fund Balance titled “Fund Balance (Deficit) Reserved for Encumbrances”.

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

### Budgetary Basis of Accounting (Continued)

A reconciliation for the General Fund follows:

	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 954,578	\$ (93,524)
Encumbrances	9,946	-
Reserved for 2007 Appropriation	-	4,664
Transfers to Component Units	<u>(6,356)</u>	<u>(6,356)</u>
<b>Non-GAAP Budgetary Basis</b>	<b><u>\$ 958,168</u></b>	<b><u>\$ (95,216)</u></b>

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

### County Tax Rate Limit (Amounts Expressed in Dollars)

Section 59.605 of the Wisconsin Statutes imposes a limit on the property tax rate that the County can impose upon its citizens. Separate limits were imposed for operating levy rates and debt service levy rates of \$ 4.08 per \$ 1,000 of equalized value and \$ 1.42 per \$ 1,000 of equalized value, respectively. For 2007, the County's actual operating and debt service levy rates were \$ 3.19 per \$ 1,000 of equalized value and \$ .72 per \$ 1,000 of equalized value, respectively.

## Note 3- Deposits and Investments

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

### Note 3- Deposits and Investments (Continued)

The following information presents the deposits and investments of the Primary Government, excluding the pension trust fund. The pension trust fund is presented at the end of the footnote, and will be designated as "Pension Trust Fund".

#### Reconciliation of Cash and Investments:

##### Statement of Net Assets:

Cash and Investments	\$	228,819
Cash and Investments- Restricted		<u>77,032</u>
<b>Subtotal</b>	<b>\$</b>	<b><u>305,854</u></b>

##### Statement of Fiduciary Net Assets:

Cash and Investments		
Pension Trust Fund	\$	1,611,263
Agency Fund		<u>24,091</u>
<b>Totals</b>	<b>\$</b>	<b><u><u>1,941,205</u></u></b>

Deposits-County/Agency	\$	69,008
Investments-County/Agency		260,934
Pension Deposits		17,292
Pension Investments		<u>1,593,971</u>
<b>Totals</b>	<b>\$</b>	<b><u><u>1,941,205</u></u></b>

#### Cash Deposits

The carrying amount of the County's deposits at December 31, 2007 was \$ 69,008 and the bank balance was \$ 67,686.

#### 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. Deposits with banks are insured by the FDIC in the amount of \$ 100 and by the State Deposit Guarantee Fund in the amount of \$ 400. The County does not have a deposit policy for custodial credit risk. Of the \$ 67,686 of deposits with financial institutions, \$ 2,733 was covered by Federal depository insurance and State governmental insurance, subject to availability of funds in the State's Deposit Guarantee Fund, \$ 54,767 was collateralized with government securities held in a separate financial institution in the County's name, and \$ 10,186 was uninsured and uncollateralized and is exposed to custodial credit risk.

### Note 3- Deposits and Investments (Continued)

#### Investments

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

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

As of December 31, 2007 the County had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>
U S Agency	\$ 51,799
Government Agency Guaranteed Adjustable Rate Securities	33,839
Government Guaranteed Adjustable Rate Securities	6,810
U S Treasuries	23,398
AAA Municipal Bonds	10,963
Municipal Adjustable Rate Notes	2,000
Guaranteed Investment Contracts	7,857
Corporate Bonds	12,111
Investment in Money Market Funds	82,157
Certificates of Deposit	30,000
<b>Totals \$</b>	<b><u>260,934</u></b>

#### 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. Investments are held by the counterparty's trust department or with its agent in the County's name. The County's investment policy states that all securities shall be properly designated as an asset of Milwaukee County and held in safekeeping by a third-party custodial bank or other third-party custodial institution, chartered by the United

### Note 3- Deposits and Investments (Continued)

#### Custodial Credit Risk-Investments (Continued)

States Government or the State of Wisconsin and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the County Treasurer or a designee. The County does not have any investments exposed to custodial credit risk.

#### Interest Rate Risk-Investments

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

As of December 31, 2007, the County had the following investments and maturities:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U S Agency	\$ 51,799	\$ 14,978	\$ 34,763	\$ 2,058	\$ -
Government Agency Guaranteed Adjustable Rate Securities	33,839	28,176	5,663	-	-
Government Guaranteed Adjustable Rate Securities	6,810	6,810	-	-	-
U S Treasuries	23,398	-	23,398	-	-
AAA Municipal Bonds	10,963	-	9,954	-	1,009
Municipal Adjustable Rate Notes	2,000	-	-	-	2,000
Guaranteed Investment Contracts	7,857	-	-	-	7,857
Corporate Bonds	12,111	-	8,058	4,053	-
Investment in Money Market Funds	82,157	82,157	-	-	-
Certificates of Deposit	30,000	30,000	-	-	-
<b>Totals</b>	<b>\$ 260,934</b>	<b>\$ 162,121</b>	<b>\$ 81,836</b>	<b>\$ 6,111</b>	<b>\$ 10,866</b>

#### 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 Moody's Investor Service or Standard & Poor's) gives an indication of the degree of credit risk for that security. Listed below are the County's investments with the

### Note 3- Deposits and Investments (Continued)

#### Credit Risk-Investments (Continued)

corresponding credit quality ratings: The County does not have an investment policy pertaining to credit risk.

Investment Type	Fair Value	Standard & Poor's	Moody's Investor Service
U S Agency	\$ 51,799	AAA	Aaa
Government Agency Guaranteed Adjustable Rate Securities	33,839	AAA	Aaa
Government Guaranteed Adjustable Rate Securities	6,810	AAA	Aaa
U S Treasuries	23,398	AAA	Aaa
AAA Municipal Bonds	10,963	AAA	Aaa
Municipal Adjustable Rate Notes	2,000	AAA	Aaa
Guaranteed Investment Contracts	7,857	N/A	N/A
Corporate Bonds	12,111	AAA	Aaa
Investment in Money Market Funds	82,157	AAA	Aaa
Certificates of Deposit	30,000	N/A	N/A
<b>Totals</b>	<b>\$ <u>260,934</u></b>		

#### 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 written investment policy states that investments held by the County shall be diversified to control the risk of loss resulting from over concentration of investments in a specific maturity, issuer, instrument/and or class of instrument(s), and dealers through whom securities are brought and sold. The County's written investment policy also places limits on the percentage of the portfolio that may be invested in each type of investment. The following percentage ranges of portfolio investments apply to the investment categories currently allowed by Wisconsin Statute:

- Time and other Money Market deposits of banks, savings banks, trust companies, savings and loans, credit unions, regulated by the Securities and Exchange Commission 0-50%
- U. S. Treasury and Other Federal agency/instrumentality securities 0-100%
- Corporate securities, including commercial paper 0-25%
- Municipal securities 0-25%
- Local Government Pooled Investment Fund of the State Investment Board 0-50%
- Repurchase agreements with public depository institutions (only) and where specific and appropriate collateral is provided 0-50%

### **Note 3- Deposits and Investments (Continued)**

#### **Concentration of Credit Risk-Investments (Continued)**

- Securities of an open-end management investment company or investment trust, investing in statutorily allowed securities 0-25%
- All other security types, when and if authorized in the future by amendment to Wisconsin statute 0-25%

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

The County's investment policy also limits the use of reverse repurchase agreements to transactions with commercial banks located in the State of Wisconsin to a period of time no longer than 14 days. The County enters into reverse repurchase agreements for cash flow purposes only.

At December 31, 2007, the County is not exposed to a concentration of credit risk.

#### **Cash Deposits-Pension Trust Fund**

The carrying amount of Pension Trust Fund deposits at December 31, 2007 was \$ 17,292 and the bank balance was \$ 20,965.

#### **Custodial Credit Risk Deposits-Pension Trust Fund**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pension Trust Fund will not be able to recover the value of its deposits. Deposits with banks are insured by the FDIC in the amount \$ 100 and in the amount of \$ 400 by the State Deposit Guarantee Fund. Deposits in excess of \$ 500 are uninsured and uncollateralized. As of December 31, 2007, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund. The Pension Trust Fund does not have a formal policy pertaining to custodial credit risk.

#### **Investments-Pension Trust Fund**

The Pension Board has exclusive control and management responsibility of the Pension Trust Funds and full power to invest the funds. In exercising its fiduciary responsibility, the 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

### Note 3- Deposits and Investments (Continued)

#### Investments-Pension Trust Fund (Continued)

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.

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

As of December 31, 2007 the Pension Trust Fund had the following investments:

Investment Type	<u>Fair Value</u>
Domestic Common and Preferred Stocks	\$ 491,565
Corporate Bonds and Conv Debentures	588,886
International Common and Preferred Stocks	319,483
Federal Agency and Mortgage-Backed Certificates	52,944
International Fixed Income	29,056
US Government, State Obligations	32,931
Real Estate Investments Trusts	54,268
Venture Capital	24,838
<b>Totals</b>	<b><u>\$ 1,593,971</u></b>

#### Custodial Credit Risk-Investments-Pension Trust Fund

Custodial credit risk for investments is the risk that, in the event a counterparty fails, the Pension Trust Fund will not be able to recover the value of investments or securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Pension Trust Fund's name and are held by the counterparty. Substantially all of the assets of the Pension Trust Fund are held in its name. Repurchase agreements held by the Pension Trust Fund are essentially collateralized overnight loans, with the securities held by the counterparty as collateral. These securities are held by the counterparty but not in the Pension Trust Fund's name. As of December 31, 2007, \$ 3,667 of the collateral for the repurchase agreements was exposed to custodial risk because it is held outside of the trust's name. The Pension Trust Fund does not have a formal policy for custodial credit risk.

### Note 3- Deposits and Investments (Continued)

#### Interest Rate Risk-Investments Pension Trust Fund

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 method of measuring duration takes into effect the embedded options on cash flows. The Pension Trust Fund does not have a formal 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, 2007 the Pension Trust Fund had the following option-adjusted durations for the fixed income investment:

<u>Fixed Income Sector</u>	<u>Fair Value</u>	<u>Option-Adjusted Duration (In Years)</u>
Asset Backed Securities	\$ 8,480	2.65
CM Backed Securities	4,888	3.65
CMO Corporate	11,700	2.57
CMO Government Agencies	28,237	4.72
Corporate	175,715	6.49
Energy	1,744	0.61
Financials	500	3.43
Government	35,973	8.53
Health Care	2,535	1.51
Information Technology	3,493	2.02
Other	54,017	0.08
U.S. Convertibles	692	3.95
U.S. Gov't Mortgages	18,395	3.82
U.S. Private Placements	8,368	5.42
U.S. Taxable; Muni Bonds	1,272	8.66
Non U.S.	17,481	2.89
Other*	347,617	N/A
<b>Totals</b>	<b><u>\$ 721,107</u></b>	

\* Includes \$ 345,310 invested in bond mutual funds for which the duration was not available.

#### Credit Risk-Investments-Pension Trust Fund

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit quality rating of a security (rated by Moody's

### Note 3- Deposits and Investments (Continued)

#### Credit Risk-Investments-Pension Trust Fund (Continued)

Investor Services (Moody's), Standard & Poor (S & P) and Fitch Ratings (Fitch's) gives an indication of the degree of credit risk for that security. With the exception of the Loomis Sayles-High Yield and the MCM Aggregate Bond portfolios, bonds purchased and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P and Fitch's). The average quality of each portfolio must be better than A3 (Moody's) or A- (S & P and Fitch's). For Loomis Sayles-High Yield, bonds must have a minimum quality rating of B3 (Moody's) or B- (S & P and Fitch's) at the time of purchase. The fixed income securities for the MCM Aggregate Bond portfolio should have a minimum quality rating of (Moody's) or A- (S & P and Fitch's), with the exception of 15% of the portfolio, which may have a minimum quality rating of Baa2 (Moody's) or BBB (S & P and Fitch's).

As of December 31, 2007 the Pension Trust Fund had the following average credit quality ratings of investments in fixed income securities:

<u>Average Quality Ratings *</u>	<u>Fair Value</u>
AAA	\$ 26,115
AA1	3,848
AA2	3,004
AA3	2,407
A1	8,849
A2	45,020
A3	7,898
BAA1	16,672
BAA2	19,980
BAA3	32,189
BA1	15,598
BA2	14,715
BA3	12,084
B1	19,731
B2	5,584
B3	4,266
CAA1	14,290
NR	20,382
<b>Total Credit Risk Fixed Income Securities</b>	<b>272,632</b>
<b>U.S. Government and Agencies</b>	<b>85,875</b>
<b>Mutual Funds (Not Rated)</b>	<b>345,310</b>
<b>Total Investment in Fixed Income</b>	<b>\$ <u>703,817</u></b>

\*This represents the average rating of the Moody's, S & P and Fitch's rating services. The rating symbols are those used by Moody's.

### Note 3- Deposits and Investments (Continued)

#### Concentration of Credit Risk-Investments-Pension Trust Fund

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer, generally investments in any one issuer that represents 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. For the year ending December 31, 2007, the Pension Trust Fund has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of total plan net assets.

#### Foreign Currency Risk Investments-Pension Trust Fund

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Pension Trust Fund's exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments.

As of December 31, 2007 the Pension Fund had the following investments exposed to foreign currency risk:

<b>Current Unit</b>	<b>Fixed Income Incl Conv Deb</b>	<b>Cash and Cash Equivalents</b>	<b>Total</b>
Australian Dollar	\$ 1,682	\$ -	\$ 1,682
Brazilian Real	1,455	-	1,455
British Pond Sterling	-	4	4
Canadian Dollar	4,273	-	4,273
Euro Currency Unit	-	4	4
Iceland Krona	1,909	-	1,909
Mexican New Paso	2,747	-	2,747
Singapore Dollar	2,378	-	2,378
South Korean Won	1,624	-	1,624
Thailand Baht	1,413	-	1,413
<b>Totals</b>	<b>\$ 17,481</b>	<b>\$ 8</b>	<b>\$ 17,489</b>

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

### Note 4- Receivables

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

## Note 4- Receivables (Continued)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Accounts	\$ 21,094	\$ -	\$ -	\$ -	\$ 21,526
Taxes:					
Current Levy	250,733	-	-	-	250,733
Delinquent	11,778	-	-	-	11,778
Interest	5,615	-	-	-	5,615
Notes	1,260	2,759	-	-	4,019
Other	8,730	-	109	-	8,839
Due from Other Governments	<u>36,168</u>	<u>-</u>	<u>610</u>	<u>-</u>	<u>36,778</u>
Gross Receivables	335,378	2,759	719	-	338,856
Less: Allowance for Uncollectibles	<u>(9,367)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,367)</u>
Net Total Receivables	<u>\$ 326,011</u>	<u>\$ 2,759</u>	<u>\$ 719</u>	<u>\$ -</u>	<u>\$ 329,489</u>

Of the delinquent taxes receivable of \$ 11,778, \$ 6,490 are not expected to be collected within one year.

At December 31, 2007 accounts receivable and the allowance for uncollectibles accounts of the Enterprise funds are as follows:

	<u>Airport</u>	<u>Transit System</u>	<u>Total</u>
Receivables:			
Accounts	\$ 4,976	\$ -	\$ 4,976
Other	79	3,769	3,848
Due from Other Governments	<u>-</u>	<u>3,620</u>	<u>3,620</u>
Gross Receivables	5,055	7,389	12,444
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 5,055</u>	<u>\$ 7,389</u>	<u>\$ 12,444</u>

All amounts are expected to be collected within one year.

The gross amount of notes receivable consisted of the following at December 31, 2007:

General Fund	\$ 1,260
Debt Service Fund	<u>2,759</u>
Total Notes Receivable	<u>\$ 4,019</u>
Amounts Due Within One Year	<u>\$ 1,124</u>
Amounts Due In More Than One Year	<u>\$ 2,895</u>

#### Note 4- Receivables (Continued)

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

##### Unearned Revenue - Governmental Activities:

2007 Property Tax Levy	\$ 250,733
Delinquent Tax Receivables	5,337
State and Federal Revenue Unavailable for Current Expenditures	2,615
Other Unearned Revenue	4,339
Deferred Credits – Behavioral Health	113
<b>Total Deferred Revenue</b>	<b>\$ 263,137</b>
Deferred Credits – Public Works Services	220
Less: Amounts Earned but Not Available	(11,971)
<b>Net Unearned Revenue</b>	<b>\$ 251,386</b>

##### Unearned Revenue - Business-Type Activities:

Airport – Lease Revenue	\$ 13,061
Deferred Credits – Transit	2,899
<b>Total Unearned Revenue</b>	<b>\$ 15,960</b>

[This section intentionally left blank]

## Note 5- Capital Assets

### Primary Government

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2007.

	Beginning Balance	Transfer of Behavioral Health Assets	Subtotal After Transfer of Behavioral Health Assets	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>						
<b>Capital Assets, not being Depreciated:</b>						
Land	\$ 59,520	\$ -	\$ 59,520	\$ -	\$ -	\$ 59,520
Construction in progress	60,155	754	60,909	36,865	(79,687)	18,087
<b>Total Capital Assets, not being Depreciated</b>	<b>119,675</b>	<b>754</b>	<b>120,429</b>	<b>36,865</b>	<b>(79,687)</b>	<b>77,607</b>
<b>Capital Assets, Being Depreciated</b>						
Land Improvements	197,469	1,634	199,103	31,110	-	230,213
Buildings	548,230	24,352	572,582	12,050	-	584,632
Fixed Equipment Buildings	31,595	13,176	44,771	4,409	-	49,180
Infrastructure	132,048	-	132,048	8,578	(2,564)	138,062
Machinery and Equipment	77,604	5,094	82,698	7,677	(161)	90,214
Vehicles and related Equipment	36,691	-	36,691	2,903	(619)	38,975
Furniture and Fixtures	2,583	-	2,583	120	-	2,703
<b>Total Capital Assets, Being Depreciated</b>	<b>1,026,220</b>	<b>44,256</b>	<b>1,070,476</b>	<b>66,847</b>	<b>(3,344)</b>	<b>1,133,979</b>
<b>Less: Accumulated Depreciation</b>						
Land Improvements	(109,030)	(1,478)	(110,508)	(9,997)	-	(120,505)
Buildings	(263,354)	(17,423)	(280,777)	(16,698)	-	(297,475)
Fixed Equipment Buildings	(14,328)	(11,475)	(25,803)	(2,610)	-	(28,413)
Infrastructure	(54,735)	-	(54,735)	(7,031)	2,564	(59,202)
Machinery and Equipment	(46,099)	(4,851)	(50,950)	(7,774)	39	(58,685)
Vehicles and related Equipment	(23,989)	-	(23,989)	(2,390)	549	(25,830)
Furniture and Fixtures	(709)	-	(709)	(76)	2	(783)
<b>Total Accumulated Depreciation</b>	<b>(512,244)</b>	<b>(35,227)</b>	<b>(547,471)</b>	<b>(46,576)</b>	<b>3,154</b>	<b>(590,893)</b>
<b>Net Capital Assets Being Depreciated</b>	<b>513,976</b>	<b>9,029</b>	<b>523,005</b>	<b>20,271</b>	<b>(190)</b>	<b>543,086</b>
<b>Governmental Activities Capital Assets- Net</b>	<b>\$ 633,651</b>	<b>\$ 9,783</b>	<b>\$ 643,434</b>	<b>\$ 57,136</b>	<b>\$(79,877)</b>	<b>\$ 620,693</b>

Governmental activities capital assets, net of accumulated depreciation, at December 31, 2007 are comprised of the following:

General Capital Assets, Net	\$563,141
Internal Service Fund Capital Assets, Net	57,552
<b>Total Capital Assets, Net</b>	<b>\$620,693</b>

## Note 5- Capital Assets (Continued)

### Primary Government (Continued)

Depreciation was charged to governmental functions as follows:

Legislative and Executive, and Staff	\$	4,318
Courts and Judiciary		52
General Governmental Services		72
Public Safety		6,693
Public Works and Highways		15,639
Human Services		4,051
Parks, Recreation, and Culture		15,751
<b>Total Depreciation Expense</b>	<b>\$</b>	<b><u>46,576</u></b>

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2007.

	<u>Beginning</u> <u>Balance</u>	Transfer of Behavioral Health <u>Assets</u>	Subtotal After Transfer of Behavioral Health Assets	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<b>Business-type Activities</b>						
<b>Capital Assets, not being Depreciated</b>						
Land	\$ 22,441	\$ -	\$ 22,441	\$ 14	\$ (1,089)	\$ 21,366
Construction in progress	103,776	(754)	103,022	27,982	(114,558)	16,446
<b>Total Capital Assets, not being Depreciated</b>	<b>126,217</b>	<b>(754)</b>	<b>125,463</b>	<b>27,996</b>	<b>(115,647)</b>	<b>37,812</b>
<b>Capital Assets, Being Depreciated</b>						
Land Improvements	127,123	(1,634)	125,489	19,756	(3,702)	141,544
Buildings	193,684	(24,352)	169,332	27,791	(31,606)	165,517
Fixed Equipment Buildings	103,279	(13,176)	90,103	84,154	(9,279)	164,978
Machinery and Equipment	15,173	(5,094)	10,079	1,903	(312)	11,670
Vehicles and related Equipment	151,103	-	151,103	3,593	(40)	154,656
Furniture and Fixtures	2,412	-	2,412	-	(2)	2,409
<b>Total Capital Assets, Being Depreciated</b>	<b>592,774</b>	<b>(44,256)</b>	<b>548,518</b>	<b>137,197</b>	<b>(44,941)</b>	<b>640,774</b>
<b>Less: Accumulated Depreciation</b>						
Land Improvements	(83,806)	1,478	(82,328)	(5,880)	2,088	(86,120)
Buildings	(144,069)	17,423	(126,646)	(2,618)	25,990	(103,275)
Fixed Equipment Buildings	(27,420)	11,475	(15,945)	(5,644)	14	(21,575)
Machinery and Equipment	(9,518)	4,851	(4,667)	(1,166)	301	(5,532)
Vehicles and related Equipment	(89,389)	-	(89,389)	(10,895)	41	(100,242)
Furniture and Fixtures	(1,479)	-	(1,479)	(87)	16	(1,550)
<b>Total Accumulated Depreciation</b>	<b>(355,681)</b>	<b>35,227</b>	<b>(320,454)</b>	<b>(26,290)</b>	<b>28,450</b>	<b>(318,294)</b>
<b>Net Capital Assets Being Depreciated</b>	<b>237,093</b>	<b>(9,029)</b>	<b>228,064</b>	<b>110,907</b>	<b>(16,491)</b>	<b>322,480</b>
<b>Business-type Activities Capital Assets- Net</b>	<b>\$ 363,310</b>	<b>\$ (9,783)</b>	<b>\$ 353,527</b>	<b>\$ 138,903</b>	<b>\$ (132,138)</b>	<b>\$ 360,292</b>

## Note 5- Capital Assets (Continued)

### Primary Government (Continued)

Depreciation was charged to business-type activities as follows:

Airport	\$	13,795
Transit System		<u>13,023</u>
<b>Total Depreciation Expense</b>	<b>\$</b>	<b><u>26,818</u></b>

Increases in accumulated depreciation of \$ 26,290 include depreciation expense of \$ 26,818 and adjustments during the year of \$ 528 so as to agree to asset values in County capital asset detail. The adjustment was for assets that had been depreciated and eliminated from presentation in prior year financials but should have continued to be presented. A similar increase was made to capital assets for this adjustment.

### Discretely Presented Component Units

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

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

Building Improvements	\$	16,943
Parking Structure and Improvements		2,439
Furniture and Fixtures		65
Equipment and Computers		1,666
Less: Accumulated Depreciation		<u>(9,900)</u>
<b>Total Capital Assets, Net</b>	<b>\$</b>	<b><u>11,213</u></b>

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

Construction in progress	\$	936
Building additions and improvements		19,221
Furniture, equipment and exhibits improvements		9,444
Living Collections		24
Less: Accumulated depreciation		<u>(9,616)</u>
<b>Total Capital Assets, Net</b>	<b>\$</b>	<b><u>20,009</u></b>

The former Private Industry Council of Milwaukee County has new leadership and has been removed from the County's financial statements

## Note 5- Capital Assets (Continued)

### Primary Government (Continued)

#### Construction Commitments

Following is a list of major capital projects either started or continuing in 2007. These reflect projects for both governmental funds and proprietary funds.

Project Area	Project Description	2007	2007	Committed
		Appropriations	Expenditures	
Airport	"C" Concourse Four Gate Expansion	\$ 18,972	\$ 15,641	1,993
Airport	Compressed Natural Gas Facility	511	143	348
Airport	D Concourse Improvements	1,893	1,605	57
Airport	Firehouse Road Replacement Basic	980	748	93
Airport	GMIA- Bag Claim Remodeling	1,320	140	721
Airport	GMIA- C Concourse Gate Taxiway	3,270	211	74
Airport	GMIA- E Concourse Stem Remodeling	7,418	4,833	875
Airport	GMIA- In-line Baggage Screening	13,418	4,144	4,439
Airport	GMIA- Outer Taxiway Extension	1,104	1,090	8
Airport	GMIA- Part 150 Noise Study	709	378	217
Airport	GMIA- Pavement Rehabilitation	740	675	19
Airport	GMIA- Phase I Mitigation Program	2,281	163	906
Airport	GMIA- Runway Safety Improvement	1,026	227	420
Airport	GMIA- South Maintenance Road	1,515	605	106
Airport	GMIA- Terminal Road Reconstruction	493	227	60
Airport	GMIA-C Concourse Hydrant Fuel	2,186	200	114
Airport	Interactive Training Kiosks	562	150	412
Airport	LJTA- Pavement Rehabilitation	332	76	-
Airport	LJTA- R/W & TW Rehabilitation	158	225	-
Airport	LJTA Security Card Access Upgrade	153	152	-
Airport	North Fixed Based Operator Apron	681	124	-
Airport	Runway Safety Area - NEPA Compliance	799	352	367
Airport	Terminal HVAC Replacements Basic	2,038	1,144	729
Airport	West Perimeter Road Construction	61	62	-
BHD	Fire Alarm System - Elevator C	316	193	-
BHD	Psychiatric Fire Alarm System	274	305	10
Central Services	CATC "C" Building Roof Replace	1,060	501	106
Central Services	County Grounds East Water Tower	746	116	18
Courthouse Complex	Courthouse Annex Renovation	2,152	674	318
Courthouse Complex	Courthouse Complex Automation and Access	551	97	381
Courthouse Complex	Courthouse HVAC System Basic Planning	181	73	71
Courthouse Complex	Criminal Justice Facility Inmate Elevator Upgrade	716	482	204
Environmental	Bradford Outfall Basic Planning	1,733	243	491
Environmental	Countywide Sanitary Sewers Repair	3,056	1,982	351
Environmental	NPS - Grantosa Creek	177	144	24
Environmental	Pond and Lagoon Demonstration	612	68	194
Highways	Bridge Rehabilitation- West Hampton Avenue Bridge	15	53	-
Highways	Honey Creek Bridge #779	676	313	285

## Note 5- Capital Assets (Continued)

### Primary Government (Continued)

#### Construction Commitments (Continued)

<u>Project Area</u>	<u>Project Description</u>	<u>2007 Appropriations</u>	<u>2007 Expenditures</u>	<u>2007 Committed</u>
Highways	Honey Creek Parkway Bridge #780	\$ 677	\$ 235	\$ 376
Highways	Mill Road 91st to South 45 Basic	443	153	13
Highways	Milwaukee River Parkway Bridge	1,917	69	7
Highways	NHS East College/South Howell	604	93	44
Highways	NHS Good Hope/South 107th- North Port Road	307	69	57
Highways	Reconstruct CTH "V" South 13th	569	138	13
Highways	Reconstruct Hampton From 92nd	610	163	11
Highways	Reconstruct North Port Washington	688	238	18
Highways	South 76th Street- Puetz to Imperial	1,517	78	7
Highways	South. 76th Street to West. Forest Home	1,511	1,465	-
Highways	South. 76th Street West. Parkview Drive	3,922	2,759	345
Highways	West College Ave. Whitnall Park	30	70	-
Highways	West Oak Avenue Over Honey Creek	94	72	8
Highways	West Rawson Avenue 27th to 6th	162	210	8
Highways	West Rawson Avenue 27th To Ash	2,042	1,797	132
Highways	West Silver Spring Drive- North 124th	1,249	364	166
HOC	House of Correction Fire Suppression System	686	58	561
HOC	Lotter Replace-Convert HVAC	180	187	-
HOC	Replace Boiler Room Condensate	143	140	-
HOC	Replace Hot Water Heaters	210	159	43
HOC	Ventilate Tailor Shop	137	134	-
Human Services	Kelly-Bathroom Renovation Basic Planning	194	78	9
Human Services	Vliet Exterior Improvement	751	205	420
Human Services	West Entrance Accessibility	93	92	7
Museum	Electrical Distribution Replacement	1,245	293	75
Museum	Security/Fire/Life Safety System Replacement	136	139	3
Other Agencies	Back-Up and City Milwaukee Data Center	79	72	-
Other Agencies	Capital Monitoring Database	721	163	448
Other Agencies	Centralized Disc to Disc Backup	150	123	-
Other Agencies	Centralized Disk to Disk Backup	52	50	-
Other Agencies	County Special Assessments	284	268	-
Other Agencies	Criminal Justice Facility Property Room Conveyor Belt	150	129	1
Other Agencies	Fiber Backbone Construction & Installation	578	311	204
Other Agencies	Fleet Airport Equipment Construction	3,606	1,623	245
Other Agencies	Fleet General Equipment Construction	2,005	1,135	865
Other Agencies	Historical Society Renovation	1,040	892	9
Other Agencies	IMSD- DP Equipment Construction	568	518	25
Other Agencies	Marcus Center T.W. Theater Electrical	136	108	14
Other Agencies	Milwaukee County Inclusive Housing Fund	2,000	383	-
Other Agencies	Rewire County Facilities Construction	543	94	69
Other Agencies	Server Virtualization Construction	207	192	5
Other Agencies	Storage Subsystem	52	60	-

## Note 5- Capital Assets (Continued)

### Primary Government (Continued)

### Construction Commitments (Continued)

<u>Project Area</u>	<u>Project Description</u>	<u>2007 Appropriations</u>	<u>2007 Expenditures</u>	<u>2007 Committed</u>
Other Agencies	Upgrade 64 Mobile Data Computers	\$ 83	\$ 70	\$ 11
Other Agencies	War Memorial Center Renovation	265	64	120
Other Agencies	War Memorial HVAC Replacement Boiler	1,998	1,703	65
Other Agencies	Wil-O-Way Underwood Roof Replacement	139	102	-
Parks	Baran Park Facility Renovation	160	111	10
Parks	Bike Trail Development	202	110	-
Parks	Boerner Irrigation Basic Planning	185	128	41
Parks	Brown Deer Asphalt Construction	138	105	27
Parks	Countywide Play Area Redevelopment	493	508	27
Parks	Countywide Play Area Redevelopment	201	194	-
Parks	Countywide Trail and Hard Surface Program	363	233	5
Parks	Currie Golf Course Irrigation	363	77	236
Parks	Dineen Park Aquatic Splash Pad	562	282	292
Parks	Dineen Park Service Yard	111	83	32
Parks	Golf Course Improvements	246	172	11
Parks	Grant Park Golf Tee Renovation	217	197	21
Parks	Green Park Watermain	79	80	4
Parks	Greenfield Course Pavilion	30	120	-
Parks	Hansen Park Golf Course Parking	132	115	11
Parks	Jackson Picnic Comfort Building	143	51	-
Parks	Kosciuszko Gym Floor	174	116	59
Parks	Lake Park Lighthouse Renovate	1,142	1,120	52
Parks	Lake Park Stair Replacement	118	114	3
Parks	Lincoln Family Aquatic Center	1,137	251	37
Parks	Martin Luther King Jr. Auditorium Improvement	92	88	6
Parks	McCarty Park Changing Room	459	50	2
Parks	Menomonee River Streambank	301	288	55
Parks	Oak Leaf Bike Trail Saint Francis	79	69	-
Parks	Oak Leaf Bridge South Good Hope	148	127	40
Parks	Oak Leaf Trail Beloit Road	106	69	-
Parks	Oak Leaf Trail Loomis to Dretzka	322	278	16
Parks	Oak Leaf Trail- West Congress	555	71	-
Parks	Oakwood, Whitnall, and Brown Deer	126	66	-
Parks	O'Donnell Parking Structure-Gat	155	144	-
Parks	Pulaski Park Indoor Pool Roof	202	234	36
Parks	Ross Lodge Septic System	52	51	-
Parks	Saint Michaels/Meaux Park Playground	150	84	3
Parks	South Shore Bike Trail	2,329	2,206	450
Parks	South Shore Breakwater Basic Planning	606	176	20
Parks	Spall Repair & Paint	531	149	338
Parks	Wilson Park Recreation Center	1,262	172	116
Transit	Diesel Pump and UST Piping - F	150	133	-

## Note 5- Capital Assets (Continued)

### Primary Government (Continued)

#### Construction Commitments (Continued)

<u>Project Area</u>	<u>Project Description</u>	<u>2007 Appropriations</u>	<u>2007 Expenditures</u>	<u>2007 Committed</u>
Transit	Oil Interceptor - Fiebrantz Washhouse	\$ 235	\$ 233	\$ 15
Transit	On Bus Camera System	1,560	1,090	242
Transit	Replace Heater at Fond Du Lac Station	128	131	-
Transit	Replace Voice Response Unit MC	178	71	42
Transit	Schedule/Runcutting/Operators	356	273	86
Zoo	Asphalt Replacement Basic Planning	187	151	33
Zoo	Aviary Mesh Replacement/ Repair	59	56	-
Zoo	Aviary Skylight Replacement	232	228	7
Zoo	Brown Beer Restroom Basic Planning	102	93	6
Zoo	Electrical Distribution System	792	705	86
Zoo	Peck Welcome Center Restroom	177	154	19
Zoo	Small Mammal Renovations Basic Planning	112	88	21
Zoo	South Picnic Area Renovations Basic Planning	102	87	13

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.

[This section intentionally left blank]

## Note 6- Interfund Transfers

The composition of interfund transfers as of December 31, 2007 is as follows:

	Transfers From						Total
	General	Debt	Capital	Internal	Business	Business	
	Fund	Service	Projects	Service	Type	Type	
Transfers To		Fund	Fund	Fund	Airport	Transit	
General Fund	\$ -	\$ 5,150	\$ 23,367	\$ 24,567	\$ 12,238	\$ 3,184	\$ 68,506
Capital Projects	22,508	-	-	-	-	-	22,508
Debt Service	46,783	-	-	-	-	-	46,783
Internal Service							
Risk Management	135	-	-	-	-	-	135
IMSD	38,366	-	-	-	-	-	38,366
DPW	19,743	-	-	-	-	-	19,743
Business-type							
Airport	9,402	-	-	-	-	-	9,402
Transit	25,093	-	-	-	-	-	25,093
<b>Total</b>	<b>\$ 162,030</b>	<b>\$ 5,150</b>	<b>\$ 23,367</b>	<b>\$ 24,567</b>	<b>\$ 12,238</b>	<b>\$ 3,184</b>	<b>230,536</b>
<b>Less: Government-wide eliminations</b>							<b>(211,463)</b>
<b>Total Transfers- Government-wide Statement of Activities</b>							<b>\$ 19,073</b>

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

## Note 7- Leases

### Operating Leases- Primary Government

The County leases facilities, office equipment, and vehicles. Total costs for such leases were \$ 2,878 for the year ended December 31, 2007.

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

Year Ending	Amount
<u>December 31</u>	<u>Amount</u>
2008	\$ 2,504
2009	2,284
2010	1,921
2011	622
2012	594
<b>Total</b>	<b>\$ 7,925</b>

## Note 8- Long-term Liabilities

### Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Transfer of Behavioral Health to General Fund	Subtotal After Transfer of Behavioral Health to General Fund	Additions	Amortized Accretion, Loss, Discount Premium	Payments and Adjustments	Ending Balance	Due in One Year
<b>Governmental Activities:</b>								
General Obligation Bonds	\$ 418,112	\$ 6,708	\$ 424,820	\$ 33,422	\$ 692	\$ (36,083)	\$ 422,851	\$ 43,790
Pension Obligation	25,636	-	25,636	-	-	(1,267)	24,369	4,155
Unfunded Claims and Judgments	10,000	-	10,000	10,500	-	(500)	20,000	750
Risk Claims	8,448	-	8,448	6,181	-	(5,640)	8,989	5,583
Landfill Post-closure costs	4,871	-	4,871	-	-	(636)	4,235	885
Other Post Employment Benefits	-	-	-	107,692	-	(60,076)	47,616	-
Compensated Absences	42,128	9,852	51,980	20,611	-	(20,166)	52,425	25,583
<b>Totals</b>	<b>\$ 509,195</b>	<b>\$ 16,560</b>	<b>\$ 525,755</b>	<b>\$ 178,406</b>	<b>\$ 692</b>	<b>\$ (124,368)</b>	<b>\$ 580,485</b>	<b>\$ 80,746</b>
<b>Business-type Activities:</b>								
General Obligation Bonds	\$ 38,485	\$ (6,708)	\$ 31,777	\$ 203	\$ 32	\$ (2,537)	\$ 29,475	\$ 3,242
Revenue Bonds	178,025	-	178,025	13,567	26	(7,405)	184,213	7,415
Other Post Employment Benefits- Transit	-	-	-	16,921	-	(16,921)	-	-
Other Post Employment Benefits- Airport	-	-	-	1,906	-	-	1,906	-
Compensated Absences	24,888	(9,852)	15,036	5,984	-	(8,710)	12,310	6,727
Risk Claims	14,459	-	14,459	11,786	-	(12,880)	13,365	6,216
<b>Totals</b>	<b>\$ 255,857</b>	<b>\$ (16,560)</b>	<b>\$ 239,297</b>	<b>\$ 50,367</b>	<b>\$ 58</b>	<b>\$ (48,453)</b>	<b>\$ 241,269</b>	<b>\$ 23,600</b>

Compensated Absences consist of the following:

	Beginning Balance	Transfer of Behavioral Health to General Fund	Subtotal After Transfer of Behavioral Health to General Fund	Additions	Payments & Adjustments	Ending Balance	Due in One Year
<b>Governmental Activities:</b>							
Retirement sick pay payout	\$ 24,979	\$ 5,802	\$ 30,781	\$ 2,111	\$ (5,572)	\$ 27,320	\$ 2,894
Vacation time earned	13,565	3,315	16,880	14,830	(11,147)	20,563	18,147
Overtime earned	1,212	531	1,743	1,268	(1,114)	1,897	1,897
Holiday pay	2,372	204	2,576	2,402	(2,333)	2,645	2,645
<b>Totals</b>	<b>\$ 42,128</b>	<b>\$ 9,852</b>	<b>\$ 51,980</b>	<b>\$ 20,611</b>	<b>\$ (20,166)</b>	<b>\$ 52,425</b>	<b>\$ 25,583</b>

## Note 8- Long-term Liabilities (Continued)

### Changes in Long-term Liabilities (Continued)

Compensated Absences consist of the following (continued):

<b>Business-type Activities:</b>	Beginning	Transfer of	Subtotal After	Additions	Payments &	Ending	Due in
	<u>Balance</u>	Behavioral Health to General Fund	Transfer of Behavioral Health to General Fund				
Retirement sick pay payout	\$ 15,422	\$ (5,802)	\$ 9,620	\$ 1,040	\$ (3,390)	\$ 7,270	\$ 1,687
Vacation time earned	8,569	(3,315)	5,254	4,574	(5,054)	4,774	4,774
Overtime earned	599	(531)	68	72	(70)	70	70
Holiday pay	298	(204)	94	298	(196)	196	196
<b>Totals</b>	<b>\$ 24,888</b>	<b>\$ (9,852)</b>	<b>\$ 15,036</b>	<b>\$ 5,984</b>	<b>\$ (8,710)</b>	<b>\$ 12,310</b>	<b>\$ 6,727</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$ 61,910 of internal service funds long-term liabilities are included in the above figures. Also, for the governmental activities, claims and judgments and compensated absences are liquidated as they come due for payment and their adjustments are made at year end based on a detailed reevaluation of the account. As claims and judgments expenditures are incurred the general fund is used to liquidate the costs.

Prior to 2007, the Behavioral Health Division was reported as an enterprise fund. At December 31, 2006, it had a compensated absence liability of \$9,852. During 2007, the County began reporting the Behavioral Health Division as part of the General Fund. As a result of this reporting change, \$9,852 of liabilities related to compensated absences were transferred from the business-type activities to the governmental activities as shown in the schedules above. In 2007, in order to preserve the funding that had been set aside for this liability in prior years, the County contributed \$9,259 to the Behavioral Health Division Special Revenue Fund. The \$9,259 will be used towards future compensated absence costs for the Behavioral Health Division. The \$9,259 represents the 2006 liability of \$9,852 less \$593 of sick leave payouts made to retirees during 2007.

Risk claims includes accruals for workers compensation and other insurance claims of the Risk Management Fund and Transit System.

Unfunded claims and judgments include estimated costs for outstanding medical, environmental, and other claims. At December 31, 2007 the outstanding amount of claims and judgments due within one year totaled \$ 750. State and federal laws require the County to perform certain maintenance and monitoring functions

## Note 8- Long-term Liabilities (Continued)

### Changes in Long-term Liabilities (Continued)

at all of its solid waste landfill sites. Since all of the County's eleven landfill sites are no longer accepting waste, the total future costs of \$ 4,235 has been identified for maintenance and monitoring functions in accordance with Governmental Accounting Standards Board Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The funding for these post-closure costs will be included in future County tax levies.

### Governmental Activities

Proceeds from general obligation bonds issued during the year are budgeted for and recorded within the Capital Projects Fund and subsequently allocated to Business-Type 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.

Bond Issue	Governmental Activities General Obligation Debt					
	Date of Bonds	Final Maturity Date	Interest Rate	Original Indebted- ness	Principal Outstanding 12/31/07	Interest to Maturity
General Obligation Refunding Bonds, Series 1993A	10/15/93	12/01/11	5.04%	\$ 56,493	\$ 7,926	\$ 12,640
General Obligation Museum Refunding Bonds, Series 1999A	05/27/99	10/01/13	4.67%	2,290	1,060	184
General Obligation Corporate Purpose Refunding Bonds, Series 1999A	03/01/99	10/01/12	4.22%	31,030	14,757	1,885
General Obligation Corporate Purpose Bonds, Series 1999A	05/01/99	10/01/14	4.48%	45,622	3,273	327
General Obligation Corporate Purpose Bonds, Series 2000A	03/01/00	09/01/15	5.46%	44,860	6,264	505
Refunding Bonds (Taxable), Series 2001A	06/01/01	12/01/11	6.06%	2,610	1,000	155
Corporate Purpose Refunding Bonds, Series 2001A	10/01/01	12/01/11	3.92%	45,376	25,828	2,116
General Obligation Corporate Purpose Bonds, Series 2001A	04/01/00	10/01/16	4.40%	37,830	20,599	5,150
Refunding Bonds, Series 2002A	06/01/02	09/01/10	3.98%	55,841	21,307	2,130

## Note 8- Long-term Liabilities (Continued)

### Governmental Activities (Continued)

Bond Issue	Date of Bonds	Final Maturity Date	Interest Rate	Original Indebtedness	Principal Outstanding 12/31/07	Interest to Maturity
General Obligation Corporate Purpose Bonds, Series 2002A	02/01/02	08/01/17	4.20%	\$ 36,926	\$ 22,813	\$ 6,427
General Obligation Refunding Bonds, Series 2003A	07/01/03	08/01/17	3.48%	92,151	93,515	20,575
General Obligation Refunding Bonds, Series 2003B	10/01/03	12/01/08	1.97%	32,848	6,280	157
General Obligation Corporate Purpose Bonds, Series 2003A	02/01/03	08/01/18	3.95%	23,237	16,946	5,256
General Obligation Corporate Purpose Bonds, Series 2004A	02/01/04	08/01/19	3.72%	25,095	21,124	5,808
Wisconsin Trust Loan	05/19/04	03/15/09	6.00%	19,167	8,303	742
General Obligation Corporate Purpose Bonds, Series 2005A	11/01/05	12/01/20	4.24%	22,619	21,494	7,304
General Obligation Refunding Bonds, Series 2005B	11/01/05	10/01/15	3.89%	58,929	59,273	14,305
General Obligation Corporate Purpose Bonds, Series 2006A	04/01/06	10/01/21	4.14%	29,501	29,319	12,377
General Obligation Corporate Purpose Bonds, Series 2007A	06/01/07	12/01/22	4.12%	32,422	32,422	13,063
Wisconsin Trust Loan	09/01/07	03/15/17	5.25%	1,000	1,000	319
<b>Total Governmental Activities -- General Obligation Debt</b>					<b>\$ 414,503</b>	<b>\$ 111,425</b>
Discount					(881)	
Loss					(7,094)	
Accretion					9,595	
Premium					6,728	
<b>Total Governmental Activities -- General Obligation Debt, Net</b>					<b>\$ 422,851</b>	
Short-Term					43,790	
Long-Term					379,061	
<b>Total Debt per Statement of Net Assets -- Governmental Activities</b>					<b>\$ 422,851</b>	

The ratio of the aggregate indebtedness of all taxing authorities located within the County to equalized value of the taxable property was approximately 3.91% including .67% related to direct County indebtedness at December 31, 2007. Wisconsin Statutes limit the County's direct general obligation borrowing to an amount equivalent to 5% of the equalized valuation of taxable property. At December 31, 2007 under Wisconsin Statutes, the County could borrow an additional \$ 2,903,638.

At December 31, 2007, the weighted average interest rate of general obligation bonds and notes outstanding was 4.41%.

## Note 8- Long-term Liabilities (Continued)

### Governmental Activities (Continued)

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

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2008	\$ 43,790	\$ 18,257	\$ 62,047
2009	44,447	19,718	64,165
2010	43,536	17,699	61,235
2011	43,422	16,720	60,142
2012	47,021	10,152	57,173
2013-2017	156,433	24,939	181,372
2018-2022	<u>35,854</u>	<u>3,940</u>	<u>39,794</u>
	414,503	<u>\$111,425</u>	<u>\$ 525,928</u>
Discount	(881)		
Loss	(7,094)		
Accretion	9,595		
Premium	<u>6,728</u>		
Total Debt Service	<u>\$ 422,851</u>		

On June 1 2007, the County issued \$ 32,625 of General Obligation Corporate Purpose Bonds, Series 2007A. Total proceeds of \$ 30,147 (par amount of bond issue of \$ 30,125, plus accrued interest of \$ 22) 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 of the County's 2007 Adopted Capital Improvement Budget. The bonds of \$ 32,422 and \$ 203 were recorded in Governmental Activities and the Business-type Activities columns on the Statement of Net Assets, respectively. Major expenditure categories include:

Highways and Bridges	\$ 4,347
Transit, Parks, Recreation and Culture, Health & Human Services, and General Government	<u>28,278</u>
<b>Total</b>	<u>\$ 32,625</u>

These bonds have semi-annual interest payments on June 1 and December 1 through 2022. The interest rate is 4.0% for 2008 through 2019, 4.125% from 2020 through 2021, and 4.25% in 2022.

## Note 8- Long-term Liabilities (Continued)

### 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 \$184,213 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 31, 2032. 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 were \$16,620 and \$23,376, respectively, resulting in net revenues of 143% of annual debt service for 2007. The total principal and interest remaining to be paid on the bonds is \$297,655.

#### Business-type Activities General Obligation and Revenue Bond Debt

Bond Issue	Date of bonds	Final Maturity Date	Interest Rate	Original Indebted- ness	Principal Outstanding 12/31/07	Interest to Maturity
General Obligation Refunding Bonds, Series 1993A	10/15/93	12/01/11	5.04%	\$ 1,207	\$ 158	\$ 252
General Obligation Airport Bonds, Series 1999A	05/01/99	10/01/14	4.60%	6,825	3,185	598
General Obligation Corporate Purpose Bonds, Series 1999A	05/01/99	10/01/14	4.48%	4,803	303	30
General Obligation Corporate Purpose Refunding Bonds, Series 1999A	03/01/99	10/01/12	4.22%	1,695	758	97
General Airport Revenue Bonds, Series 2000A	06/01/00	12/01/25	5.80%	83,565	66,120	36,760
General Obligation Corporate Purpose Bonds, Series 2000A	03/01/00	09/01/15	5.46%	2,365	336	27
Airport Refunding Bonds, Series 2001A	10/01/01	12/01/11	4.47%	1,450	580	64
Corporate Purpose Refunding Bonds, Series 2001A	10/01/01	12/01/11	3.92%	4,549	1,922	157
General Obligation Corporate Purpose Bonds, Series 2001A	04/01/00	10/01/16	4.40%	3,495	1,901	475
Refunding Bonds, Series 2002A	06/01/02	09/01/10	3.98%	7,109	2,268	227
General Obligation Corporate Purpose Bonds, Series 2002A	02/01/02	08/01/17	4.20%	4,299	2,437	687
General Airport Revenue Bonds, Series 2003A	01/01/03	12/01/22	4.88%	7,125	5,625	2,303
General Obligation Refunding Bonds, Series 2003A	07/01/03	08/01/17	3.48%	8,111	6,510	1,432

## Note 8- Long-term Liabilities (Continued)

### Business-type Activities (Continued)

#### Business-type Activities General Obligation and Revenue Bond Debt

Bond Issue	Date of bonds	Final Maturity Date	Interest Rate	Original Indebtedness	Principal Outstanding 12/31/07	Interest to Maturity
General Obligation Refunding Bonds, Series 2003B	10/01/03	12/01/08	1.97%	\$ 702	\$ 125	\$ 3
General Obligation Corporate Purpose Bonds, Series 2003A	02/01/03	08/01/18	3.95%	2,713	2,104	653
General Airport Revenue Bonds, Series 2004A	03/31/04	12/01/29	4.47%	37,360	34,640	21,255
General Obligation Corporate Purpose Bonds, Series 2004A	02/01/04	08/01/19	3.72%	1,855	1,521	427
General Obligation Corporate Purpose Bonds, Series 2005A	11/01/05	12/01/20	4.24%	1,991	905	323
General Airport Revenue Bonds, Series 2005A	12/22/05	12/01/30	4.90%	29,010	28,745	23,308
Airport Refunding Bonds, Series 2005B	12/22/05	12/01/14	3.65%	7,755	6,255	1,042
General Obligation Refunding Bonds, Series 2005B	11/01/05	10/01/15	3.89%	4,096	3,327	803
General Obligation Corporate Purpose Bonds, Series 2006A	04/01/06	10/01/21	4.14%	2,094	810	365
General Airport Revenue Bonds, Series 2006A	11/16/06	12/01/31	4.60%	25,665	25,665	18,472
Airport Refunding Bonds, Series 2006B	10/01/06	12/01/15	4.08%	5,020	3,440	687
General Airport Revenue Bonds, Series 2007A	11/15/07	12/01/32	4.60%	13,445	13,445	9,893
General Obligation Corporate Purpose Bonds, Series 2007A	06/01/07	12/01/22	4.12%	203	203	86
<b>Total Business-Type Debt</b>					<b>\$ 213,288</b>	<b>\$ 120,426</b>
Discount					(2,773)	
Loss					(451)	
Accretion					191	
Premium					3,433	
<b>Total Business-Type Debt, Net</b>					<b>\$ 213,688</b>	
Short-Term General Obligation Debt					\$ 3,242	
Short-Term Airport Revenue Bonds					7,415	
Long-Term General Obligation Debt					26,233	
Long-Term Airport Revenue Bonds					176,798	
<b>Total Debt Per Statement of Net Assets-Business-type Activities</b>					<b>\$ 213,688</b>	

## Note 8- Long-term Liabilities (Continued)

### Business-type Activities (Continued)

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

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2008	\$ 10,657	\$ 10,756	\$ 21,413
2009	11,099	10,300	21,399
2010	10,899	9,791	20,690
2011	10,751	9,290	20,041
2012	11,127	8,672	19,799
2013-2017	50,846	35,257	86,103
2018-2022	44,815	22,863	67,678
2023-2027	40,705	11,037	51,742
2028-2032	22,389	2,459	24,848
	<u>213,288</u>	<u>\$ 120,425</u>	<u>\$ 333,713</u>
Discount	(2,773)		
Loss	(451)		
Accretion	191		
Premium	3,433		
Total Debt Service	<u>\$ 213,688</u>		

### Business-type Activities- Revenue Bonds

On November 15, 2007, the County issued \$13,445 of Airport Revenue Bonds, Series 2007A. The 2007 Bonds are special obligations of the County, payable solely from revenue of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's Airport Revenue Bonds, Series 2000A, dated June 1, 2000, Airport Revenue Bonds, Series 2003A, dated January 1, 2003, Airport Revenue Bonds, Series 2004A, dated March 31, 2004, Airport Revenue Bonds, Series 2005A, dated December 15, 2005, Airport Revenue Bonds, Series 2006A, dated November 16, 2006 (the "Outstanding Revenue Bonds"), and any additional airport revenue bond which may hereafter be issued by the County, as provided in the General Resolution. The 2007 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2007 Bonds. The 2007 Bonds have semi-annual interest payments on June 1 and December 1. The Airport Revenue Bonds, Series 2007A interest rate is 5.0% for 2008 through 2019, 4.13% for 2020, 4.25% for 2021 through 2022, 4.5% for 2023 through 2027, and 5.0% for 2028 through 2032.

## **Note 8- Long-term Liabilities (Continued)**

### **Business-type Activities- Revenue Bonds (Continued)**

On November 16, 2006, the County issued \$25,665 of Airport Revenue Bonds, Series 2006A. The 2006 Bonds are special obligations of the County, payable solely from revenue of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's Airport Revenue Bonds, Series 2000A, dated June 1, 2000, Airport Revenue Bonds, Series 2003A, dated January 1, 2003, Airport Revenue Bonds, Series 2004A, dated March 31, 2004, Airport Revenue Bonds, Series 2005A, dated December 15, 2005 (the "Outstanding Revenue Bonds"), and any additional airport revenue bond which may hereafter be issued by the County, as provided in the General Resolution. The 2006 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2006 Bonds. The 2006 Bonds have semi-annual interest payments on June 1 and December 1. The Airport Revenue Bonds, Series 2006A interest rate is 4.0% for 2008 through 2016, 5.00% for 2021 through 2031.

On December 22, 2005 the County issued \$29,010 of Airport Revenue Bonds, Series 2005A. The 2005 Bonds are special obligations of the County, payable solely from revenue of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds, and any additional airport revenue bond which may hereafter be issued by the County, as provided in the General Resolution. The 2005 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2005 Bonds. The 2005 Bonds have semi-annual interest payments on June 1 and December 1. The Airport Revenue Bonds, Series 2005A interest rate is 4.0% for 2006 through 2014, 5.25% for 2015 through 2026, 4.875% for 2027 through 2029, and 4.7% for 2030. The Series 2005A Bonds are not callable for redemption prior to December 1, 2016.

On March 31, 2004, the County issued \$37,360 of Airport Revenue Bonds, Series 2004A. The bonds are special obligations of the County, payable solely from revenues of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds. The Series 2004 Bonds are not a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the bonds. The bonds have semi-annual interest payments on June 1 and December 1 through 2029. The interest rate is 2.0% for 2005 and 2006, 2.5% for 2007, 3.0% for 2008 and 2009, 5.0% for 2010 through 2017, 4.625% for 2018 through 2024, and 4.50% for 2025 through 2029.

## **Note 8- Long-term Liabilities (Continued)**

### **Business-type Activities- Revenue Bonds (Continued)**

On January 1, 2003, the County issued \$7,125 of Airport Revenue Bonds, Series 2003A. The bonds are special obligations of the County, payable solely from revenues of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds. The Series 2003 Bonds are not a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the bonds. The bonds have semi-annual interest payments on June 1 and December 1 through 2022. The interest rate is 3.0% for 2004 through 2006, 3.25% for 2007 and 2008, 3.75% for 2009, 4.00% for 2010, 4.25% for 2011, 4.50% for 2012, 4.625% for 2013, 5.0% for 2014-2016, 5.25% for 2017-2019, and 5.5% for 2020 through 2022.

On June 22, 2000, the County issued \$83,565 of Airport Revenue Bonds, Series 2000A. The bonds are special obligations of the County, payable solely from revenues of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds. The Series 2000 Bonds are not a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the bonds. The bonds have semi-annual interest payments on June 1 and December 1 through 2020 with \$18,350 term bonds due December 1, 2025. The interest rate is 5.50% for 2003 through 2004, 5.00% for 2005, 5.75% for 2006 through 2008, 5.25% for 2009 through 2010, 5.75% for 2011, and 6.00% for 2012 through 2020. The interest rate is 5.75% for the term bonds due December 1, 2025.

### **Prior-Year Defeasance of Debt**

In prior years, the County defeased certain general obligation bonds and Airport revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased notes and bonds are not included in the County's financial statements. At December 31, 2007, \$ 60,485 of bonds outstanding is considered defeased.

### **Debt Issued on Behalf of Other Entities/ Conduit Debt**

Prior to 2007, the County had approved the issuance of variable rate demand revenue bonds (VRDRB) for the benefit of private non-profit corporations. VRDRB's are secured by letter of credit agreements from outside banks and do not constitute indebtedness of the County. Accordingly, the bonds were not reported as liabilities in prior financial statements. There was \$15,635 of outstanding VRDRB's as of the end of 2006. During 2007, the VRDRB's were

## **Note 8- Long-term Liabilities (Continued)**

### **Debt Issued on Behalf of Other Entities/ Conduit Debt (Continued)**

fully paid off with cash or through the issuance of promissory notes by the non-profit corporations.

In 2003, the County guaranteed \$ 14,400 of loans for a local corporation. The loans are secured by mortgages and a cash trust of \$ 5,435 on certain buildings. The loan and guarantee remain unchanged.

In 2004, the County provided a guarantee of \$ 1,000 of the \$ 3,200 loan of a non-profit corporation for the purchase of a building. The guarantee is secured by a second mortgage on the purchased building. The guarantee decreases over the term of the loan and is currently \$ 400.

In order to develop the Milwaukee County Research Park, the City of Wauwatosa created the Tax Incremental District #2 (TID) in 1994. In 1997, the Wauwatosa Redevelopment Authority issued redevelopment lease revenue bonds of \$8,860 to fund infrastructure development costs in TID #2. In 2004, the Wauwatosa Redevelopment Authority issued lease revenue bonds of \$ 24,500 for construction of facilities at the Milwaukee County Research Park located in TID #2. In 2007, the Wauwatosa Redevelopment Authority retired \$7,100 of principal remaining on the 1997 bonds with redevelopment refunding lease revenue bonds of \$6,200. The County has agreed to guarantee the payment of the lease revenue bonds, if the tax increments generated by Tax Incremental District #2 are insufficient to pay principal and interest due on the 2004 and 2007 notes. The 2004 and 2007 redevelopment lease notes outstanding as of December 31, 2007 was \$ 23,500 and \$6,200, respectively.

The County had guaranteed the repayment of a working line of credit and note agreement in the amount of \$6,000 made to Milwaukee Public Museum by two local banks. As of the end of 2007, the outstanding balance of note and line of credit was \$4,980. In February 2008, the note and line of credit were fully paid off by contributions received by the Milwaukee Public Museum, which effectively eliminated this guarantee.

[This section intentionally left blank]

## Note 9- Net Assets

### Governmental Activities

Restricted net assets consist of the following:

Net Assets- Restricted for Debt Service	\$	6,071
Net Assets- Restricted for Aging CMO		5,779
Net Assets- Restricted for Airport PFC		32,603
Net Assets- Restricted for Health & Safety		112
Net Assets- Restricted for Zoo		587
Net Assets- Restricted for Parks		853
Net Assets- Restricted for Persons with Disabilities		124
Net Assets- Restricted for Behavioral Health Division		9,671
<b>Total</b>	<b>\$</b>	<b>55,800</b>

### Business-type Activities

Restricted net assets consist of the following:

Net Assets- Restricted for Revenue Bonds	\$	13,049
Net Assets- Restricted for Airport Capital Asset Needs		5,121
<b>Total</b>	<b>\$</b>	<b>18,170</b>

### Discretely Presented Component Units

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

Restricted for Building Account-War Memorial	\$	66
Restricted for Programming Events- Marcus Center for the Performing Arts		14
Restricted for Development Fund-Research Park		165
<b>Total</b>	<b>\$</b>	<b>245</b>

[This section intentionally left blank]

## Note 9- Net Assets (Continued)

### Discretely Presented Component Units (Continued)

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

#### Temporarily Restricted

Exhibits and Museum Renovations	\$	1,486
Educational Lecture Costs		97
Purchase and Maintenance of Collections		649
Restricted for time		558
Held by Friends of the Museum		100
Capital Campaign		482
Purchase and Maintenance of Collections - Internship Programs		433 77
<b>Total Temporarily Restricted Assets</b>	<b>\$</b>	<b><u>3,882</u></b>

#### Permanently Restricted

Operations	\$	768
Special Exhibits		287
Starr Adventure and internship		71
<b>Total Permanently Restricted Assets</b>	<b>\$</b>	<b><u>1,126</u></b>

## Note 10- Risk Management

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

All funds of the County except for the Transit System participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a claims reserve. In accordance with Governmental Accounting Standards Board Statement No 10, a liability for claims is reported when it is probable that a loss

**Note 10- Risk Management (Continued)**

has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. 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. The claims liability at December 31, 2007 was \$ 8,989.

The County has recognized \$ 8,989 of claims liabilities in the Risk Management Fund. The Risk Management Fund has \$ 8,989 of cash to pay for this liability. Changes in the balances of claim liabilities during the past two years are as follows:

	Year ended <u>12/31/2007</u>	Year ended <u>12/31/2006</u>
Beginning of year Liability	\$ 8,448	\$ 9,114
Current Year Claims and Changes in Estimates	6,181	4,953
Claims Payments	<u>(5,640)</u>	<u>(5,619)</u>
End of Year Liability	<u>\$ 8,989</u>	<u>\$ 8,448</u>

The claims liability for the Transit System at December 31, 2007 was \$ 13,365. The Transit System has recognized \$ 13,365 of claims liability in the Transit System fund. Changes in the Transit System balances of the claims liability for the past two years are as follows:

	Year ended <u>12/31/2007</u>	Year ended <u>12/31/2006</u>
Beginning of year Liability	\$ 14,459	\$ 11,641
Current Year Claims and Changes in Estimates	11,835	14,747
Claims Payments	<u>(12,929)</u>	<u>(11,929)</u>
End of Year Liability	<u>\$ 13,365</u>	<u>\$ 14,459</u>

**Note 11- Related Party Transactions**

Milwaukee County provides funds required for the operation of the War Memorial Center, Charles Allis/ Villa Terrace Art Museums and Marcus Center for the Performing Arts. To the extent these funds exceed actual disbursements, such excess is required to be returned to Milwaukee County. Milwaukee County and the War Memorial Center agreed that when revenues exceed budget, the War Memorial Center is permitted to create a reserve account whereas up to \$ 25 can be deposited annually. These funds are to be used in future years for the War Memorial Center's operational needs. Total appropriations received by the Memorial for 2007 were \$ 1,748. Interest earned on the investment of excess

## **Note 11- Related Party Transactions (Continued)**

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

The Milwaukee County Treasurer's office acts as the trustee for the Charles Allis Art Museum Trust. Distributions from the trust totaling \$ 8 were made to the Memorial during 2007.

Effective January 1, 2006, the Marcus Center for the Performing Arts was granted tax-exempt status by the Internal Revenue Service and the Wisconsin Department of Revenue and now operates as a separate entity. Total appropriations received by the Marcus Center from Milwaukee County for the fiscal year ending December 31, 2007 were \$ 1,280.

Milwaukee County has legal title to the Milwaukee Public Museum building, exhibits and artifacts, including any building improvements and additions funded by the County or the Milwaukee Public Museum. All such assets are leased to the Milwaukee Public Museum under a long-term lease.

Milwaukee County and the Milwaukee Public Museum entered into an agreement, which provides for the not-for-profit operations and management of the Museum. The agreement, effective March 31, 1992, encompasses (1) the lease and management of the Museum and (2) the transition of employees to MPM, Inc. The lease and management agreement includes annual rental payments of \$10.00 (ten dollars) and is renewable every five years through March 31, 2042. MPM, Inc. is responsible for all real estate taxes (if any), utilities, insurance, normal repair and maintenance expenses. The agreement also provides for substantially equivalent employee benefits for all employees then employed by the County who became employees of MPM, Inc. in 1992. The County is responsible for, among other items, any special assessments, structural repairs and capital projects. The agreement also requires the County to pay annual support. As a result of the amendment to the agreement in fiscal 1999, the base annual support level of \$ 4,300 since April 1992 remained in effect through March 21, 2002, at which time the County and MPM, Inc. were required to renegotiate a new base level funding agreement.

An amendment was made to the lease agreement in 2005, which committed the County to \$3,381 of base level funding. In 2007, the lease agreement was amended again as part of a recovery plan for the Milwaukee Public Museum. The amendment provides for base annual operating support of \$ 3,502 per year for 10 years beginning in 2008 and ending in 2017. In addition, the County committed to a minimum of \$ 4,000 of in capital expenditures over a period of five years for infrastructure and deferred maintenance projects. Total payments

## **Note 11- Related Party Transactions (Continued)**

for the Milwaukee Public Museum's years ended August 31, 2007, and 2006 was \$ 3,328, and \$ 3,462, respectively.

Milwaukee County and the Milwaukee County Research Park Corporation entered into a ground lease for 100 years commencing March 24, 1993 at \$ 1.00 (one dollar) per year. This lease covers approximately 158 acres consisting of the southwest quadrant, the Watertown Plank Road Park and Ride Lot and approximately 15 acres of northeast quadrant of the Milwaukee County grounds located in Wauwatosa, Wisconsin.

Milwaukee County and the Milwaukee County Research Park Corporation entered into a lease, dated March 15, 1993 to manage and sublease the Technology Innovation Center (TIC), also known as M-1. By an agreement, dated September 30, 1998, the lease was extended through September 30, 2003 with three additional five-year option periods commencing October 1, 2003. On July 18, 2000, the Milwaukee County Research Park Corporation exercised the first option period extending the lease through September 30, 2008. The rentable space now comprises most of the basement and the entire first through fifth floors of the building. The rent due to Milwaukee County is based on space actually occupied by tenants and requires the Milwaukee County Research Park Corporation to charge annual base rentals of not less than \$ 7.50 (seven dollars and 50 cents) per tenant occupied space foot, payable monthly. Discounts to the base rental amount require approval by Milwaukee County. As occupancy occurs, the Milwaukee County Research Park Corporation will pay Milwaukee County 66-2/3% of the base rent collected.

## **Note 12- Subsequent Events**

In May 2008, the County issued \$ 30,860 million of General Obligation Corporate Purpose Bonds, Series 2008A. The bonds are being used to finance capital projects pursuant to the County's 2008 Adopted Capital Improvement Budget.

## **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, including Environmental Protection Agency claims. 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.

## **Note 13- Commitments and Contingencies (Continued)**

### **Storm and Sanitary Sewer System**

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 from the County. Storm water shall not be allowed to flow into the metropolitan sanitary system. The order will require future capital and operating commitments. For 2008, the commitment is \$ 2,250.

### **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, 2007.

## **Note 14- Other Post-employment Benefits**

### ***Countywide Program (excluding Transit System)***

#### **Description and Provisions**

The County administers single-employer defined benefit healthcare and life insurance plans for retired employees. The plans provide health and life insurance contributions for eligible retirees and 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, Section 17.14. The retirement health benefit is non-contributory for retirees with 15 or more years of service who were hired before January 1, 1994. Retirees with less than 15 years of service pay full premium. Retiree health insurance premiums are charged at different rates than active employees. Retirees may enroll in either a self-insured Health Maintenance Organization (HMO) or a self-insured Preferred Provider Option (PPO). The non-contributory health benefit includes reimbursement of the Medicare Part B premium for retirees and covered spouses. Employees hired on and after January 1, 1994 are responsible for the full cost of the health insurance premiums upon retirement. These employees shall have the full value of their accrued sick allowance at the time of retirement

## **Note 14- Other Post-employment Benefits (Continued)**

### ***Countywide Program (excluding Transit System)(Continued)***

#### **Description and Provisions (Continued)**

(total hours accrued times the hourly rate at the time of retirement) credited toward the cost of health insurance after retirement. See Note 1.D.6 for information regarding the County's accrued sick leave liability as of December 31, 2007.

The retiree life insurance benefits are authorized by County Ordinance, Section 62.02. Employees hired prior to January 1, 1994 who retire with no break in service from active employee status retain group term life insurance coverage under the same contribution schedule as when actively employed. Life insurance coverage is the amount in force at retirement. A coverage reduction schedule takes effect at age 65 when the plan becomes non-contributory. Employees hired on and after January 1, 1994 are responsible for the full cost of the life insurance premiums upon retirement.

#### **Funding Policy**

The health insurance and life insurance benefits for retirees are financed on a pay-as-you-go basis with current tax levy funds. The County pays 100 percent of the health insurance premium for employees 15 or more years of service that were hired before January 1, 1994. Retirees with less than 15 years of service and employees hired on and after January 1, 1994 are responsible for 100 percent of the health insurance premium after retirement. Employees who retire with no break in service from active employee status that were hired before January 1, 1994 pay group term life insurance premiums at the same contribution schedule as when actively employed. Employees hired on and after January 1, 1994 pay 100 percent of the life insurance premiums upon retirement.

#### **Annual OPEB Cost and Net OPEB Obligation**

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or asset) over a period not to exceed thirty years.

## Note 14- Other Post-employment Benefits (Continued)

### *Countywide Program (excluding Transit System)(Continued)*

#### Annual OPEB Cost and Net OPEB Obligation (Continued)

The following schedules provide the components of the County's 2007 OPEB costs:

##### **Schedule of Annual OPEB Costs For the Year Ending December 31, 2007**

Normal Cost	\$	13,802
Amortization of Unfunded Actuarial Accrued Liability		95,796
Annual Required Contribution (ARC)		109,598
Interest on Net OPEB Obligation		-
Adjustment to the ARC		-
<b>Annual OPEB Cost</b>	<b>\$</b>	<b>109,598</b>

##### **Schedule of Employer Contributions for the Year Ending December 31, 2007**

Premiums Paid on Behalf of Retirees	\$	61,042
Less: Retiree Contributions		(966)
<b>Net Employer Contribution</b>	<b>\$</b>	<b>60,076</b>

**Percent of Annual OPEB Cost Contributed by Employer** 54.8%

##### **Schedule of Net OPEB Obligation For the Year Ending December 31, 2007**

Annual OPEB Cost	\$	109,598
Less: Net Employer Contributions		(60,076)
<b>Net OPEB Obligation</b>	<b>\$</b>	<b>49,522</b>

#### Funded Status and Funding Progress

As of January 1, 2006, the most recent actuarial valuation date, the County's OPEB plan was not funded. The actuarial accrued liability for benefits was \$1,313,632, and there was no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,313,632. The annual payroll of active employees covered by the plan was \$99,327, and UAAL as a percentage of covered payroll was 7.6 percent.

#### 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.

## Note 14- Other Post-employment Benefits (Continued)

### *Countywide Program (excluding Transit System)(Continued)*

#### Actuarial Assumptions and Methods (Continued)

Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amount determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and estimates are revised. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements. As this is the initial year of reporting on the plan's funding progress, only one year of information is presented.

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

Valuation Date	January 1, 2006
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Payments
Remaining Amortization Period	30 Years
Asset Valuation Method	Not Applicable
<b>Actuarial Assumptions:</b>	
Investment Rate of Return	6.0%
Healthcare Cost Trend:	
Less than 65 Years of Age	12.0% Grading Down to 6% at 1% Per Year
65 Years of Age and Older	10.0% Grading Down to 6% at 1% Per Year
Mortality	Sex-Distinct RP2000 Combined Mortality Table
Disability	Graduated Rates Based Upon Current Age
Retirement Age	Estimates Vary Based Upon Historical Experience of the County
Withdrawal	Graduated Rates Based Upon Current Age, Years of Service, and Employment Category
Rate of Salary Increases	Varies from 3.8% to 8.0% Based Upon Current Age and Employment Category

## **Note 14- Other Post-employment Benefits (Continued)**

### ***Countywide Program (excluding Transit System)(Continued)***

#### **Contributions Required and Contributions Made**

The County does not have a formal funding policy for its OPEB plans. It funds the costs for retiree health insurance and life insurance premiums on an annual pay-as-you-go basis property tax levy.

As of December 31, 2007, the County had 6,097 retirees enrolled in a health plan. The 2007 expenditures retiree healthcare costs were \$60,192. The County's 2007 expenditures also included reimbursement of Medicare Part B premiums for health plan retirees of \$5,601. The total health plan expenditures were offset by \$797 in retiree contributions for certain retirees who were responsible for the partial or full health benefit premium cost.

As of December 31, 2007, the County had 2,159 retirees enrolled in the group life insurance plan. The 2007 expenditures for the group life insurance plan were \$850. The total life insurance expenditures were offset by \$169 in retiree contributions for certain retirees who were responsible for the partial or full health benefit premium cost.

#### ***Transit System Program***

##### **Description and Provisions**

Milwaukee Transport Services, Inc. (the "Transit System") provides single-employer defined benefit healthcare and life insurance benefits for retired employees. The retiree healthcare and life insurance benefits are provided pursuant to the general labor agreement between the Transit System 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. Employees hired after July 16, 2007 are not eligible for retiree healthcare benefits. Employees eligible for pension benefits who retire before April 1, 2007 with ten (10) or more years of service are eligible for retiree healthcare benefits. Employees eligible for pension benefits who retire after April 1, 2007 with less than twelve (12) years of service will not be eligible for retiree healthcare benefits. Employees eligible for pension benefits who retire after April 1, 2009 with less than fourteen (14) years of service will not be eligible for retiree healthcare benefits. Effective July 1, 2007, all participants are required to contribute a portion of their healthcare insurance premium up to a maximum of 10 percent by January 1, 2010. Surviving spouses eligible for Medicare may continue healthcare coverage under the plan provided the surviving spouse pays 100 percent of the healthcare insurance premium. For surviving spouses not eligible for Medicare and dependent children, the Transit

## **Note 14- Other Post-employment Benefits (Continued)**

### ***Transit System Program (Continued)***

#### **Description and Provisions (Continued)**

System will pay one-half (½) of the healthcare insurance premium until the spouse becomes eligible for Medicare or remarries, provided the employee has completed at least twelve (12) years of service. Retiree healthcare insurance premiums are charged at the same rates as active employees. Retirees may enroll in either of two (2) Health Maintenance Organization plans (HMO) or a Preferred Provider Option plan (PPO).

The Transit System pays the full premiums on a term life insurance policy for all employees who have retired onto pension, at the face value in effect at the time of retirement. The face value for employees retiring before April 1, 2001 range from \$500 to \$16,500 (five-hundred to sixteen-thousand five-hundred dollars). The face value for employees retiring after April 1, 2001 but before April 1, 2007 is \$8,500 (eight-thousand five-hundred dollars). The face value for employees retiring after April 1, 2007 is \$9,000 (nine-thousand dollars).

#### **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 Transit System 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 payroll 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 Transit System's intent to contribute the annual OPEB expense, after payment of the net retiree healthcare and life insurance premiums, into a trust.

#### **Annual OPEB Cost and Net OPEB Obligation**

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

## Note 14- Other Post-employment Benefits (Continued)

### *Transit System Program (Continued)*

#### Annual OPEB Cost and Net OPEB Obligation (Continued)

The following schedule provides the components of the Transit System's 2007 OPEB costs:

#### **Schedule of Annual OPEB Costs For the Year Ending December 31, 2007**

Normal Cost	\$	5,554
Amortization of Unfunded Actuarial Accrued Liability		11,635
Annual Required Contribution (ARC)		17,189
Interest on Net OPEB Obligation		-
Adjustment to the ARC		-
<b>Annual OPEB Cost</b>	<b>\$</b>	<b>17,189</b>

#### **Schedule of Employer Contributions for the Year Ending December 31, 2007**

Premiums Paid on Behalf of Retirees	\$	12,356
Contribution to OPEB Trust		8,500
Less: Retiree and Survivor Contribution		(1,399)
Less: Medicare Part D		(424)
<b>Net Employer Contribution</b>	<b>\$</b>	<b>19,033</b>

**Percent of Annual OPEB Cost Contributed by Employer** 110.7%

#### **Schedule of Net OPEB Obligation For the Year Ending December 31, 2007**

Annual OPEB Cost	\$	17,189
Less: Net Employer Contributions		(19,033)
<b>Net OPEB Obligation (Asset)</b>	<b>\$</b>	<b>(1,844)</b>

#### Funded Status and Funding Progress

As of December 31, 2006, the most recent actuarial valuation date, the Transit System's OPEB plan was not funded. The actuarial accrued liability for benefits was \$181,862, and there was no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$181,862. The annual payroll of active employees covered by the plan was \$61,732, and the ratio of UAAL to the covered payroll was 2.95 to 1.

## Note 14- Other Post-employment Benefits (Continued)

### *Transit System Program (Continued)*

#### Actuarial Assumptions and Methods

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

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

Valuation Date	December 31, 2006
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 Years
Asset Valuation Method	Not Applicable
<b>Actuarial Assumptions:</b>	
Investment Rate of Return	8.0%
Healthcare Cost Trend:	
Healthcare	9% Grading Down to 5% at 1% Per Year
Prescription Drugs	12% Grading Down to 5% at 1% Per Year
Mortality	1983 Group Annuity Mortality Table
Disability	Graduated Rates Based Upon Current Age
Retirement Age	Estimates Vary Based Upon Historical Experience of the Transit System
Withdrawal	Graduated Rates Based Upon Current Age, Years of Service, and Employment Category
Rate of Salary Increases	3% per Year

## **Note 14- Other Post-employment Benefits (Continued)**

### ***Transit System Program (Continued)***

#### **Contributions Required and Contributions Made**

The Transit System's policy is to fully fund its OPEB plan. The Transit System funds its annual OPEB cost with operating revenues and tax levy support from Milwaukee County and the State of Wisconsin. As of December 31, 2007, the Transit System had 967 retirees and survivors enrolled in the HMO and PPO healthcare plans. The 2007 expenditures for the HMO and PPO healthcare plans were \$ 12,087. The total HMO and PPO expenditures were offset by \$ 1,399 in retiree contributions for certain retirees and survivors who were responsible for the partial or full health benefit premium cost, and \$424 in Medicare Part D reimbursements.

As of December 31, 2007, the Transit System had 850 retirees enrolled in the life insurance plan. The 2007 expenditures for the life insurance plan were \$269. There were no employee contributions towards the life insurance plan.

## **Note 15- Employee Retirement Systems and Pension Plans**

### **Plan Description and Provisions**

Milwaukee County has one retirement plan ("Retirement System"), which consists of two different systems that cover two different groups of employees within the Milwaukee County workforce. The systems within the one retirement plan are the Employees' Retirement System of the County of Milwaukee and the OBRA 1990 Retirement System of the County of Milwaukee. All assets accumulated for the payment of benefits within the retirement plan may legally be used to pay any member or beneficiary of two systems within the plan.

**Employees' Retirement System of the County of Milwaukee ("ERS") –** Substantially all full-time employees of the County are participants in the ERS, which was created by Section 201.24 of the County Ordinances, and which is a single-employer defined benefit pension plan that is substantially non-contributory.

A participant, who terminates employment after five years of credited service is eligible for a deferred vested pension, beginning as of the participant's normal retirement date. The normal retirement benefit is a monthly pension for the life of the participant. For deputy sheriff participants with less than 15 years of service, the normal retirement age is 57 or age 55 and 15 years of service. For all other participants, the normal retirement age is 60, although some labor agreements additionally require at least five years of creditable service at age 60. Active participants are also eligible to retire when their age added to their years of

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

### **Plan Description and Provisions (Continued)**

service equals 75. The County ordinance and labor agreement require an employee to be a member prior to a stated date in order to qualify for the "rule of 75".

The normal retirement benefit payment for a participant whose continuous membership began prior to January 1, 1982, is equal to 2.5% for elected officials, and 2.0% for all other participants, of the participant's three year final average monthly salary, as defined in the Ordinances and labor agreement, multiplied by the number of years of credited service. Except for represented deputy sheriffs and elected officials, employees whose membership in the ERS began before January 1, 1982, will receive a bonus added to their final average salary of 7.5% for each year of service credit earned after January 1, 2001 up to a maximum bonus of 25% of final average salary.

The amount of normal retirement benefit payable for represented deputy sheriffs hired before July 1, 1995 is equal to 2.5% and hired after June 30, 1995 is 2.0% times the participant's five-year final average monthly salary, as defined in labor agreements, multiplied by the number of years of credited service. The amount of normal retirement benefit payable for a participant whose continuous membership began after January 1, 1982 is as follows: 2.5% for non-represented deputy sheriffs, deputy sheriff lieutenants, deputy sheriffs employed in the Executive Compensation Plan and DA investigators hired before July 1, 1995; 2% for non-represented deputy sheriffs, deputy sheriff lieutenants, deputy sheriffs employed in the Executive Compensation Plan, DA investigators hired after June 30, 1995; 2% for elected officials, firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all other participants, of the participant's five-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service.

Those employees whose membership in the ERS began after December 31, 1981, or for a non-represented Deputy Sheriff, whose service began after June 30, 1995, will have all service credited after January 1, 2001 with a 2% multiplier. Also, for each year of pension service earned after January 1, 2001, eight years of service earned prior to January 1, 2001, shall be credited with an additional .5% multiplier.

Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2.0% COLA of the benefit paid for the first full month of retirement. However, the maximum benefit payable, excluding any post-retirement increases, to a participant cannot exceed the sum of 80% of the participant's final average monthly salary.

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

### **Plan Description and Provisions (Continued)**

Beginning in 2001, the ERS also provides for a “back drop” pension benefit that permits an employee to receive both a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member will be entitled to from a prior date (back drop date) to the date that the member terminates employment plus interest compounded monthly. The backdrop date must be at least one year prior to the termination date and the member must have been eligible to retire as of that date. In addition the member will be entitled to a COLA adjusted monthly pension benefit as if the member had retired on the backdrop date. Non-represented employees and elected officials hired on or after March 15, 2002 are not eligible to receive the backdrop pension benefit and individuals elected after March 15, 2002 are not eligible to receive the additional .5% pension benefit multiplier. All benefit payments under the plan are subject to the limitations prescribed by Section 415 of the IRS Code.

Participants should refer to applicable ordinances or labor agreements for more complete information.

The County issues a publicly available financial report that includes financial statements and required supplementary information for the ERS and OBRA. The financial report may be obtained by writing to the Pension Board, 901 North 9<sup>th</sup> Street, Room 210-C, Milwaukee, Wisconsin 53233 or by calling (414) 278-4207.

**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 ERS. Assets of the OBRA system are commingled for investment purposes with the assets of the ERS. The OBRA system is a single-employer defined benefit pension plan that is non-contributory

The normal retirement benefit is payable upon request of any participant that has attained age 65. The amount of the normal retirement benefit is equal to one-twelfth of 2% of the participants average compensation multiplied by years of service (not in excess of 30). Average compensation is equal to the total earnings accumulated during the participant’s employment with the County for years subsequent to December 31, 1991.

The County issues a publicly available financial report that includes financial statements and required supplementary information for the ERS and OBRA. The financial report may be obtained by writing to the Pension Board, 901 North 9<sup>th</sup> Street, Room 210-C, Milwaukee, Wisconsin 53233 or by calling (414) 278-4207.

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

### **Summary of Significant Accounting Policies- Pension Fund**

**Basis of Accounting** – The financial information of the ERS was prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred. On an annual basis, the County performs an actuarial valuation of the plan's assets and liabilities.

**Expenses** – Administrative expenses incurred by the County related to the ERS are payable by the ERS to the County. Such expenses totaled \$ 916 and \$ 988, in 2007 and 2006, respectively.

**Investments** – Investments, primarily stocks, bonds, certain governmental 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 are valued at estimated fair value, as provided by the ERS's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method. Assets of the OBRA are commingled for investment purposes with the assets of the ERS.

**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.

**Security Lending** – The Milwaukee County Employees' Retirement System is authorized by County Ordinance and Board of Trustee policies to lend its investment securities. The ERS's custodian manages the securities lending activity. The Securities Lending Agreement may be terminated at anytime by either party upon written notice to the other party. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior-period losses during the year. There are no income distributions owing on the securities lent. The average term of loans is one week.

The ERS participates in a security-lending program for the lending of corporate bonds, equity and government securities to qualified brokers. Collateral received for securities loaned consists primarily of cash. Other forms of collateral are letters of credit and government agency securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial

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

### Summary of Significant Accounting Policies- Pension Fund (Continued)

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 the securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The net investment income earned on collateral is divided between the custodian, as a fee for its services under the programs and the ERS, according to agreed upon rates. For 2007 and 2006, the net investment income realized from the security lending was \$ 414 and \$ 283 respectively.

Securities loaned and the collateral held were as follows:

	<u>As of December 31</u>	
	<u>2007</u>	<u>2006</u>
Fair Value of Securities Loaned:	\$ 111,038	\$ 154,351
Fair Value of Collateral:	\$ 113,823	\$ 159,323
Percent Collateral to Securities Loaned:	102.51%	103.22%

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

The collateral received from securities lending transactions includes cash of \$ 105,540 and \$ 153,669 and U.S. Treasury securities of \$ 8,283 and \$ 5,654, for the years ending December 31, 2007 and 2006, respectively. Under the terms of the securities lending agreement, the ERS has the right to sell or pledge the cash collateral. Non-cash collateral in the amount of \$ 8,283 and \$ 5,654 for years ended December 31, 2007 and 2006, respectively, is controlled by the custodian and, correspondingly, is not reflected in the financial statements.

### Actuarial Assumptions and Methods

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

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

### Actuarial Assumptions and Methods (Continued)

	<u>ERS</u>	<u>OBRA</u>
Valuation Date	1/1/08	1/1/08
Actuarial Cost Method	Entry Age Normal	Unit Credit Method
Amortization Method	Level Percent of Payroll, Closed	Level Percent of Payroll, Closed
Remaining Amortization Period	5-30 Years	5-30 Years
Asset Valuation Method	5-Year smoothed Market	Market

#### **Actuarial Assumptions:**

Investment Rate of Return	8.0%	8.0%
Projected Salary Increases	3.5%	3.0%
Mortality-Healthy Pensioners	Sex-Distinct UP- 1994 Mortality Table	Sex-Distinct UP- 1994 Mortality Table
Mortality-Disabled Pensioners	RP2000 Disabled Mortality Table	-
Inflation Rate	3.0%	3.0%

### 2008 Changes in Plan Provisions or Actuarial Assumptions

- Changed maximum period for backdrop period to earliest unreduced benefit.
- Increased annual compensation limit to \$ 230,000.
- Increased annual benefit limit to \$ 185,000.

### 2007 Changes in Plan Provisions or Actuarial Assumptions

- Changed disability assumption from assuming 100% of disabilities are Ordinary to 10% Ordinary and 90% Accidental for represented employee and 95% Ordinary and 5% Accidental for non-represented employees.
- Changed the backdrop assumption from 70% of eligible employees elect a backdrop with an average backdrop period of four years to 75% of eligible employees elect a backdrop, where 75% are assumed to take the maximum period available to them and 25% take half the maximum period available.
- Increase annual compensation limit to \$ 225,000.
- Increase annual benefit limit to \$ 180,000.

### 2006 Changes in Plan Provisions or Actuarial Assumptions

- Increased annual compensation limit to \$ 220,000.
- Increased annual benefit limit to \$ 175,000.
- Decrease in the discount rate to 8.0%
- Increase in backdrop utilization assumption from 50% to 70%

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

### **Actuarial Assumptions and Methods (Continued)**

#### **2005 Changes in Plan Provisions or Actuarial Assumptions**

- Increase annual compensation limit to \$ 210,000.
- Increase annual benefit limit to \$ 170,000.

### **Contributions Required and Contributions Made**

The ERS' funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages for annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Entry Age Normal method of funding. The ERS also uses the level percentage of payroll method to amortize the unfunded liability over a 30-year period in 2007. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

The County makes contributions to the ERS based upon actuarially determined contribution requirements, as well as additional contributions at the discretion of the County Board. Actuarially determined contribution requirements are set during the County's budget process. The data available for the determination is based upon the prior fiscal year's demographics. The actuarially determined contribution requirements set during the budgeting process may differ from the annual required contribution (ARC) for the current period as a result of changes in plan provisions implemented subsequent to approval of the County budget. During the year, the ERS accrues only those contributions that the County is statutorily required to pay. This consists of those contributions that were included in the County's current year budget and any additional contributions that may have been committed at the discretion of the County Board.

[This section intentionally left blank]

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

**Contributions Required and Contributions Made (Continued)**

Three year Trend Information for the ERS and OBRA are as follows:

	Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
ERS	12/31/07	\$ 53,063	94.1%	\$ 24,369
	12/31/06	52,638	52.1%	25,636
	12/31/05	37,608	94.2%	-
	Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
OBRA	12/31/07	\$ 558	108.9%	\$ -
	12/31/06	499	92.6%	-
	12/31/05	386	94.5%	-

County contributions totaling \$ 49,291 and \$ 27,435 were recorded in 2007 and 2006 respectively. The 2007 and 2006 contributions were less than the total actuarial required contribution using the Entry Age Normal method of funding with normal cost computed as a level percentage of pay. The County's contributions to the ERS were 21.7% and 12.3% of annual covered payroll for 2007 and 2006, respectively.

OBRA's funding policy provides for an annual County contribution at an actuarially determined rate. Liabilities and contributions are computed using the Unit Credit method of funding. OBRA also used the Unit Credit method to amortize the unfunded liability over a 30-year period. The actuarial accrued liability of OBRA at December 31, 2007 and 2006 was \$ 4,077 and \$ 3,843 respectively, leaving net assets available less than the actuarial accrued liability of (\$ 2,722) and (\$ 2,582) respectively. The County made contributions to the OBRA system totaling \$ 529 in 2007.

The accrued pension payable at December 31, 2007 of \$ 49,794 represents the pension expense of ERS and OBRA recorded in 2007 that will be paid by June 2008.

## Note 16- Restatement of Fund Balance and Net Assets

### *Enterprise Fund Behavioral Health Division*

Effective January 1, 2007 the County accounted for its Behavioral Health Division (BHD) as a component of the General Fund. Prior to January 1, 2007, these activities were accounted for and reported as an enterprise fund. The County has restated its December 31, 2006 net assets, General Fund fund balance and Nonmajor Governmental Funds fund balance to reflect this change in accounting reporting. To facilitate the change from the full accrual basis to the modified accrual basis, the capital assets, accumulated depreciation, and related debt of BHD were removed from the enterprise funds and transferred to the General Fund. In addition to reporting BHD as a component of the General Fund, the compensated absences liability and related assets that were previously reported in the BHD enterprise fund are now reported as part of the BHD special revenue fund which is included in the Nonmajor Governmental Funds.

The entries relating to these reporting changes are detailed below:

	General Fund	Nonmajor Governmental Funds	Behavioral Health Enterprise Fund
Fund Balance/Net Assets, December 31, 2006 (as reported)	\$ 39,280	\$ 36,000	\$ 4,326
Add (Deduct):			
Reclassification (to) from other fund types	4,326	-	(4,326)
Cash and investments	(9,852)	9,852	-
Capital assets, net of accumulated depreciation	(9,783)	-	-
Long-term obligation	16,560	-	-
Fund Balance/Net Assets, December 31, 2006 (as restated)	<u>\$ 40,531</u>	<u>\$ 45,852</u>	<u>\$ -</u>
		Governmental Activities	Business Activities
Net Assets, December 31, 2006 (as previously reported)		\$ 239,011	\$ 215,627
Add (Deduct):			
Reclassification of net assets (to) from other fund types		4,326	(4,326)
Net Assets, December 31, 2006 (as restated)		<u>\$ 243,337</u>	<u>\$ 211,301</u>

## Note 16- Restatement of Fund Balance and Net Assets (Continued)

### *Component Units*

As previously described in Note 1, The Private Industry Council of Milwaukee County is no longer a component unit of Milwaukee County. As a result, total component unit net assets have been restated as follows:

	Component Units
Net Assets, December 31, 2006 (as reported)	\$ 5,604
Add (Deduct):	
Remove Net Assets of Private Industry Council	<u>16</u>
Net Assets, December 31, 2006 (as restated)	<u>\$ 5,620</u>

## Note 17- Pending Governmental Accounting Standards

In November 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement provides guidance on accounting and financial reporting for pollution (including contamination) remediation obligations which result from remediation activities to address existing pollution problems. Pollution *prevention* or *control* activities with respect to current operations are excluded from this Statement. Future pollution remediation activities required upon retirement of an asset, such as landfill closure, are addressed under previous statements. The County is required to implement Statement No. 49 for the fiscal year ending December 31, 2008. The County will examine the requirements of this Statement to determine if it is applicable to any County activities and its potential financial impact.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires governmental entities to assign a value to and capitalize intangible assets. GASB defines an intangible asset as an asset that lacks physical substance, is non-financial in nature, and has a useful life of more than one year. The County is required to implement Statement No. 51 for the fiscal year ending December 31, 2010. The County will examine the requirements of this Statement to determine if it is applicable to the County and its potential financial impact.

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **Schedules of Funding Progress and Employer Contributions**

#### **Employee's Retirement System**

##### **Retirement System**

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

##### **OBRA**

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

#### **Other Postemployment Benefits (OPEB)**

##### **Countywide Program**

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

##### **Transit System Program**

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

**County Of Milwaukee**  
**Required Supplementary Information**  
**Schedules of Funding Progress-Pension Plan**  
(In Thousands of Dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability-AAL (b)	Funded Ratio (a/b)	(Overfunded) Unfunded AAL-UAAL (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Retirement System</u>						
1/1/08	\$ 1,627,288	\$ 2,024,923	80.36%	\$ 397,635	\$ 227,364	174.88%
1/1/07	1,525,532	1,931,220	78.99%	405,688	223,005	181.92%
1/1/06	1,454,302	1,909,321	76.17%	455,019	225,722	201.58%
1/1/05	1,424,918	1,782,884	79.90%	357,966	209,796	170.60%
1/1/04	1,446,726	1,707,999	84.70%	261,273	233,478	111.90%
1/1/03	1,446,860	1,542,045	93.80%	95,185	234,679	40.60%
<u>OBRA</u>						
1/1/08	\$ 1,355	\$ 4,077	33.23%	\$ 2,722	\$ 8,284	32.8%
1/1/07	1,261	3,843	32.80%	2,582	7,057	36.6%
1/1/06	1,090	3,530	30.90%	2,440	8,353	29.2%
1/1/05	944	2,872	32.90%	1,928	8,406	22.9%
1/1/04	790	2,535	31.15%	1,745	8,397	20.8%
1/1/03	674	2,049	32.90%	1,376	8,596	16.0%

\* These amounts represent actuarial value of assets in excess of actuarial accrued liabilities.

Note: Analysis of the dollar amounts of plan assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the Retirement System.

**County Of Milwaukee**  
**Required Supplementary Information**  
**Schedules of Employer Contributions-Pension Plan**  
**For the Year Ended December 31**  
(In Thousands of Dollars)

	<u>Fiscal Year</u>	<u>Annual Pension Costs (APC)</u>	<u>Annual Required Contribution (ARC)</u>	<u>Contribution</u>	<u>Percentage APC Contributed</u>	<u>Net Pension Obligation</u>
<u>Retirement System</u>	2007	\$ 48,024	\$ 52,395	\$ 49,291	102.64%	\$ 24,369
	2006	52,548	52,638	27,435	52.20%	25,636
	2005	37,608	37,438	35,415	94.16%	-
	2004	33,248	33,248	35,249	106.02%	(2,000)
	2003	25,242	23,131	33,981	134.62%	-
	2002	8,528	7,536	2,580	30.25%	10,914
<u>OBRA</u>	2007	\$ 477	\$ 486	\$ 529	108.85%	\$ -
	2006	481	499	462	96.05%	-
	2005	386	386	365	94.56%	-
	2004	338	338	348	103.10%	-
	2003	280	280	280	100.00%	-
	2002	275	275	275	100.00%	-

**County Of Milwaukee**  
**Required Supplementary Information**  
**Schedules of Funding Progress-OPEB**  
(In Thousands of Dollars)

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability-	Funded Ratio	(Overfunded) Underfunded AAL- UAAL	Covered Payroll	UAAL as a Percentage of Covered Payroll
<u>County-wide Program</u>							
	01/01/06	\$ -	\$ 1,313,632	0.0%	\$ 1,313,632	\$ 99,327	1,322.5%
<u>Transit System Program</u>							
	12/31/06	\$ -	\$ 181,862	0.0%	\$ 181,862	\$ 61,732	294.6%

Note: Analysis of the dollar amounts of plan assets, actuarial accrued liability, and unfunded (overfunded) actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the OPEB's program's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the OPEB program. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the OPEB program's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, or the larger the percentage, if negative, the stronger the OPEB program.

**County Of Milwaukee**  
**Required Supplementary Information**  
**Schedules of Employer Contributions-OPEB**  
**For the Year Ended December 31**  
(In Thousands of Dollars)

	<u>Fiscal Year</u>	<u>Annual OPEB Costs</u>	<u>Annual Required Contribution</u>	<u>Net Employer Contribution</u>	<u>Net OPEB Obligation</u>	<u>Employer Percentage Contributed</u>
<u>County-Wide Program</u>	2007	\$ 109,598	\$ 109,598	\$ 60,076	\$ 49,522	54.8%

	<u>Fiscal Year</u>	<u>Annual OPEB Costs</u>	<u>Annual Required Contribution</u>	<u>Net Employer Contribution</u>	<u>Net OPEB Asset</u>	<u>Employer Percentage Contributed</u>
<u>Transit System Program</u>	2007	\$17,189	\$17,189	\$19,033	\$(1,844)	110.7%



**This Page Left Blank Intentionally**

## **OTHER SUPPLEMENTARY INFORMATION**

### **Combining and Individual Fund Financial Statements and Schedules**



**This Page Left Blank Intentionally**

## **BUDGETARY COMPARISON**

**COUNTY OF MILWAUKEE**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances-Budget and Actual**  
**(Non-GAAP Budgetary Basis)**  
**General Fund**  
**For the Year Ended December 31, 2007**  
**(In Thousands)**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 357,734	\$ 362,266	\$ 363,920	\$ 1,654
Property Taxes	242,448	242,529	243,144	615
Sales Taxes	65,922	65,922	62,981	(2,941)
Charges for Services	320,265	342,625	337,014	(5,611)
Fines and Forfeits	3,558	3,558	3,571	13
Licenses and Permits	437	437	552	115
Investment Income and Rents	10,657	10,657	17,741	7,084
Other	32,351	32,054	26,922	(5,132)
<b>Total Revenues</b>	<b>1,033,372</b>	<b>1,060,048</b>	<b>1,055,845</b>	<b>(4,203)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
County Board	5,616	5,527	5,326	201
Department of Audit	2,500	2,375	2,260	115
Veterans Service	293	295	241	54
Disadvantaged Business Development	686	798	594	204
Procurement	868	722	521	201
Employee Benefits	1,964	2,058	1,611	447
Labor Relations	523	501	460	41
Office of Handicapped	843	897	783	114
County Executive	939	914	884	30
Civil Service Commission	63	72	58	14
Personnel Review Board	164	178	171	7
Corporation Counsel	1,763	1,798	1,412	386
Department of Human Resources	3,334	2,683	2,290	393
Department of Administrative Services	3,300	3,458	3,418	40
Housing	15,000	17,044	17,704	(660)
<b>Legislative, Executive and Staff</b>	<b>37,856</b>	<b>39,320</b>	<b>37,733</b>	<b>1,587</b>
County-funded State Court Services	42,713	43,268	43,139	129
Child Support Enforcement	20,877	20,610	18,689	1,921
<b>Courts and Judiciary</b>	<b>63,590</b>	<b>63,878</b>	<b>61,828</b>	<b>2,050</b>
Election Commission	592	607	579	28
County Treasurer	1,336	1,423	1,333	90
County Clerk	717	714	734	(20)
Register of Deeds	4,993	6,730	5,575	1,155
<b>General Governmental Services</b>	<b>7,638</b>	<b>9,474</b>	<b>8,221</b>	<b>1,253</b>
Sheriff	77,810	76,274	75,828	446
House of Correction	49,802	49,828	50,887	(1,059)
District Attorney	17,796	18,521	17,654	867
Public Safety and Non-Departmental Court	3,449	3,482	3,671	(189)
<b>Public Safety</b>	<b>148,857</b>	<b>148,105</b>	<b>148,040</b>	<b>65</b>
Highway Maintenance	16,500	16,470	15,978	492
Administration	206	250	216	34
<b>Public Works and Highways</b>	<b>16,706</b>	<b>16,720</b>	<b>16,194</b>	<b>526</b>

COUNTY OF MILWAUKEE  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances-Budget and Actual  
 (Non-GAAP Budgetary Basis)  
 General Fund  
 For the Year Ended December 31, 2007  
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
County Health Related Programs	\$ 62,361	\$ 61,537	\$ 61,151	\$ 386
Department on Aging	19,181	19,411	18,740	671
Department on Aging -- CMO	161,666	178,141	176,367	1,774
DHHS - Behavioral Health Division	170,063	172,764	169,189	3,575
Department of Human Services	191,163	194,536	195,176	(640)
Human Services	<u>604,434</u>	<u>626,389</u>	<u>620,623</u>	<u>5,766</u>
Department of Parks	40,143	39,863	38,773	1,090
Zoological Department	21,407	21,527	20,643	884
UW Extension Service	332	399	264	135
Parks, Recreation and Culture	<u>61,882</u>	<u>61,789</u>	<u>59,680</u>	<u>2,109</u>
Other	2,414	19,660	5,849	13,811
Total Expenditures	<u>943,377</u>	<u>985,335</u>	<u>958,168</u>	<u>27,167</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>89,995</u>	<u>74,713</u>	<u>97,677</u>	<u>22,964</u>
Other Financing Sources (Uses):				
Application of Fund Balance				
Reserved for 2007 Appropriations	4,664	4,664	4,664	-
Transfers In	-	-	68,506	68,506
Transfers Out	(88,303)	(73,021)	(162,030)	(89,009)
Transfers To Component Units	(6,356)	(6,356)	(6,356)	-
Total Other Financing Sources (Uses)	<u>(89,995)</u>	<u>(74,713)</u>	<u>(95,216)</u>	<u>(20,503)</u>
Net Change in Fund Balance	-	-	2,461	2,461
Fund Balances -- Beginning (As Restated)	40,531	40,531	40,531	-
Fund Balances -- Ending	<u>\$ 40,531</u>	<u>\$ 40,531</u>	<u>\$ 42,992</u>	<u>\$ 2,461</u>

COUNTY OF MILWAUKEE  
 Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual  
 (Non-GAAP Budgetary Basis)  
 Debt Service Fund  
 For the Year Ended December 31, 2007  
 (In Thousands)

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance With Final <u>Budget</u>
Revenues:				
Other	\$ 6,514	\$ 6,664	\$ 5,471	\$ (1,193)
Total Revenues	<u>6,514</u>	<u>6,664</u>	<u>5,471</u>	<u>(1,193)</u>
Expenditures:				
Current -- Other	-	-	70	(70)
Debt Service:				
Principal Retirement	31,362	31,362	31,063	299
Interest	<u>15,667</u>	<u>15,667</u>	<u>15,473</u>	<u>194</u>
Total Expenditures	<u>47,029</u>	<u>47,029</u>	<u>46,606</u>	<u>423</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(40,515)</u>	<u>(40,365)</u>	<u>(41,135)</u>	<u>(770)</u>
Other Financing Sources (Uses):				
Wisconsin Trust Fund Proceeds	-	315	-	(315)
Transfers In	37,103	36,638	46,783	10,145
Transfers Out	<u>-</u>	<u>-</u>	<u>(5,150)</u>	<u>(5,150)</u>
Total Other Financing Sources (Uses)	<u>37,103</u>	<u>36,953</u>	<u>41,633</u>	<u>4,680</u>
Net Change in Fund Balance	(3,412)	(3,412)	498	3,910
Fund Balances - Beginning	<u>5,573</u>	<u>5,573</u>	<u>5,573</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,161</u>	<u>\$ 2,161</u>	<u>\$ 6,071</u>	<u>\$ 3,910</u>

COUNTY OF MILWAUKEE  
 Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual  
 (Non-GAAP Budgetary Basis)  
 Capital Projects Fund  
 For the Year Ended December 31, 2007  
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 8,840	\$ 23,853	\$ 6,894	\$ (16,959)
Sales Tax	632	632	632	-
Investment Income and Rents	697	711	1,355	644
Other	2,612	6,309	1,936	(4,373)
Total Revenues	<u>12,781</u>	<u>31,505</u>	<u>10,817</u>	<u>(20,688)</u>
<b>Expenditures:</b>				
Capital Outlay	<u>46,009</u>	<u>80,289</u>	<u>57,842</u>	<u>22,447</u>
Total Expenditures	<u>46,009</u>	<u>80,289</u>	<u>57,842</u>	<u>22,447</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(33,228)</u>	<u>(48,784)</u>	<u>(47,025)</u>	<u>1,759</u>
<b>Other Financing Sources (Uses):</b>				
General Obligation Bonds Issued	33,228	34,007	33,625	(382)
Transfers In	-	14,927	22,508	7,581
Transfers Out	-	-	(23,367)	(23,367)
Total Other Financing Sources (Uses)	<u>33,228</u>	<u>48,934</u>	<u>32,766</u>	<u>(16,168)</u>
Net Change in Fund Balance	-	150	(14,259)	(14,409)
Fund Balances - Beginning	<u>7,987</u>	<u>7,987</u>	<u>7,987</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 7,987</u>	<u>\$ 8,137</u>	<u>\$ (6,272)</u>	<u>\$ (14,409)</u>

COUNTY OF MILWAUKEE  
 Schedule of Revenues, Expenses and Changes in Fund Net Assets-Budget and Actual  
 (Non-GAAP Budgetary Basis)  
 Airports Enterprise Fund  
 For the Year Ended December 31, 2007  
 (In Thousands)

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance With Final <u>Budget</u>
Operating Revenues:				
Rentals and Other Service Fees	\$ 54,638	\$ 57,903	\$ 52,226	\$ (5,677)
Admissions and Concessions	11,609	11,609	12,320	711
Total Charges for Services	<u>66,247</u>	<u>69,512</u>	<u>64,546</u>	<u>(4,966)</u>
Other Revenues	13	13	13	-
Total Operating Revenues	<u>66,260</u>	<u>69,525</u>	<u>64,559</u>	<u>(4,966)</u>
Operating Expenses:				
Personnel Services	18,997	18,193	18,760	(567)
Contractual Services	15,174	17,646	16,961	685
Intra-County Services	9,029	8,905	9,849	(944)
Commodities	2,130	2,255	2,460	(205)
Depreciation and Amortization	12,361	12,361	13,795	(1,434)
Maintenance	432	1,032	621	411
Other	755	1,116	1,294	(178)
Total Operating Expenses	<u>58,878</u>	<u>61,508</u>	<u>63,740</u>	<u>(2,232)</u>
Operating Income (Loss)	<u>7,382</u>	<u>8,017</u>	<u>819</u>	<u>(7,198)</u>
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	120	120	35	(85)
Investment Income	678	678	2,070	1,392
Interest Expense	(8,490)	(8,490)	(7,203)	1,287
Total Nonoperating Revenues (Expenses)	<u>(7,692)</u>	<u>(7,692)</u>	<u>(5,098)</u>	<u>2,594</u>
Income (Loss) Before Transfers	(310)	325	(4,279)	(4,604)
Add Depreciation on Capital Assets				
Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants	3,106	3,106	8,124	5,018
Transfers In	-	-	9,402	9,402
Transfers Out	<u>(2,796)</u>	<u>(3,431)</u>	<u>(12,238)</u>	<u>(8,807)</u>
Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,009</u>	<u>\$ 1,009</u>

COUNTY OF MILWAUKEE  
 Schedule of Revenues, Expenses and Changes in Fund Net Assets-Budget and Actual  
 (Non-GAAP Budgetary Basis)  
 Transit Enterprise Fund  
 For the Year Ended December 31, 2007  
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Operating Revenues:</b>				
Rentals and Other Service Fees	\$ 140	\$ 140	\$ 104	\$ (36)
Transit Fares	49,452	49,452	48,411	(1,041)
Total Charges for Services	49,592	49,592	48,515	(1,077)
Other Revenues	8,468	8,468	3,928	(4,540)
Total Operating Revenues	<u>58,060</u>	<u>58,060</u>	<u>52,443</u>	<u>(5,617)</u>
<b>Operating Expenses:</b>				
Personnel Services	113,227	113,227	110,021	3,206
Contractual Services	24,458	24,462	26,235	(1,773)
Intra-County Services	604	604	725	(121)
Commodities	13,994	13,994	14,255	(261)
Depreciation and Amortization	12,223	12,223	13,023	(800)
Maintenance	577	834	672	162
Other	5,719	6,299	3,718	2,581
Total Operating Expenses	<u>170,802</u>	<u>171,643</u>	<u>168,649</u>	<u>2,994</u>
Operating Income (Loss)	<u>(112,742)</u>	<u>(113,583)</u>	<u>(116,206)</u>	<u>(2,623)</u>
<b>Nonoperating Revenues (Expenses):</b>				
Intergovernmental Revenues	82,634	83,300	82,513	(787)
Interest Expense	(1,050)	(1,050)	(1,008)	42
Total Nonoperating Revenues (Expenses)	<u>81,584</u>	<u>82,250</u>	<u>81,505</u>	<u>(745)</u>
Income (Loss) Before Transfers	(31,158)	(31,333)	(34,701)	(3,368)
<b>Add Depreciation on Capital Assets</b>				
Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants	9,998	9,998	1,408	(8,590)
Transfers In	21,160	21,335	25,093	3,758
Transfers Out	-	-	(3,184)	(3,184)
Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,384)</u>	<u>\$ (11,384)</u>



**This Page Left Blank Intentionally**

## COMBINING STATEMENTS

### Other Governmental Funds

#### **Special Revenue Funds**

The Special Revenue Funds are used to account for endowments, bequests and restricted donations, where the principal may be expended in the course of their designated operations. The specific purpose of each Special Revenue Fund is as follows:

**Zoo** - Purchase of animals and maintenance of the miniature passenger railroad.

**Parks** - Enhancement of the Todd Wehr Nature Center and restoration of the Trimborn Farm as a historic park.

**Persons with Disabilities** - Special projects to help free disabled persons from environmental and attitudinal barriers.

**Behavioral Health Division** - Mental health research, patient activities and special events. This fund also accounts for the compensated absence liability of the Behavioral Health Division accumulated prior to January 1, 2007.

**Airport** – Receipt of Passenger Facility Charge revenue from Mitchell International Airport, plus the expenditure of these funds for Federal Aviation Administration (FAA) approved capital projects at the Airport. In addition, the fund maintains assets held for debt security of a local airline.

**Health and Safety** – established for Risk Management to work with the countywide safety committee to address safety issues countywide. It also funds the cost associated with new employee screenings.

COUNTY OF MILWAUKEE  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2007  
 (In Thousands)

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Zoo	Parks	Persons with Disabilities	Behavioral Health Division	Airport	Health and Safety	
<b>ASSETS</b>							
Cash and Investments	\$ 665	\$ 853	\$ 124	\$ 9,671	\$ -	\$ 112	\$ 11,425
Cash and Investments -- Restricted	-	-	-	-	32,603	-	32,603
Total Assets	<u>\$ 665</u>	<u>\$ 853</u>	<u>\$ 124</u>	<u>\$ 9,671</u>	<u>\$ 32,603</u>	<u>\$ 112</u>	<u>\$ 44,028</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	\$ 77	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77
Other Liabilities	1	-	-	-	-	-	1
Total Liabilities	<u>78</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78</u>
Fund Balances:							
Reserved	587	853	124	9,671	32,603	112	43,950
Total Fund Balances	<u>587</u>	<u>853</u>	<u>124</u>	<u>9,671</u>	<u>32,603</u>	<u>112</u>	<u>43,950</u>
Total Liabilities and Fund Balances	<u>\$ 665</u>	<u>\$ 853</u>	<u>\$ 124</u>	<u>\$ 9,671</u>	<u>\$ 32,603</u>	<u>\$ 112</u>	<u>\$ 44,028</u>

COUNTY OF MILWAUKEE  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2007  
(In Thousands)

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Zoo	Parks	Persons with Disabilities	Behavioral Health Division	Airport	Health and Safety	
Revenues:							
Investment Income and Rents	\$ 39	\$ 1	\$ 5	\$ -	\$ 1,270	\$ -	\$ 1,315
Charges for Services	709	71	-	-	9,684	-	10,464
Other	58	74	7	-	-	42	181
Total Revenues	<u>806</u>	<u>146</u>	<u>12</u>	<u>-</u>	<u>10,954</u>	<u>42</u>	<u>11,960</u>
Expenditures:							
Current:							
Public Works and Highways	-	-	-	-	12,479	-	12,479
Human Services	-	-	3	604	-	-	607
Parks, Recreation and Culture	772	4	-	-	-	-	776
Total Expenditures	<u>772</u>	<u>4</u>	<u>3</u>	<u>604</u>	<u>12,479</u>	<u>-</u>	<u>13,862</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>34</u>	<u>142</u>	<u>9</u>	<u>(604)</u>	<u>(1,525)</u>	<u>42</u>	<u>(1,902)</u>
Net Changes in Fund Balance	34	142	9	(604)	(1,525)	42	(1,902)
Fund Balances -- Beginning (Restated)	553	711	115	10,275	34,128	70	45,852
Fund Balances -- Ending	<u>\$ 587</u>	<u>\$ 853</u>	<u>\$ 124</u>	<u>\$ 9,671</u>	<u>\$ 32,603</u>	<u>\$ 112</u>	<u>\$ 43,950</u>



**This Page Left Blank Intentionally**

# COMBINING STATEMENTS

## Internal Service Funds

### **Information Management Services**

This fund is used to account for electronic data processing, graphics and telecommunication services provided to County departments.

### **Public Works Services**

This fund is used to account for various services provided to other County departments including:

**Professional Services** - provides engineering, architectural and administrative services.

**Facilities Management** - provides custodial and equipment maintenance services.

**Fleet Maintenance** - controls, supervises and maintains all automotive equipment owned by the County.

### **Risk Management**

This fund accounts for risk financing, loss control and insurance-related activities for the County and its employees.

COUNTY OF MILWAUKEE  
Combining Balance Sheet  
Internal Service Funds  
December 31, 2007  
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
<b><u>Assets</u></b>				
Current Assets:				
Cash and Investments	\$ 5,092	\$ 8,165	\$ 9,309	\$ 22,566
Accounts Receivable (Net of Allowances for Uncollectible Accounts)	63	949	-	1,012
Inventories	-	648	-	648
Prepaid Items	148	-	-	148
Total Current Assets	<u>5,303</u>	<u>9,762</u>	<u>9,309</u>	<u>24,374</u>
Capital Assets:				
Land	-	1,382	-	1,382
Construction in Progress	610	5,912	-	6,522
Land Improvements	-	10,087	-	10,087
Building and Improvements	1,046	100,262	-	101,308
Furniture, Machinery and Equipment	34,889	41,657	114	76,660
Total Capital Assets	<u>36,545</u>	<u>159,300</u>	<u>114</u>	<u>195,959</u>
Less Accumulated Depreciation	<u>(26,379)</u>	<u>(111,917)</u>	<u>(111)</u>	<u>(138,407)</u>
Net Capital Assets	<u>10,166</u>	<u>47,383</u>	<u>3</u>	<u>57,552</u>
Total Assets	<u>\$ 15,469</u>	<u>\$ 57,145</u>	<u>\$ 9,312</u>	<u>\$ 81,926</u>
<b><u>Liabilities</u></b>				
Current Liabilities:				
Accounts Payable	\$ 829	\$ 851	\$ 110	\$ 1,790
Accrued Interest	155	392	-	547
Unearned Revenues	-	220	-	220
Bonds and Notes Payable - General Obligation	1,562	3,553	-	5,115
Compensated Absences	880	1,887	45	2,812
Risk Claims	-	-	5,583	5,583
Total Current Liabilities	<u>3,426</u>	<u>6,903</u>	<u>5,738</u>	<u>16,067</u>
Long-Term Liabilities:				
Bonds and Notes Payable - General Obligation	12,058	25,686	-	37,744
Compensated Absences	1,008	1,964	63	3,035
Risk Claims	-	-	3,406	3,406
Other Post Employment Benefits	797	3,319	99	4,215
Total Long-Term Liabilities	<u>13,863</u>	<u>30,969</u>	<u>3,568</u>	<u>48,400</u>
Total Liabilities	<u>17,289</u>	<u>37,872</u>	<u>9,306</u>	<u>64,467</u>
<b><u>Net Assets</u></b>				
Unrestricted	1,634	623	3	2,260
Invested in Capital Assets, Net of Related Debt	(3,454)	18,650	3	15,199
Total Net Assets	<u>(1,820)</u>	<u>19,273</u>	<u>6</u>	<u>17,459</u>
Total Liabilities and Net Assets	<u>\$ 15,469</u>	<u>\$ 57,145</u>	<u>\$ 9,312</u>	<u>\$ 81,926</u>

COUNTY OF MILWAUKEE  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For The Year Ended December 31, 2007  
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
<b>Operating Revenues:</b>				
Charges for Services	\$ -	\$ 28,181	\$ 7,492	\$ 35,673
Other	108	341	174	623
Total Operating Revenues	<u>108</u>	<u>28,522</u>	<u>7,666</u>	<u>36,296</u>
<b>Operating Expenses:</b>				
Personnel Services	9,844	27,280	592	37,716
Contractual Services	5,876	7,368	52	13,296
Intra-County Services	(168)	2,044	2	1,878
Commodities	322	2,442	2	2,766
Depreciation and Amortization	2,706	5,253	1	7,960
Maintenance	217	1,090	-	1,307
Insurance and Claims	-	-	6,881	6,881
Other	-	1,296	-	1,296
Total Operating Expenses	<u>18,797</u>	<u>46,773</u>	<u>7,530</u>	<u>73,100</u>
Operating Income (Loss)	<u>(18,689)</u>	<u>(18,251)</u>	<u>136</u>	<u>(36,804)</u>
<b>Nonoperating Revenues (Expenses):</b>				
Intergovernmental Revenues	196	355	-	551
Nonoperating Revenue	-	96	-	96
Interest Expense	(583)	(1,148)	-	(1,731)
Total Nonoperating Revenues (Expenses)	<u>(387)</u>	<u>(697)</u>	<u>-</u>	<u>(1,084)</u>
Income (Loss) Before Contributions and Transfers	(19,076)	(18,948)	136	(37,888)
Capital Contributions	-	3,979	-	3,979
Transfers In	38,366	19,743	135	58,244
Transfers Out	(21,633)	(2,656)	(278)	(24,567)
Change in Net Assets	(2,343)	2,118	(7)	(232)
Net Assets -- Beginning	523	17,155	13	17,691
Net Assets -- Ending	<u>\$ (1,820)</u>	<u>\$ 19,273</u>	<u>\$ 6</u>	<u>\$ 17,459</u>

COUNTY OF MILWAUKEE  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2007  
(In Thousands)

	Information Management <u>Services</u>	Public Works <u>Services</u>	Risk Management	<u>Total</u>
<b>Cash Flows Provided (Used) by Operating Activities:</b>				
Receipts from Customers and Users	\$ 99	\$ 3,868	\$ 674	\$ 4,641
Receipts from Interfund Services	-	24,379	6,992	31,371
Payments to Suppliers	(5,818)	(12,113)	(6,826)	(24,757)
Payments to Employees	(9,096)	(24,227)	(492)	(33,815)
Payments for Interfund Services Used	68	(2,044)	539	(1,437)
Net Cash Flows Provided (Used) by Operating Activities	<u>(14,747)</u>	<u>(10,137)</u>	<u>887</u>	<u>(23,997)</u>
<b>Cash Flows Provided (Used) by Noncapital Financing Activities:</b>				
Intergovernmental Revenues	196	616	-	812
Transfers From Other Funds	38,366	19,743	135	58,244
Transfers (To) Other Funds	(21,633)	(2,656)	(278)	(24,567)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>16,929</u>	<u>17,703</u>	<u>(143)</u>	<u>34,489</u>
<b>Cash Flows Provided (Used) by Capital and Related Financing Activities:</b>				
Proceeds from Bonds	1,610	3,528	-	5,138
Principal Payment on Bonds	(1,370)	(3,650)	-	(5,020)
Interest Paid on Bonds	(584)	(1,157)	-	(1,741)
Sale of Capital Assets	-	96	-	96
Acquisition of Capital Assets	(1,486)	(3,508)	4	(4,990)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(1,830)</u>	<u>(4,691)</u>	<u>4</u>	<u>(6,517)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	352	2,875	748	3,975
Cash and Cash Equivalents at Beginning of Year	4,740	5,290	8,561	18,591
Cash and Cash Equivalents at End of Year	<u>\$ 5,092</u>	<u>\$ 8,165</u>	<u>\$ 9,309</u>	<u>\$ 22,566</u>

**Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities**

Operating Income (Loss):	\$ (18,689)	\$ (18,251)	\$ 136	\$ (36,804)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	2,706	5,253	1	7,960
(Increase) Decrease in Assets:				
Accounts Receivable	-	(271)	-	(271)
Inventories	-	10	-	10
Prepaid Items	(9)	-	-	(9)
Increase (Decrease) in Liabilities:				
Accounts Payable	497	73	109	679
Accrued Liabilities	5	(92)	(2)	(89)
Unearned Revenues	-	(4)	-	(4)
Risk Claims	-	-	541	541
Other Post Retirement Benefits	797	3,319	99	4,215
Compensated Absences	(54)	(174)	3	(225)
Total Adjustments	<u>3,942</u>	<u>8,114</u>	<u>751</u>	<u>12,807</u>
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ (14,747)</u>	<u>\$ (10,137)</u>	<u>\$ 887</u>	<u>\$ (23,997)</u>

## **COMBINING STATEMENTS**

### **Fiduciary Funds**

#### **Agency Funds**

Agency funds are custodial in nature and are used to account for assets held by the County as an agent for individuals, private organizations, and other governmental units. Significant Agency Funds consist of Civil Court-ordered family support payments.

COUNTY OF MILWAUKEE  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For The Year Ended December 31, 2007  
(In Thousands)

	<u>January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2007</u>
<b><u>CIVIL COURT ORDERED AGENCY FUND FOR FAMILY SUPPORT/PAYMENTS</u></b>				
Cash and Investments	\$ 16,055	\$ 52,678	\$ 55,933	\$ 12,800
<b>Total Assets</b>	<u>\$ 16,055</u>	<u>\$ 52,678</u>	<u>\$ 55,933</u>	<u>\$ 12,800</u>
Agency Deposits	\$ 16,055	\$ 56,285	\$ 59,540	\$ 12,800
<b>Total Liabilities</b>	<u>\$ 16,055</u>	<u>\$ 56,285</u>	<u>\$ 59,540</u>	<u>\$ 12,800</u>
<b><u>OTHER AGENCY FUNDS</u></b>				
Cash and Investments	\$ 10,061	\$ 52,780	\$ 51,550	\$ 11,291
Other Receivables	-	39,290	39,290	-
<b>Total Assets</b>	<u>\$ 10,061</u>	<u>\$ 92,070</u>	<u>\$ 90,840</u>	<u>\$ 11,291</u>
Accounts Payable	\$ 150	\$ 19,855	\$ 19,674	\$ 331
Agency Deposits	9,911	37,336	36,287	10,960
<b>Total Liabilities</b>	<u>\$ 10,061</u>	<u>\$ 57,191</u>	<u>\$ 55,961</u>	<u>\$ 11,291</u>
<b><u>SUMMARY</u></b>				
Cash and Investments	\$ 26,116	\$ 105,458	\$ 107,483	\$ 24,091
Other Receivables	-	39,290	39,290	-
<b>Total Assets</b>	<u>\$ 26,116</u>	<u>\$ 144,748</u>	<u>\$ 146,773</u>	<u>\$ 24,091</u>
Accounts Payable	\$ 150	\$ 19,855	\$ 19,674	\$ 331
Agency Deposits	25,966	93,621	95,827	23,760
<b>Total Liabilities</b>	<u>\$ 26,116</u>	<u>\$ 113,476</u>	<u>\$ 115,501</u>	<u>\$ 24,091</u>

**STATISTICAL SECTION (UNAUDITED)**

## **STATISTICAL SECTION (UNAUDITED)**

The information in this section is not covered by the Independent Auditor's report, but is presented as supplemental data for the benefit of the readers of the comprehensive financial report.

### **Financial Trends**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the County's most significant local revenue sources, property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

### **Operating Information**

These schedules contain service and capital asset data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB 34 in 2002; schedules presenting government-wide information include information beginning in that year.



**This Page Left Blank Intentionally**

**County of Milwaukee, Wisconsin**  
**Net Assets by Component**  
**Last Five Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(In Thousands)**

	<u>Fiscal Year Ended December 31,</u>				
	<u>2007*</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Governmental Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$ 207,437	\$ 215,539	\$ 239,957	\$ 252,316	\$ 251,485
Restricted For:					
Debt	6,071	3,594	2,415	8,130	6,862
Airport PFC	32,603	34,128	34,155	-	-
Aging CMO	5,779	-	-	-	-
Other purposes	11,347	1,872	1,845	-	-
Unrestricted	<u>(77,848)</u>	<u>(16,122)</u>	<u>(44,305)</u>	<u>(30,190)</u>	<u>(20,064)</u>
<b>Subtotal Governmental Activities Net Assets</b>	<b><u>185,389</u></b>	<b><u>239,011</u></b>	<b><u>234,067</u></b>	<b><u>230,256</u></b>	<b><u>238,283</u></b>
<b>Business-type Activities</b>					
Invested in Capital Assets, Net of Related Debt	182,931	194,022	174,016	206,060	196,792
Restricted For:					
Debt	13,049	12,061	10,328	9,505	8,190
Capital Asset Needs	5,121	4,120	3,414	-	-
Other purposes	-	-	-	3,899	5,854
Unrestricted	<u>2,496</u>	<u>5,424</u>	<u>25,999</u>	<u>3,268</u>	<u>2,831</u>
<b>Subtotal Business-type Activities Net Assets</b>	<b><u>203,597</u></b>	<b><u>215,627</u></b>	<b><u>213,757</u></b>	<b><u>222,732</u></b>	<b><u>213,667</u></b>
<b>Primary Government</b>					
Invested in Capital Assets, Net of Related Debt	390,368	409,561	413,973	458,376	448,277
Restricted For:					
Debt	19,120	15,655	12,743	17,635	15,052
Airport PFC	32,603	34,128	34,155	-	-
Aging CMO	5,779	-	-	-	-
Capital Asset Needs	5,121	4,120	3,414	-	-
Other purposes	11,347	1,872	1,845	3,899	5,854
Unrestricted	<u>(75,352)</u>	<u>(10,698)</u>	<u>(18,306)</u>	<u>(26,922)</u>	<u>(17,233)</u>
<b>Total Primary Government Activities Net Assets</b>	<b><u>\$ 388,986</u></b>	<b><u>\$ 454,638</u></b>	<b><u>\$ 447,824</u></b>	<b><u>\$ 452,988</u></b>	<b><u>\$ 451,950</u></b>

**Notes:**

- (1) In 2002 the County adopted GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis -for State and Local Governments". The County was not required to restate the prior year's accounting data.
- (2) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt: restricted; and unrestricted. Net assets are considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

\*In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, BHD had been reported as a separate proprietary fund.

**County of Milwaukee, Wisconsin  
Changes in Net Assets  
Last Five Fiscal Years  
(Accrual Basis of Accounting)  
(In Thousands)**

	<u>Fiscal Year Ended December 31,</u>				
	<u>2007*</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b><u>Expenses (by Function)</u></b>					
Governmental Activities:					
Legislative, Executive and Staff	\$ 70,318	\$ 65,242	\$ 70,546	\$ 65,142	\$ 56,569
Courts and Judiciary	64,486	58,432	56,517	54,715	52,427
General Governmental Services	8,545	9,884	8,152	8,992	8,426
Public Safety	178,063	146,410	138,885	136,896	128,134
Public Works and Highways	80,433	64,445	88,133	82,543	77,079
Human Services	637,120	398,245	363,558	345,251	320,705
Parks, Recreation and Culture	81,779	72,361	69,150	69,861	70,609
Other	6,996	14,587	19,222	9,086	15,812
Interest on Long-term Debt	15,964	16,520	17,497	17,502	20,279
<b>Total Governmental Activities Expenses</b>	<u>1,143,704</u>	<u>846,126</u>	<u>831,660</u>	<u>789,988</u>	<u>750,040</u>
Business-type Activities:					
Airport	68,401	64,254	58,894	54,720	51,949
Behavioral Health*	-	171,064	157,233	147,055	137,908
Transit	169,557	163,619	157,623	154,003	148,710
<b>Total Business-type Activities Expenses</b>	<u>237,958</u>	<u>398,937</u>	<u>373,750</u>	<u>355,778</u>	<u>338,567</u>
<b>Total Primary Government Expenses</b>	<u>1,381,662</u>	<u>1,245,063</u>	<u>1,205,410</u>	<u>1,145,766</u>	<u>1,088,607</u>
<b><u>Program Revenues (by Function)</u></b>					
Governmental Activities:					
Charges for Services					
Legislative, Executive and Staff	10,153	8,838	10,494	10,397	7,777
Courts and Judiciary	4,854	3,597	3,527	3,574	3,176
General Governmental Services	5,785	6,314	7,144	6,132	6,922
Public Safety	6,494	5,233	3,938	4,962	4,532
Public Works and Highways	32,106	35,975	39,441	38,589	34,683
Human Services	286,465	179,628	163,613	133,412	110,966
Parks, Recreation and Culture	26,543	26,607	25,639	23,742	21,220
Other	-	-	-	-	-
Operating Grants and Contributions					
Legislative, Executive and Staff	19,513	19,125	19,733	18,749	17,425
Courts and Judiciary	24,857	24,249	23,272	23,667	20,676
General Governmental Services	82	121	100	167	122
Public Safety	19,148	19,906	19,133	23,845	14,955
Public Works and Highways	23,170	24,976	37,612	21,399	8,568
Human Services	252,592	182,859	169,708	162,599	146,917
Parks, Recreation and Culture	1,272	1,368	1,227	1,480	(3,498)
Other	-	-	-	-	3,247
Capital Grants and Contributions					
Legislative, Executive and Staff	1,046	-	3,484	-	-
Courts and Judiciary	-	-	-	-	-
General Governmental Services	-	-	-	-	-
Public Safety	-	-	-	4,835	2,997
Public Works and Highways	2,183	-	(74)	33,652	-
Human Services	-	-	-	-	-
Parks, Recreation and Culture	-	-	-	1,215	-
<b>Total Governmental Activities Program Revenues</b>	<u>716,263</u>	<u>538,796</u>	<u>527,991</u>	<u>512,416</u>	<u>400,685</u>

**County of Milwaukee, Wisconsin  
Changes in Net Assets  
Last Five Fiscal Years  
(Accrual Basis of Accounting)  
(In Thousands)**

	<u>Fiscal Year Ended December 31,</u>				
	<u>2007*</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b><u>Program Revenues (by Function) Continued</u></b>					
Business-type Activities:					
Charges for Services					
Airport	\$ 64,559	\$ 61,744	\$ 55,599	\$ 52,146	\$ 48,515
Behavioral Health*	-	62,873	59,870	58,494	52,270
Transit	52,443	53,936	47,757	45,592	44,063
Operating Grants and Contributions					
Airport	35	216	312	1,158	562
Behavioral Health*	-	69,135	61,136	54,780	56,632
Transit	82,513	79,162	79,133	77,108	76,646
Capital Grants and Contributions					
Airport	8,124	8,445	7,371	-	5,006
Behavioral Health*	-	45	(826)	-	(32)
Transit	1,408	1,758	582	-	11,374
<b>Total Business-type Activities Program Revenues</b>	<u>209,082</u>	<u>337,314</u>	<u>310,934</u>	<u>289,278</u>	<u>295,036</u>
<b>Total Primary Government Program Revenues</b>	<u>925,345</u>	<u>876,110</u>	<u>838,925</u>	<u>801,694</u>	<u>695,721</u>
<b>Net (Expense)/ Revenue</b>					
Governmental Activities	(427,441)	(307,330)	(303,668)	(277,572)	(349,355)
Business-type Activities	(28,876)	(61,623)	(62,816)	(66,500)	(43,531)
<b>Total Primary Net (Expense)/ Revenue</b>	<u>(456,317)</u>	<u>(368,953)</u>	<u>(366,484)</u>	<u>(344,072)</u>	<u>(392,886)</u>
<b><u>General Revenues and Other Changes in Net Assets</u></b>					
Governmental Activities:					
Taxes					
Property taxes	243,144	234,317	228,628	220,612	221,265
Sales taxes	63,613	63,654	62,673	60,498	59,788
Intergovernmental Revenues Not Related to					
Specific Programs	42,387	41,332	40,242	40,472	74,590
Investment Income	16,329	12,185	4,839	4,444	10,207
Gain on Sale of Capital Assets	96	93	93	725	182
Other--Revenue	22,997	22,456	23,813	17,534	33,852
Transfers	(19,073)	(61,764)	(52,809)	(74,739)	(44,809)
<b>Total Governmental Activities</b>	<u>369,493</u>	<u>312,273</u>	<u>307,479</u>	<u>269,546</u>	<u>355,075</u>
Business-type Activities:					
Investment Income	2,070	1,698	1,001	794	872
Gain on Sale of Capital Assets	29	31	31	32	(26)
Transfers	19,073	61,764	52,809	74,739	44,809
<b>Total Business-type Activities</b>	<u>21,172</u>	<u>63,493</u>	<u>53,841</u>	<u>75,565</u>	<u>45,655</u>
<b>Total Primary Government</b>	<u>390,665</u>	<u>375,766</u>	<u>361,320</u>	<u>345,111</u>	<u>400,730</u>
<b><u>Change in Net Assets</u></b>					
Governmental activities	(57,948)	4,944	3,811	(8,026)	5,720
Business-type activities	(7,704)	1,870	(8,975)	9,065	2,124
<b>Total Primary Government</b>	<u>\$ (65,652)</u>	<u>\$ 6,814</u>	<u>\$ (5,164)</u>	<u>\$ 1,039</u>	<u>\$ 7,844</u>

(1) In 2002 the County adopted GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis -for State and Local Governments". The County was not required to restate the prior year's accounting data.

\*In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, BHD had been reported as a separate proprietary fund.

**County of Milwaukee, Wisconsin**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(In Thousands)

Fiscal Year Ending December 31

General Fund	2007*	2006	2005	2004	2003	2002	2001	2000	1999	1998
Reserved For:										
Reserved for 2009 Appropriations	\$ 7,947	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for 2008 Appropriations	4,901	4,901	-	-	-	-	-	-	-	-
Reserved for 2007 Appropriations	-	4,664	4,664	-	-	-	-	-	-	-
Reserved for 2006 Appropriations	-	-	(1,573)	(1,573)	-	-	-	-	-	-
Reserved for 2005 Appropriations	-	-	-	(3,534)	(3,534)	-	-	-	-	-
Reserved for 2004 Appropriations	-	-	-	4,010	4,010	4,010	-	-	-	-
Reserved for 2003 Appropriations	-	-	-	-	-	708	708	-	-	-
Reserved for 2002 Appropriations	-	-	-	-	-	-	3,305	3,305	-	-
Reserved for 2001 Appropriations	-	-	-	-	-	-	-	4,193	4,193	-
Reserved for 2000 Appropriations	-	-	-	-	-	-	-	-	3,355	3,355
Reserved for 1999 Appropriations	-	-	-	-	-	-	-	-	-	4,037
Reserved for Prepaid Items	-	-	-	-	-	-	-	-	-	-
Reserved for Encumbrances	11,810	22,617	15,516	9,208	8,685	7,970	9,054	4,223	13,678	11,729
Reserved for Aging CMO	5,779	-	-	-	-	-	-	-	-	-
Reserved for Inventories	1,269	1,156	1,023	1,191	1,299	1,913	1,933	2,018	2,084	1,796
Unreserved:										
Designated for Delinquent Property Tax	8,278	5,522	3,999	3,555	3,245	2,560	2,300	2,800	2,500	2,940
Designated for Economic Development	200	150	138	137	211	138	100	55	-	24
Designated for Housing	1,954	270	267	-	-	2	-	265	327	391
Designated for Aging CMO	4,919	-	-	-	-	-	-	-	-	-
Designated for Investments	1,217	-	-	-	506	2,017	2,017	-	-	-
<b>Subtotal General Fund</b>	<b>48,274</b>	<b>39,280</b>	<b>24,034</b>	<b>8,984</b>	<b>14,422</b>	<b>19,318</b>	<b>19,417</b>	<b>20,420</b>	<b>26,137</b>	<b>24,901</b>
<b>All Other Governmental Funds</b>										
Reserved For:										
Reserved for Debt Service	6,071	5,573	2,979	8,130	12,006	19,116	12,274	7,652	11,169	6,863
Reserved for Encumbrances	17,963	7,987	8,455	12,302	13,834	28,041	36,244	40,939	40,956	30,709
Reserved for Other	-	-	-	23	-	-	-	-	-	-
Reserved for Health and Safety	112	70	46	-	-	-	-	-	-	-
Reserved for Zoo	587	553	541	559	664	794	1,114	765	642	567
Reserved for Parks	853	711	658	501	256	394	716	657	358	123
Reserved for Persons with Disabilities	124	115	122	101	102	104	92	88	43	38
Reserved for Behavioral Health Division	9,671	423	478	490	536	540	517	494	470	454
Reserved for Airport PFC	32,603	34,128	34,155	21,529	23,495	16,981	28,234	25,828	18,307	14,048
Reserved for Deferred Compensation	-	-	-	-	-	-	-	-	-	118,969
<b>Subtotal All Other</b>	<b>68,004</b>	<b>49,560</b>	<b>47,434</b>	<b>43,635</b>	<b>50,893</b>	<b>65,970</b>	<b>79,191</b>	<b>76,423</b>	<b>71,945</b>	<b>171,771</b>
<b>Governmental Funds</b>										
<b>Total Governmental Funds Balance</b>	<b>\$ 116,278</b>	<b>\$ 88,840</b>	<b>\$ 71,468</b>	<b>\$ 52,619</b>	<b>\$ 65,315</b>	<b>\$ 85,288</b>	<b>\$ 98,608</b>	<b>\$ 96,843</b>	<b>\$ 98,082</b>	<b>\$ 196,672</b>

\*In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, BHD had been reported as a separate proprietary fund.

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

**County of Milwaukee, Wisconsin**  
**Changes in Fund Balance-Governmental Funds**  
**Last Ten Fiscal Years**  
**(In Thousands)**

Fiscal Year Ending December 31

	2007*	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>Revenues:</b>										
Intergovernmental	\$ 370,814	\$ 302,975	\$ 299,179	\$ 310,503	\$ 296,554	\$ 283,923	\$ 315,763	\$ 368,362	\$ 404,825	\$ 399,245
Property Taxes	243,144	234,317	228,628	220,612	221,265	220,430	209,178	198,485	195,751	189,999
Sales Taxes	63,613	63,654	62,673	61,123	59,788	58,122	57,941	55,772	55,675	52,043
Charges for Services	347,478	239,891	224,005	190,711	166,523	140,413	97,026	68,324	66,236	57,248
Fines and Forfeits	3,571	3,616	2,823	3,129	2,909	3,276	3,660	3,692	4,007	4,139
Licenses and Permits	552	634	442	443	413	399	440	464	471	459
Investment Income and Rents	20,411	16,288	8,741	7,952	10,207	16,656	19,003	20,271	9,624	25,690
PFC Revenues	-	-	-	-	-	-	-	-	-	-
Other	34,510	34,907	37,888	35,370	42,743	37,220	46,618	42,265	29,900	39,648
<b>Total Revenues</b>	<b>1,084,093</b>	<b>896,282</b>	<b>864,379</b>	<b>829,843</b>	<b>800,402</b>	<b>760,439</b>	<b>749,629</b>	<b>757,635</b>	<b>766,489</b>	<b>768,471</b>
<b>Expenditures:</b>										
Legislative, Executive and Staff	36,094	37,729	38,774	38,246	39,257	39,462	32,577	28,697	26,360	23,834
Courts and Judiciary	61,120	56,964	57,456	55,748	52,862	50,889	39,753	35,360	32,851	30,934
General Governmental Services	7,886	7,731	8,203	6,608	6,775	6,662	4,267	4,398	3,673	6,931
Public Safety	147,082	136,634	136,398	135,596	126,758	122,089	100,006	97,851	87,136	77,424
Public Works and Highways	28,621	19,154	16,532	16,553	13,489	13,008	10,370	10,441	24,371	23,293
Human Services*	618,082	394,619	362,770	345,208	322,025	283,826	261,461	279,924	308,095	330,208
Parks, Recreation and Culture	66,414	64,194	62,485	62,485	66,853	68,574	53,095	52,203	49,791	47,919
Other	3,231	10,102	18,737	37,663	8,097	9,539	52,278	48,301	42,621	44,413
Capital Outlay	33,587	45,608	48,182	77,409	81,413	103,373	83,342	95,966	89,513	79,150
Debt Service:										
Principal Retirement	31,083	28,437	24,657	20,132	35,826	26,733	36,150	34,374	32,431	34,561
Interest	15,473	15,025	16,232	16,035	18,267	16,570	19,199	18,833	18,722	19,557
<b>Total Expenditures</b>	<b>1,048,633</b>	<b>816,197</b>	<b>790,925</b>	<b>811,683</b>	<b>771,622</b>	<b>740,725</b>	<b>692,498</b>	<b>706,348</b>	<b>715,564</b>	<b>718,224</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>	<b>35,460</b>	<b>80,085</b>	<b>73,454</b>	<b>18,160</b>	<b>28,780</b>	<b>19,714</b>	<b>57,131</b>	<b>51,287</b>	<b>50,925</b>	<b>50,247</b>
<b>Other Financing Sources (Uses)</b>										
General Obligation Bonds Issued	33,625	31,595	24,610	26,950	25,623	40,783	40,356	46,750	56,488	50,240
Contribution from Reserves	-	-	-	-	-	-	-	130	-	-
Premium/ (Discount) on Debt Issued	-	2,121	518	-	(80)	-	-	-	-	-
Refunding Bonds Issued	-	-	55,248	-	114,270	51,402	43,557	-	31,489	-
Payment to Refunded Bond Escrow Agent	-	-	(54,821)	-	(82,326)	(49,857)	(43,042)	-	(39,810)	-
Payment on Current Refunded Bonds	-	-	-	-	(30,943)	-	-	-	-	-
Wisconsin State Trust Fund Bonds Issued	-	-	-	18,627	-	-	-	-	-	-
Transfers In	137,797	42,366	58,972	42,090	44,950	57,147	93,066	37,094	82,291	58,363
Transfers Out	(190,547)	(138,795)	(139,132)	(118,523)	(120,247)	(132,509)	(190,728)	(132,501)	(162,170)	(140,708)
<b>Total Other Financing Sources (Uses)</b>	<b>(19,125)</b>	<b>(62,713)</b>	<b>(54,605)</b>	<b>(30,856)</b>	<b>(48,753)</b>	<b>(33,034)</b>	<b>(56,791)</b>	<b>(48,527)</b>	<b>(31,712)</b>	<b>(32,105)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 16,335</b>	<b>\$ 17,372</b>	<b>\$ 18,849</b>	<b>\$ (12,696)</b>	<b>\$ (19,973)</b>	<b>\$ (13,320)</b>	<b>\$ 340</b>	<b>\$ 2,760</b>	<b>\$ 19,213</b>	<b>\$ 18,142</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>4.58%</b>	<b>5.64%</b>	<b>5.51%</b>	<b>4.93%</b>	<b>7.84%</b>	<b>6.79%</b>	<b>9.09%</b>	<b>8.72%</b>	<b>8.17%</b>	<b>8.47%</b>

\*In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, BHD had been reported as a separate proprietary fund.

**County of Milwaukee, Wisconsin  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(In Thousands)**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Total Tax Collections to Total Tax Levy</u>	<u>Percent of Delinquent Taxes to Total Tax Levy</u>
<b>1998</b>	\$ 189,627	\$ 188,130	99.2%	\$ 4,852	\$ 192,982	\$ 7,280	101.8%	3.8%
<b>1999</b>	194,206	188,672	97.2%	5,313	193,985	8,183	99.9%	4.2%
<b>2000</b>	196,038	189,973	96.9%	6,375	196,348	8,471	100.2%	4.3%
<b>2001</b>	206,729	200,158	96.8%	8,138	208,296	7,683	100.8%	3.7%
<b>2002</b>	218,789	211,132	96.5%	7,375	218,507	8,615	99.9%	3.9%
<b>2003</b>	219,487	213,028	97.1%	7,658	220,686	8,148	100.5%	3.7%
<b>2004</b>	219,429	212,312	96.8%	7,778	220,090	8,316	100.3%	3.8%
<b>2005</b>	225,884	219,183	97.0%	7,888	227,071	7,966	100.5%	3.5%
<b>2006</b>	232,593	223,931	96.3%	7,862	231,793	9,243	99.7%	4.0%
<b>2007</b>	241,048	230,958	95.8%	8,424	239,382	11,778	99.3%	4.9%

Source: County of Milwaukee, Wisconsin Treasurer's Office Tax Collection Records.

**County of Milwaukee, Wisconsin**  
**Equalized Value of Taxable Property**  
**Last Ten Fiscal Years**  
(In Thousands)

Fiscal Year Ended <u>December 31</u>	Real Property										Subtotal Real Property	Personal Property	Total
	Residential	Commercial	Manufacturing	Agricultural	Undeveloped	Forest	Other	Forest	Other	Other			
1998	\$ 22,032,047	\$ 9,581,883	\$ 1,131,992	\$ 20,695	\$ 493	\$ 2,596	\$ 14,390	\$ 2,596	\$ 14,390	\$ 32,784,096	\$ 2,138,022	\$ 34,922,118	
1999	23,351,560	10,260,787	1,219,309	13,937	605	4,126	15,972	4,126	15,972	34,866,296	1,538,755	36,405,051	
2000	24,659,199	10,562,127	1,293,959	3,646	1,114	6,925	17,743	6,925	17,743	36,544,713	1,685,616	38,230,329	
2001	26,940,262	11,634,447	1,354,008	3,408	1,503	7,525	20,227	7,525	20,227	39,961,380	1,812,732	41,774,112	
2002	28,940,897	12,196,646	1,415,096	1,824	2,724	8,474	21,173	8,474	21,173	42,586,834	1,692,790	44,279,624	
2003	31,166,329	13,012,921	1,404,688	1,300	1,535	8,648	22,474	8,648	22,474	45,617,895	1,648,770	47,266,665	
2004	34,014,070	14,182,468	1,393,938	1,581	767	9,064	23,060	9,064	23,060	49,624,948	1,528,412	51,153,360	
2005	37,974,709	15,641,660	1,405,059	1,238	763	7,443	23,924	7,443	23,924	55,054,796	1,625,890	56,680,686	
2006	42,355,573	18,062,700	1,438,619	1,334	1,133	6,224	25,660	6,224	25,660	61,891,243	1,717,938	63,609,181	
2007	44,452,500	19,336,150	1,489,362	1,318	861	51	25,265	51	25,265	65,305,507	1,813,776	67,119,283	

Source: Wisconsin Department of Revenue.

**County of Milwaukee, Wisconsin  
Property Tax Rates Per \$1,000 Equalized Value\*  
Last Ten Fiscal Years**

<u>Year</u>	<u>General County Purposes</u>	<u>State Forestry and SEWRPC Tax</u>	<u>Total</u>
<b>1998</b>	\$ 5.71	\$ 0.22	\$ 5.93
<b>1999</b>	5.64	0.22	5.86
<b>2000</b>	5.47	0.22	5.69
<b>2001</b>	5.52	0.22	5.74
<b>2002</b>	5.36	0.22	5.58
<b>2003</b>	5.06	0.22	5.28
<b>2004</b>	4.76	0.22	4.98
<b>2005</b>	4.54	0.22	4.76
<b>2006</b>	4.24	0.20	4.44
<b>2007</b>	3.91	0.19	4.10

\* The above property tax rates represent the average rate applicable to the County as a whole. The County tax rate applicable to any single municipality within the County is based on that municipality's assessed valuation.

**County of Milwaukee, Wisconsin  
Tax Rates by Municipality  
Last Ten Fiscal Years  
(Rate Per 1,000 of Assessed Value)**

Fiscal Year Ending December 31

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Milwaukee County	\$ 23.16	\$ 23.77	\$ 4.54	\$ 4.76	\$ 5.07	\$ 5.36	\$ 5.52	\$ 5.47	\$ 5.64	\$ 5.71
<b><u>Villages</u></b>										
Bayside	21.21	2.30	2.29	2.52	2.50	2.84	2.72	2.87	2.91	3.01
Brown Deer	28.99	27.24	27.22	26.64	32.03	31.00	32.07	31.37	30.46	31.67
Fox Point	26.52	25.51	25.39	25.66	24.61	35.63	33.25	32.72	30.81	30.38
Greendale	23.25	23.47	24.15	27.76	28.30	28.60	28.52	27.75	30.20	29.92
Hales Corners	20.94	8.11	7.75	7.46	7.33	8.71	8.33	8.14	8.00	7.83
River Hills	22.30	21.86	22.81	22.14	30.56	30.15	30.00	29.11	28.13	26.64
Shorewood	23.46	33.76	32.27	33.75	33.27	32.17	29.78	28.11	36.70	36.50
West Milwaukee	27.89	27.19	14.98	14.49	14.36	14.33	18.38	18.64	18.70	18.72
Whitefish Bay	20.12	27.71	34.49	34.36	35.80	36.45	37.59	29.68	30.77	31.38
<b><u>Cities</u></b>										
Cudahy	25.22	23.64	7.18	9.24	8.88	8.62	9.10	8.72	8.40	9.19
Franklin	22.57	6.83	6.95	6.80	8.17	8.06	7.61	7.59	7.05	7.42
Glendale	22.85	22.38	22.27	29.92	28.27	26.53	26.48	25.49	32.01	31.66
Greenfield	25.88	25.70	25.88	25.23	24.30	31.46	30.93	29.80	30.43	30.77
Oak Creek	19.29	22.15	21.50	22.53	27.21	26.73	26.80	29.77	28.44	28.67
St. Francis	26.86	9.41	9.47	9.65	12.60	12.57	11.57	11.19	10.51	N/A*
South Milwaukee	21.29	27.90	27.53	26.55	25.09	24.93	29.40	29.13	27.49	25.45
Wauwatosa	20.03	19.28	26.08	25.08	24.64	23.49	31.49	30.48	29.32	29.69
West Allis	23.57	22.73	26.28	26.29	28.60	27.83	31.33	30.63	29.87	30.20

**County of Milwaukee, Wisconsin  
Top Fifteen Principal Property Tax Payers  
(In Thousands)**

For the Year ending December 31, 2007\*

<u>Company</u>	<u>Type of Business</u>	<u>Full Market Value</u>	<u>Percent of County Equalized Value</u>
Bayshore Town Center, LLC	Real Estate	\$ 307,466	0.46%
Mayfair Property Inc	Shopping Mall	293,130	0.44%
Northwestern Mutual Life Insurance Co	Insurance	287,144	0.43%
US Bank Corporation	Banking	282,364	0.42%
Metropolitan Associates	Real Estate	150,332	0.22%
Marcus Corp/Milw City Ctr/Pfister	Hotels, Theaters, Convention Center	138,360	0.21%
BRE Southridge Mall LLC	Real Estate	126,253	0.19%
Harley-Davidson	Manufacturer, Motorcycles	123,663	0.18%
Wheaton Franciscan Healthcare	Health Care	116,900	0.17%
M & I Marshall & Ilsley Bank	Banking	110,635	0.16%
Towne Realty	Real Estate	105,468	0.16%
NNN 411 East Wisconsin LLC	Real Estate	100,548	0.15%
G.E. Medical System	Health Care	81,482	0.12%
Geneva Exchange Fund	Real Estate	79,621	0.12%
J.P. Morgan Chase Band		79,210	0.12%

For the Year ending December 31, 1998\*\*

<u>Company</u>	<u>Type of Business</u>	<u>Full Market Value</u>	<u>Percent of County Equalized Value</u>
Northwestern Mutual Life	Life Insurance	\$ 218,618	0.63%
JMB Realty Company	Real Estate Development	196,796	0.56%
E.C. Milwaukee Joint Venture	Real Estate Development	162,134	0.46%
M & I Marshall & Ilsley Bank	Banking/Finance and Data Services	148,723	0.43%
Mayfair Property Inc	Real Estate Development	132,037	0.38%
Harley Davidson	Mfgr, motorcycles	131,284	0.38%
Teacher's Ins Annuity	Insurance	128,949	0.37%
Miller Brewing Company	Mfgr, beer and aluminum containers	101,570	0.29%
Towne Realty	Real Estate Development	91,970	0.26%
Marcus Corporation	Hotels, Theaters and Restaurants	86,700	0.25%
Metropolitan Associates	Real Estate Development	85,968	0.25%
Sampson Enterprises	Real Estate Development	70,593	0.20%
Rockwell Automation (formerly Allen Bradley)	Mfgr, electrical/electronic products	69,129	0.20%
Firststar Corporation	Banking/Finance	58,692	0.17%
J. C. Penney Company	Retail Department Stores	54,666	0.16%

\*Source: For the year ending December 31, 2007, Wisconsin Department of Revenue, 2007 and Survey of Municipal Assessors conducted by Milwaukee Metropolitan Sewerage District, November 2007.

\*\*Source: For the year ending December 31, 1998, County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports.

**County of Milwaukee, Wisconsin  
Outstanding Debt by Type  
Last Ten Fiscal Years  
(In Thousands)**

<b>Fiscal Year Ended December 31</b>	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>		<b>Total Primary Government</b>
	<b>General Obligation Bonds</b>	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>		
1998	\$ 406,261	\$ 82,222	\$ -		\$ 488,483
1999	399,730	84,510	-		484,240
2000	421,671	156,353	-		578,024
2001	418,523	68,393	83,565		570,481
2002	420,987	69,352	80,355		570,694
2003	405,168	65,861	83,457		554,486
2004	425,707	62,092	115,797		603,596
2005	420,674	58,917	146,987		626,578
2006	418,112	45,891	170,619		634,622
2007	422,851	29,475	184,213		636,539

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

**County of Milwaukee, Wisconsin**  
**Ratio of General Obligation Bonded Debt to Equalized Valuation**  
**And General Obligation Bonded Debt Per Capita**  
**Last Ten Fiscal Years**  
**(In Thousands)**

<u>Year</u>	<u>Population*</u>	<u>Equalized Value*</u>	<u>Bonded Debt*</u>	<u>Percent of Debt to Equalized Value</u>	<u>Bonded Debt Per Capita</u>
1998	957	\$ 34,922,118	\$ 488,483	1.40%	\$ 510
1999	957	36,405,051	495,409	1.36%	518
2000	955	38,230,329	494,459	1.29%	518
2001	940	41,774,112	486,916	1.17%	518
2002	941	44,279,624	487,129	1.10%	518
2003	941	47,266,665	467,444	0.99%	497
2004	939	51,153,360	482,859	0.94%	514
2005	939	56,680,686	473,723	0.84%	504
2006	952	63,609,182	456,597	0.72%	480
2007	951	67,119,283	452,326	0.67%	476

\* Amounts expressed in thousands.  
The population is based on Wisconsin Department of Administration estimates except for 2000 which is based on the United States census.

**County of Milwaukee, Wisconsin  
Computation of Legal Debt Margin  
Last Ten Fiscal Years  
(In Thousands)**

Fiscal Year Ended December 31,

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Equalized Valuation as Determined by the Supervisor of Assessments of the Wisconsin Department of Revenue	\$ 67,119,283	\$ 63,609,182	\$ 56,680,686	\$ 51,153,360	\$ 47,266,665
Debt Limit Rate	5%	5%	5%	5%	5%
Debt Limit	3,355,964	3,180,459	2,834,034	2,557,668	2,363,333
Bonds and Notes Outstanding: Milwaukee County					
General Obligation Bonds and Notes	(452,326)	(456,597)	(473,723)	(482,859)	(467,444)
<b>Legal Debt Margin</b>	<b>\$ 2,903,638</b>	<b>\$ 2,723,862</b>	<b>\$ 2,360,311</b>	<b>\$ 2,074,809</b>	<b>\$ 1,895,889</b>

Fiscal Year Ended December 31,

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Equalized Valuation as Determined by the Supervisor of Assessments of the Wisconsin Department of Revenue	\$ 44,279,624	\$ 41,774,112	\$ 37,472,121	\$ 36,405,051	\$ 34,922,118
Debt Limit Rate	5%	5%	5%	5%	5%
Debt Limit	2,213,981	2,088,706	1,873,606	1,820,253	1,746,106
Bonds and Notes Outstanding: Milwaukee County					
General Obligation Bonds and Notes	(487,129)	(486,916)	(494,459)	(495,409)	(488,483)
<b>Legal Debt Margin</b>	<b>\$ 1,726,852</b>	<b>\$ 1,601,790</b>	<b>\$ 1,379,147</b>	<b>\$ 1,324,844</b>	<b>\$ 1,257,623</b>

\* Note: General Obligation Bonds, as reported in Note 8 of Notes to the Financial Statements, includes the 1993, 1995 - 2003 Bonds and Bond Unamortized Refinancing losses of \$ 7,436

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

**County of Milwaukee, Wisconsin**  
**Direct and Overlapping Bonded Debt- General Obligation Bonds**  
**December 31, 2007**

	<u>Net Debt</u> <u>Outstanding</u>	<u>Percent</u> <u>Applicable</u> <u>to County</u>	<u>Amount</u> <u>Applicable</u> <u>to County</u>
<u>Direct</u>			
County of Milwaukee	\$ 452,326	100.0%	\$ 452,326
 <u>Overlapping</u>			
<u>Villages</u>			
Bayside	9,560	96.2%	9,197
Brown Deer	19,947	100.0%	19,947
Fox Point	12,575	100.0%	12,575
Greendale	2,022	100.0%	2,022
Hales Corners	4,403	100.0%	4,403
River Hills	1,590	100.0%	1,590
Shorewood	15,579	100.0%	15,579
West Milwaukee	9,165	100.0%	9,165
Whitefish Bay	18,200	100.0%	18,200
<u>Cities</u>			
Cudahy	36,542	100.0%	36,542
Franklin	49,705	100.0%	49,705
Glendale	38,526	100.0%	38,526
Greenfield	22,148	100.0%	22,148
Milwaukee	639,020	100.0%	639,020
Oak Creek	11,527	100.0%	11,527
St. Francis	26,540	100.0%	26,540
South Milwaukee	4,900	100.0%	4,900
Wauwatosa	31,407	100.0%	31,407
West Allis	75,491	100.0%	75,491
<u>School Districts</u>			
Brown Deer	9,368	100.0%	9,368
Cudahy	15,370	100.0%	15,370
Foxpoint/Bayside	3,060	97.9%	2,997
Franklin	16,615	100.0%	16,615
Glendale-River Hills	295	100.0%	295
Greendale	19,985	100.0%	19,985
Greenfield	72,300	100.0%	72,300
Maple Dale/Indian Hill	650	100.0%	650
Milwaukee Area Technical College	60,890	82.2%	50,072
Milwaukee Public	108,278	100.0%	108,274
Nicolet High School	1,625	99.4%	1,615
Oak Creek/Franklin	63,225	100.0%	63,225
St. Francis	8,455	100.0%	8,455
Shorewood	51,697	100.0%	51,697
South Milwaukee	2,706	100.0%	2,706
Wauwatosa	3,080	100.0%	3,080
West Allis/West Milwaukee	34,585	93.7%	32,394
Whitefish Bay	3,585	100.0%	3,585
Whitnall	3,945	100.0%	3,945
<b>Metropolitan Sewerage District</b>	<u>768,559</u>	99.9%	<u>768,021</u>
<b>Total Overlapping Debt</b>	<u><b>2,277,120</b></u>	<b>99.4%</b>	<u><b>2,263,133</b></u>
 <b>TOTAL</b>	 <u><b>\$ 2,729,446</b></u>	 <b>99.5%</b>	 <u><b>\$ 2,715,459</b></u>

**County of Milwaukee, Wisconsin  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<u>Year</u>	<u>Population (4)</u>	<u>Per Capita Personal Income (1)</u>	<u>Public School Enrollment (2)</u>	<u>Private School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
1998	957,058	\$ 26,286	152,982	36,354	4.0%
1999	956,688	27,149	151,364	36,295	3.8%
2000	955,026	28,266	150,950	36,941	4.7%
2001	939,919	30,026	150,778	39,061	5.6%
2002	941,091	30,773	151,303	39,250	7.0%
2003	941,301	31,228	152,380	38,569	7.3%
2004	939,358	32,380	152,712	37,323	6.4%
2005	938,995	32,538 (5)	147,773	38,434	5.9%
2006	952,315	34,128 (5)	146,269	38,363	5.7%
2007	951,252	N/A	143,566	39,801	6.0%

(1) Source: Wisconsin Department of Revenue Division of Research and Policy, County Personal Income Report, April 4, 2007. Report did not contain data for years 2005 and 2006.

(2) Source: Wisconsin Department of Public Instruction.

(3) Source: Wisconsin Department of Workforce Development and Federal Bureau of Labor Statistics.

(4) Source: United States Census Bureau Population Estimate.

(5) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Bearfacts-Milwaukee Wisconsin, April 24, 2008. Report did not contain data for the 2007 year.

**County of Milwaukee, Wisconsin  
Top Ten Major Employers**

**For the Year ending December 31, 2007 \*\***

<b>Employer</b>	<b>Type of Business or Service</b>	<b>Number of Employees*</b>
Aurora Health Care	Health Care System	25,937
Wheaton Franciscan Healthcare	Health Care System	9,020
Roundy's Supermarkets Inc.	Food Distributor & Retailer	8,480
Northwestern Mutual Life Insurance	Life Insurance, Disability Insurance & Annuities	5,100
Wisconsin Energy Corporation	Utilities	4,700
Medical College of Wisconsin	Medical School/Academic/Health Care	4,700
Froedtert Hospital and Community Health	Health Care System	4,365
Columbia-St. Mary's Inc.	Health Care System	4,339
Marshall & Ilsley Corporation	Bank Holding Company	4,314
Harley-Davidson Motor Company	Manufacturer, Motorcycles	5,600

**For the Year ending December 31, 1998**

<b>Employer</b>	<b>Type of Business or Service</b>	<b>Number of Employees*</b>
Milwaukee Public Schools	Education	11,909
Aurora Health Care	Health Care	9,186
City of Milwaukee	Government	7,738
U.S. Government (Excludes V.A.		
Medical Center	Government	7,685
Milwaukee County	Government	6,782
Horizon Health Care	Health Care	6,016
M & I Marshall & Ilsley	Holding Company Banking/Finance and Data Services	4,763
Covenant Health Care	Health Care	3,689
Rockwell Automation (formely Allen-Bradley)	Manufacturer, Electrical/Electronic Products	3,380
Northwestern Mutual Life	Insurance	3,247

\*Data reflects full time equivalent employees.

\*\*Data for 2007 is not consistent with past major employer information. Previously, Milwaukee County Department of Administrative Services administered a survey to area businesses, including public and non-profit entities. Over the last three years, the County has been unable to provide employer information for private, public and non-profit entities due to lack of participation by some firms. Therefore, major employer information is limited to major private employers within Milwaukee County.

Source: For the year ending December 31, 2007, The Business Journal Top 25 Lists, December 14, 2007

Source: For the year ending December 31, 1998, Department of Administration January 1999 survey.

Wisconsin Department of Workforce Development quarterly report, "Employment and Wages"

**County of Milwaukee, Wisconsin  
County Employees by Function \*  
Last Ten Fiscal Years**

Function	<u>Fiscal Year Ended December 31</u>									
	<u>2007**</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Legislative, Executive, and Staff	253	259	262	261	274	293	321	317	309	297
Courts and Judiciary	433	456	471	475	294	466	541	510	489	460
General Governmental Services	69	68	67	63	69	68	69	68	66	66
Public Safety	1,531	1,553	1,577	1,604	1,701	1,791	1,789	1,785	1,727	1,575
Public Works and Highways	126	134	179	176	135	143	137	124	130	135
Human Services**	1,799	905	903	851	948	1,036	1,122	1,359	1,324	1,278
Parks, Recreation, and Culture	660	612	620	654	683	813	858	884	905	880
<b>County-wide totals</b>										
Regular-Full Time	4,835	4,908	4,993	4,956	5,274	5,662	6,555	7,311	7,350	7,101
Seasonal-Part Time	776	801	748	781	795	763	844	3,695	3,576	3,379

\*Represents full-time equivalents.

\*\*In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, BHD had been reported as a separate proprietary fund. The Behavioral Health Division's full-time equivalents are included in the Human Services function for the year ending December 31, 2007.

Source: County of Milwaukee, Wisconsin Payroll System

**County of Milwaukee, Wisconsin  
Operating Indicators by Function  
Fiscal Year Ended December 31, 2007**

**Function**

**Legislative, Executive, and Staff  
Audit**

Affirmative Action Plan Desk Audits 135  
Equal Employment Opportunity Certificates  
Processed 80  
Accounts Reconciled 807

**Procurement**

Purchase Orders 1,733  
Formal Bids 63  
Requests for Proposals 3  
Informal Bids and Quotes 230  
General Awards 1,443

**Human Resources**

Time and Attendance Change Forms Processed 890  
Certification Requests Processed 494  
New Positions Studied for Proper Classification 18  
Current Positions Studies for Proper Classification 44  
Tuition Loans Processed 99

Group Benefits Plans Administered 14

**Public Safety**

**Medical Examiner**

Autopsies 1,048  
Death Certificates 1,703  
Cremation Permits 3,212  
Death Investigated 5,094

**District Attorney**

Felony Cases Filed 6,270  
Misdemeanor Cases Filed 9,027  
Criminal Traffic Cases Filed 6,275  
CHIPS Cases Filed 1,717  
Juvenile Delinquency Cases Filed 2,467  
Termination of Parental Rights Cases Filed 285

**Sheriff**

Traffic Citations 41,791  
Auto Accidents Reported and Investigated 4,632  
Background Checks 284  
Criminal Complaints Issued 378  
Writs of Restitution 3,340  
Temporary Restraining Orders Received 368  
911 Phone Calls 517,975  
Bookings 46,527  
Balliff Posts 76  
Probation and Parole Hearings 83  
Open Records Requests 8,580  
Civil Process Papers Served 13,143

**House of Correction**

Average daily Population-Milwaukee County Jail Overflow 608  
Huber/Work Release 644  
Probation and Parole 250  
Municipal Commitments 72  
Sentenced Inmates 599  
Electronic Surveillance 248

**Public Works and Highways**

**(In Lane Miles)**

County Truck Highways Maintained 343  
State Truck Highways Maintained 634  
Expressways Maintained 1,135  
County Parkways Maintained 120

**(In Acres)**

County Truck Highways Grass Mowed 665  
State Truck Highways Grass Mowed 782  
Expressways Grass Mowed 1,876

**Courts and Judiciary**

**Register in Probate**

Civil Commitment 5,283  
Guardianship/Conservatorship 525  
Protective Placement 297  
Annual Review of Protective Placement 2,000  
Informal Administration 1,374  
Estate Administration 11  
Trusts 39  
Special Administration, Summary Proceedings 246  
Descent/Life Estate 5  
Adult Adoption 15  
Wills Deposited For Safekeeping 130

**General Governmental Services**

**Election Commission**

Elections 2  
Campaign Finance Statements 102  
Special Elections 3  
Nomination Papers 6  
Ballot Set-up/proofing 7  
Elections requiring Braille Ballots 2  
Election Commission Meetings 1

**Treasurer**

Checks Issued 215,285  
Lost Checks/Stop Payments 350  
Property Tax Receipts Issued 5,128  
Delinquent Tax Notices Processed 6,851  
Tax Forms Furnished 680,941

**Register of Deeds**

Recording 179,818  
Vital Statistics Place on File 30,846  
Certificate Copy: Birth/Death/Marriage 101,232  
Transfer Tax 16,817  
Vital Statistics Corrections/No Fee 5,612  
Vital Statistics Certifications, No Fee (VA) 201  
Termination of Joint Tenancy 1,654  
Genealogy Services 2,881  
Real Estate Searches 441  
Marriage Registrations 4,506  
DILHR Validations 947

**County Clerk**

Marriage Licenses 5,931  
Marriage License Waivers 182  
Marriage Civil Ceremonies 999  
Dog/Cat Licenses -  
County Board Files 950  
County Board Citations 660  
County Ordinances 22  
County Board Proceedings Pages 2,732  
County Board Digests, Actions Summarized/Routed 917  
Employee Garnishments 1,430  
Employee Wage Assignments 8,810  
Employee Tax Levies 61  
Contractor Lien Notices/Vendor Tax Levies 37  
Contractor Qualification Statements 622  
Claims Processed 1,703  
Summons and Complaints Processed 1,582  
Construction Bid Notices 380  
Legal Documents Assigned to Central Files 8,624  
County Checks Signature Processed 601,564  
Lobbyist Registration 64  
Passports 940

**County of Milwaukee, Wisconsin  
Operating Indicators by Function  
Fiscal Year Ended December 31, 2007**

		<b>Function</b>		
<b>Health and Human Services</b>		<b>Airport</b>		
<b>Emergency Medical System</b>		Passengers		7,713,144
Dispatches	43,554	Aircraft Operations		244,836
Doctor Calls	1,468	Revenue Landing Weight (in 1,000 lbs)		5,728,235
Medical Transports	21,346	Air Freight (in 1,000 lbs)		187,352
Reports	30,641			
<b>General Assistance Medical Program (GAMP)</b>		<b>Behavioral Health</b>		
GAMP Approved Applications	16,050	<b>Inpatient Services</b>		
GAMP Denied Applications	3,209	Acute Adult Inpatient-Number of Patients Served		2,002
GAMP Terminated Applications	1,165	Acute Adult Inpatient-Number of Admissions		2,729
		CAIS Inpatient-Number of Patients Served		1,147
		CAIS Inpatient-Number of Admissions		1,557
<b>Aging Programs and Services</b>		<b>Nusing Home Services</b>		
Senior Meals Program Congregate	376,395	Rehabilitation Center Central-Number of Patients Served		87
Senior Meals Program Home Delivered	299,119	Rehabilitation Center Central-Number of Admissions		21
Specialized Transportation Services One-Way Rides	122,063	Rehabilitation Center Hilltop-Number of Patients Served		77
Participants-Senior Centers	7,322	Rehabilitation Center Hilltop-Number of Admissions		11
Participants-Wellness Works Program	39,908			
Benefit Specialist/Legal Services (In Hours)	16,017	<b>Community Services</b>		
Employment Training and Placement Services (In Hours)	2,160	Community Support Program-Number of Patients Served		415
Information and Assistance Contact Calls 24 Hours	343	Community Support Program-Number of Admissions		30
Information inquiries	28,302	Community Support Program-Number of Contacts (Visits)		49,203
Meals and Transportation Assistance	2,292	Adult Day Treatment-Number of Patients Served		119
Web Site Visits	66,191	Adult Day Treatment-Number of Admissions		97
Long-Term Care Referrals	6,478	Adult Day Treatment-Number of Appointments		18,321
Pre-Admission Consultation Contacts	5,145	Adult Day Treatment-Number of Visits		4,972
Family Care Applications Processed	1,974	Targeted Case Management-Number of Patients Served		333
Functional Screens Performed	3,104	Targeted Case Management-Number of Admissions		54
		Targeted Case Management-Number of Contacts (Visits)		11,612
<b>Care Management Organization (CMO)</b>		<b>Crisis Services</b>		
Family Care New Enrollees	1,217	Psychiatric Crisis Services-Admissions		12,568
Family Care Continual Enrollees	4,908	CWIC-Number of Patients Served		2,164
Family Care Disenrolled Clients	1,056	CWIC-Number of Admissions		1,924
		CWIC-Number of Appointments		7,023
<b>Economic Support Division</b>		Crisis Response-Number of Patients Served		1,037
Food Stamps	60,089	Crisis Response-Number of Admissions		1,144
Medicaid	206,726	Crisis Response-Number of Appointments		1,645
Child Day Care (Families Per Month)	13,420	Crisis Respite-Number of Patients Served		334
Interim Disability Assistance Program	78	Crisis Respite-Number of Admissions		366
<b>Juveniles Served in Community Programs</b>		<b>Alcohol and Other Drug Abuse Services</b>		
Temporary Shelter Care	982	Inpatient Care (Detox)		3,517
Level II Monitoring	997	Intake Assessments		5,712
In-Home Monitoring	197	Outpatient		3,268
First Time Juvenile Offender Program	422	Day Treatment		785
FOCUS	77	Day Treatment-Residential		701
Wraparound	670	Community Living Support Services		2,479
Group Home Care	90			
Foster Care	7	<b>Transit/Paratransit</b>		
Sex Offender	79	Buses Assigned		483
Day Treatment	192	Buses Operated		431
Serious Chronic Offender	89	Bus Miles		18,494,513
Probation Network Services	372	Bus Hours		1,376,762
Girls Program-Family Connections	42	Revenue Passengers		42,531,691
Firearm Project	130	Transit Plus Ridership		1,091,823
<b>Parks, Recreation, and Culture</b>				
<b>Zoo</b>				
Zoo Attendance-Adults	419,486			
Zoo Attendance-Junior	209,847			
Zoo Attendance- Free to County Residents	668,508			
<b>Parks</b>				
Facilities Rentals- Picnic Shelters	3,551			
Facilities Rentals- Buildings	2,264			
Facilities Rentals- Lodges	115			
Facilities Rentals- Pools	65			
Slip Rentals	683			
Special Event Permits	243			
Rounds of Golf	333,142			
Pool Attendance	265,770			



**County of Milwaukee, Wisconsin  
Capital Asset Statistics by Function  
For the Fiscal Year Ended December 31, 2007**

**Function**

**Public Works and Highways (Continued)**

Grader	3	Tractors	18
Hydraulic Breaker	1	Trailers	8
Jack Hammer	1	Trucks	67
Liquid Calcium Applicators	45	Water Pumps	5
Mower Attachments	26	Wheel Loaders	12

**Parks, Recreation, and Culture**

**Parks**

Aerial Bucket Attachment	6	Mower Attachments	7
Aerial Truck	1	Mowers	14
Aerifer	1	Parking Structures	1
Air Compressor	1	Parks	143
Amphitheater	1	Parkways	10
Asphalt Roller	1	Pavilions	30
Backhoe Attachments	4	Pickup Trucks	30
Band Shells	2	Pools	18
Barns	5	Post Hole Digger	1
Bathhouses	14	Power Box Rake	1
Bathhouse/Pavilions	27	Pumphouses	9
Beach Sanitizer	2	Rake Landscaper	1
Boat Launches	1	Recreation Buildings	4
Boathouses	3	Restroom/Bathhouses	1
Booths	14	Rotary Tiller	3
Brick Trellis	1	Scooters	20
Brush Chipper	5	Shelters	35
Buildings	122	Ski Chalets	1
Cabins	1	Snow Plow Attachment	6
Cargo Vans	2	Snow Plows	114
Comfort Stations	27	Spreader Control Sensor	9
Community Centers	2	Spreader with Hopper	22
Concession Stands	5	Spreader with Hopper and Conveyor	7
Conservatory	1	Spreaders	5
Core Harvester	8	Squad Cars	5
Dams	2	Steer Loaders	5
Dump Trucks	23	Storage Bins	1
End Loader Bucket Attachments	19	Storage Containers	4
Fork Lift Attachment	1	Storage Sheds	101
Fork Lifts	1	Storage Tanks	1
Garages	7	Stump Cutter	1
Garbage Packer	2	Sweeper Attachment	5
Gazebos	2	Tiller	1
Golf Clubhouses	10	Tractors	17
Golf Courses	14	Trailer	2
Golf Dome	1	Trailers	2
Gravel Conveyor	1	Tree Digger	1
Greenhouses	2	Trencher Digger	1
Hoppers	5	Trucks	116

**County of Milwaukee, Wisconsin  
Capital Asset Statistics by Function  
For the Fiscal Year Ended December 31, 2007**

**Function**

**Parks, Recreation, and Culture (Continued)**

**Parks (Continued)**

Houses	10	Turf Sweeper	1
Hydraulic Breaker	1	Vehicles	4
Hydraulic Power Unit	1	Wading Pools	36
Hydro Crane	1	Water Playgrounds	1
Indoor Baseball Facilities	1	Weed Harvester	3
Liquid Calcium Applicator	3	Weed Sprayer Attachments	10
Lodges	3	Weed Sprayers	13
Mini Vans	6	Welders	3

**Zoo**

Animal Dens	4	Green Houses	1
Animal Exhibits	5	Lodges	1
Animal Islands	1	Mini Vans	2
Animal Overlooks	2	Observation Decks	1
Animal Petting Rings	1	Photovoltaic Solar Systems	2
Aviaries	2	Pickup Trucks	2
Barns	10	Pools	2
Bleachers stand alone	2	Pump Houses	1
Boat Landings	1	Refrigerated Storage Containers	3
Booths	16	Roadway Sweeper	1
Buildings	32	Sheds	8
Carousels	1	Shelters	4
Catch Basin Cleaner	1	Snow Plows	4
Centers	6	Spreader Control Sensor	1
Chick Hatchery	1	Spreader with Hopper	1
Clubhouses	1	Spreader with Hopper and Conveyor	1
Comfort/Concession Stations	3	Spreaders	1
Concession Stands	5	Stages	2
Dump Trucks	2	Steer Loaders	1
Electrical Substation	1	Storage Containers	4
End Loader Bucket Attachments	1	Theaters with Bleachers	2
Entrance Kiosks	3	Train Crossing Shacks	3
Farm Entry Structures	1	Train Depot	1
Garages	1	Trucks	13
Gazebos	3	Wheel Loaders	1
		Wishing Well	1

**Health and Human Services**

Ambulances	2
Buildings	2
Cargo Vehicles	1
Recreational Centers	2
Senior Centers	6
Sheds	2
Trucks	1
Wading Pools	1

**County of Milwaukee, Wisconsin  
Capital Asset Statistics by Function  
For the Fiscal Year Ended December 31, 2007**

**Function**

**Airport**

Air Traffic Control Towers	1	Parking Structures	1
Buildings	46	Pump Houses	2
Bus Shelters	6	Remote Transmitter	1
Cargo Carriers	2	Rescus Stations	1
Check Stations	1	Sheds	7
Concourses	3	Shelters	2
Entrance/Exit Helix	2	Storage Buildings	12
Fire Trucks	4	Taxi Stop Boxes	1
Ground Run-up Enclosures	2	Teller boxes	3
Guard Shack	1	Terminals	2
Hangars	25	Toll Booths	12
Hydrant Fuel System	1	Trucks	2
Kennels	2	Vans	2

**Behavioral Health**

Buildings	3
Centers	2
Mini Vans	3
Passenger Vans	1
Sheds	1
Wheelchair Accessible Vans	1

**Transit**

Shelters	2
Bus Waiting Stations	4
Buildings	16
Sheds	1



**This Page Left Blank Intentionally**

**THIS PAGE INTENTIONALLY LEFT BLANK**

## APPENDIX B

(To Be Dated the Date of Issuance)

Milwaukee County, Wisconsin  
Milwaukee, Wisconsin

Re: Milwaukee County, Wisconsin  
\$265,000,000 Taxable General Obligation  
Pension Promissory Notes, Series 2009A

---

The Taxable General Obligation Pension Promissory Notes, Series 2009A (the “Notes”) of Milwaukee County, Wisconsin (the “County”) are in fully registered form; are dated the date hereof; are in denominations of \$5,000 each and integral multiples thereof; are appropriately lettered and numbered; mature serially on December 1 of each of the years and in the principal amounts as set forth below and bear interest payable on June 1 and December 1 of each year, commencing on December 1, 2009, at the rates per annum, as follows:

YEAR	PRINCIPAL AMOUNT	INTEREST RATE
2010	\$10,025,000	2.86%
2011	5,865,000	2.86
2012	3,060,000	3.22
2013	3,315,000	4.14
2014	2,765,000	4.39
2015	2,975,000	4.64
2016	3,145,000	5.08
2017	3,330,000	5.33
2018	3,515,000	5.58
2019	3,720,000	5.83
2024	120,000,000	5.93
2028	103,285,000	6.84

The Notes are subject to prepayment at the option of the County, as a whole or in part, on any date, at a prepayment price equal to the greater of (i) 100% of the principal amount thereof being prepaid, or (ii) the Discounted Value (as defined in the resolution authorizing the issuance of the Notes), plus in each case accrued interest to the date fixed for prepayment. The Notes maturing on December 1, 2024, and on December 1, 2028, are subject to mandatory sinking fund prepayment as set forth in the Notes.

We have examined the documents which we deem pertinent to the validity of the Notes, including the certified record evidencing the authorization of the Notes by the County Board of Supervisors of the County. On the

basis of such examination we are of the opinion that the Notes have been lawfully authorized and issued under the laws of the State of Wisconsin; that they are the lawful and enforceable obligations of the County in accordance with their terms; that they are payable from taxes to be levied on all taxable property in the County, without limitation as to rate or amount; and that the form of Note prescribed for said issue is proper.

It is our opinion that, under present law interest on the Notes is not excludible from gross income of the owners thereof for federal income tax purposes. Ownership of the Notes may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Notes. The owners of the Notes should consult their own tax advisors concerning the tax consequences of ownership of the Notes.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes or any other information furnished to any person in connection with any offer or sale of the Notes.

In rendering this opinion, we have relied upon certifications of the County with respect to certain material facts solely within the knowledge of the County. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

(To Be Dated the Date of Issuance)

Milwaukee County, Wisconsin  
Milwaukee, Wisconsin

Re: Milwaukee County, Wisconsin  
\$135,000,000 Taxable Pension Notes, Series 2009B

---

Ladies and Gentlemen:

The Taxable Pension Notes, Series 2009B (the “Notes”) of Milwaukee County, Wisconsin (the “County”) are in fully registered form; are dated the date hereof; are in denominations of \$5,000 each and integral multiples thereof; are appropriately lettered and numbered; mature on December 1, 2013; and bear interest, payable on June 1 and December 1 of each year, commencing on December 1, 2009, at the rate of five and thirty-nine one-hundredths percent (5.39 %) per annum. The Notes are subject to prepayment at the option of the County, as a whole or in part, on any date, at a prepayment price equal to the greater of (i) 100% of the principal amount thereof being prepaid, or (ii) the Discounted Value (as defined in the resolution authorizing the issuance of the Notes), plus in each case accrued interest to the date fixed for prepayment.

We have examined the documents which we deem pertinent to the validity of the Notes, including the certified record evidencing the authorization of the Notes by the County Board of Supervisors of the County. On the basis of such examination, we are of the opinion that the Notes have been lawfully authorized and issued under the laws of the State of Wisconsin; that they are the lawful and enforceable obligations of the County in accordance with their terms, except that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting the rights of creditors and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion; that they are payable solely from the proceeds from the sale of general obligation notes issued by the County and from moneys generally available to the County and appropriated by the County Board of Supervisors of the County; and that the form of Note prescribed for said issue is proper.

It is also our opinion that under present law, interest on the Notes is not excludible from gross income of the owners thereof for federal income tax purposes. Ownership of the Notes may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Notes. The owners of the Notes should consult their own tax advisors concerning the tax consequences of ownership of the Notes.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes or any other information furnished to any person in connection with any offer or sale of the Notes.

In rendering this opinion, we have relied upon certifications of the County with respect to certain material facts solely within the knowledge of the County. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of result. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX C

### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed, and delivered, by Milwaukee County, Wisconsin (the “Issuer”) in connection with the issuance of its Taxable General Obligation Pension Promissory Notes, Series 2009A, dated April 2, 2009, and its Taxable Pension Notes, Series 2009B, dated April 2, 2009, in the aggregate principal amount of \$400,000,000 (the “Securities”). The Securities are being issued pursuant to Authorizing Resolutions adopted by the Governing Body of the Issuer on November 6, 2008, and Award Resolutions adopted by the Governing Body of the Issuer on March 19, 2009 (collectively, the “Resolution”) and delivered to J.P. Morgan Securities Inc. (the “Purchaser”) on the date of this Disclosure Certificate. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

#### **Section 1. Purpose of the Disclosure Certificate.**

This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the owners of the Securities in order to assist the Participating Underwriters, within the meaning of the Rule (defined herein), in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to owners of the Securities shall include beneficial owners of the Securities. This Disclosure Certificate constitutes the written undertaking required by the Rule.

#### **Section 2. Definitions.**

In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Audited Financial Statements**” means the Issuer’s annual financial statements, which are currently prepared in accordance with United States generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board and which the Issuer intends to continue to prepare in substantially the same form.

“**Fiscal Year**” means the fiscal year of the Issuer.

“**Final Official Statement**” means the final official statement dated March 19, 2009, delivered in connection with the Securities, which is available from the MSRB.

“**Governing Body**” means the County Board of Supervisors of the Issuer or such other body, as may hereafter be the chief legislative body of the Issuer.

“**Issuer**” means Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

“**Issuer Contact**” means the Capital Finance Manager of the Issuer, who can be contacted at the Milwaukee County Courthouse, Room 308, 901 North Ninth Street, Milwaukee, Wisconsin, 53233, telephone: (414) 278-4396, facsimile: (414) 223-1245.

“**Material Event**” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“**MSRB**” means the Municipal Securities Rulemaking Board located at 1900 Duke Street,

Suite 600, Alexandria, Virginia, 22314.

“**NRMSIR**” means any nationally recognized municipal securities information repository as recognized from time to time by the SEC for purposes of the Rule.

“**Participating Underwriter**” means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

“**Repository**” means each NRMSIR and each SID, if any.

“**Rule**” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

“**SEC**” means the Securities and Exchange Commission.

“**SID**” means any public or private repository or entity designated by the State of Wisconsin as a state information depository for the purpose of the Rule. As of the date of this Certificate, there is no SID.

### **Section 3. Provision of Annual Report and Audited Financial Statements.**

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year that ended December 31, 2008, provide each Repository with an Annual Report, which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to each Repository when and if available.

(b) If the Issuer is unable or fails to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the NRMSIRs, the MSRB, and any SID.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and each SID, if any.

### **Section 4. Content of Annual Report.**

The Issuer’s Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

- (a) Debt Structure - General Obligation Debt (including anticipation obligations)
- (b) Financial Information - Equalized Values
- (c) Financial Information - Property Tax Levies and Collections Last Five Years
- (d) Financial Information - Property Tax Rates for County Levies
- (e) Financial Information - Functional Summary Five-Year Capital Improvement Program
- (f) Appropriation for payment of debt service on Securities in budget for succeeding year

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

## **Section 5. Reporting of Material Events.**

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events if material with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Securities;
7. Modification to rights of holders of the Securities;
8. Securities calls;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities; and
11. Rating changes.

(b) Whenever a Material Event occurs, the Issuer shall as soon as possible determine under applicable legal standards if such event would constitute material information for the owners of Securities; provided, that any event under subsection (a)(8), (9) or (11) will always be deemed to be material.

(c) If the Issuer determines that knowledge of the occurrence of a Material Event would be material, the Issuer shall promptly file a notice of such occurrence with either all NRMSIRs or with the MSRB and with any SID. Notwithstanding the foregoing, notice of Material Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the owners of the affected Securities pursuant to the Resolution.

(d) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

## **Section 6. Termination of Reporting Obligation.**

The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

## **Section 7. Issuer Contact; Agent.**

Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

## **Section 8. Amendment; Waiver.**

Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause this Disclosure Certificate to violate the Rule. The provisions of this Disclosure Certificate or any provision hereof shall be null and void in the event that the Issuer delivers to each then existing NRMSIR and the SID, if any, an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Securities. The provisions of this Disclosure Certificate may be amended without the consent of the owners of the Securities, but only upon the delivery by the Issuer to each then existing NRMSIR and the SID, if any, of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

**Section 9. Additional Information.**

Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

**Section 10. Default.**

(a) The Issuer has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities or under the Resolution and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 11. Beneficiaries.**

This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 2nd day of April, 2009.

---

Chairperson of the County Board

---

County Clerk

## APPENDIX D

### SECURITIES DEPOSITORY

#### The Depository Trust Company

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of each series of the Notes, in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's Rating Services' highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of

significant events with respect to the Notes, such as redemptions, tenders, defaults, and amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent/Registrar; disbursement of such payments to Direct Participants will be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Notes purchased or tendered, through its Participant, to the Paying Agent/Registrar, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Participant's interest in the Notes, on DTC's records, to the Paying Agent/Registrar. The requirement for physical delivery of Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Notes to the Paying Agent/Registrar's DTC account.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, vote certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but neither the County nor the Underwriter takes responsibility for the accuracy thereof.

### **Global Clearance Procedures**

*The information that follows is based solely on information obtained from Clearstream or Euroclear, as appropriate. No representation is made as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.*

General. The Notes initially will be registered in the name of Cede & Co. as registered owner and nominee for DTC, which will act as securities depository for the Notes. Purchases of the Notes will be in book-entry form only, as more fully described below. Clearstream and Euroclear may hold omnibus positions on behalf of their

participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of its respective U.S. Depository, which, in turn, holds such positions in customers' securities accounts in the U.S. Depository's name on the books of DTC. Citibank, N.A. acts as the U.S. Depository for Clearstream, and JPMorgan Chase Bank acts as the U.S. Depository for Euroclear.

The County cannot and does not give any assurances that DTC, Participants, Clearstream, Clearstream customers, Euroclear or Euroclear Participants will distribute to the Beneficial Owners of the Notes: (i) payments of principal and interest payments (including redemption payments) with respect to the Notes; (ii) confirmation of ownership interest in the Notes; or (iii) notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will do so on a timely basis, or that DTC, the Participants, Clearstream, Clearstream customers, Euroclear or Euroclear Participants will serve and act in the manner described in this Official Statement.

The County will have no responsibility or obligations to DTC, the Participants, Clearstream, Clearstream customers, Euroclear, Euroclear Participants or the Beneficial Owners with respect to: (i) the accuracy of any records maintained by DTC or any DTC Participants, Clearstream, Clearstream customers, Euroclear or Euroclear Participants; (ii) the payment by DTC or any DTC Participants, Clearstream, Clearstream customers, Euroclear or Euroclear Participants of any amount due to any Beneficial Owner in respect of principal and interest payments (including redemption payments) on the Notes; (iii) the delivery by DTC or any DTC Participants, Clearstream, Clearstream customers, Euroclear or Euroclear Participants of any notice to any Beneficial Owner that is required or permitted to be given to owners under the terms of the Notes; or (iv) any consent given or other action taken by DTC as registered holder of the Notes.

The information concerning Clearstream and Euroclear has been derived from information obtained from Clearstream and Euroclear and other sources. Neither the County nor the Underwriter makes any representation or warranty regarding the accuracy or completeness thereof.

Clearstream. Clearstream Banking, société anonyme, 42 Avenue J.F. Kennedy, L-1855 Luxembourg ("Clearstream, Luxembourg"), was incorporated in 1970 as "Cedel S.A.", a company with limited liability under Luxembourg law (a société anonyme). Cedel S.A. subsequently changed its name to Cedelbank. On 10 January 2000, Cedelbank's parent company, Cedel International, société anonyme ("CI") commenced the merger of its clearing, settlement and custody business with that of Deutsche Börse AG ("DBAG"). The merger involved the transfer by CI of substantially all of its assets and liabilities (including its shares in Cedelbank), and the transfer by DBAG of its shares in Deutsche Börse Clearing ("DBC"), to a new Luxembourg company, which with effect 14 January 2000 was renamed Clearstream International and was then 50% owned by CI and 50% owned by DBAG.

Following this merger, the subsidiaries of Clearstream International were also renamed to give them a cohesive brand name. On 18 January 2000, Cedelbank was renamed "Clearstream Banking" and Cedel Global Services was renamed "Clearstream Services". On 17 January 2000, Deutsche Börse Clearing AG was renamed "Clearstream Banking AG".

Since July 2002, Clearstream, Luxembourg has been an integral part of DBAG. The combined group provides technology, services and products from trading and information products to clearing, settlement and custody, which are accessible at each stage of the processing chain and are based on straight through processing and interoperability standards. The shareholders of DBAG are comprised of mainly banks, securities dealers and financial institutions.

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of 36 currencies, including United States Dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in many countries through established depository and custodial relationships.

Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier ("CSSF"), which supervises Luxembourg banks. Since 12 February 2001, Clearstream, Luxembourg has also been supervised by the Central Bank of Luxembourg according to the Settlement Finality Directive Implementation of 12 January 2001, following the official notification to the regulators of the Clearstream, Luxembourg role as a payment system provider operating a securities settlement system.

Clearstream, Luxembourg's customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank S.A./N.V. as the Operator of the Euroclear System (the "Euroclear Operator") in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

Euroclear Bank. Euroclear Bank S.A./N.V. ("Euroclear Bank") holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear Participants, and between Euroclear Participants and Participants of certain other securities intermediaries through electronic book-entry changes in accounts of such Participants or other securities intermediaries.

Euroclear Bank provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear Participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations. Certain of the managers or underwriters for this offering, or other financial entities involved in this offering, may be Euroclear Participants.

Non-Participants in the Euroclear System may hold and transfer book-entry interests in the Securities through accounts with a Participant in the Euroclear System or any other securities intermediary that holds a book-entry interest in the securities through one or more securities intermediaries standing between such other securities intermediary and Euroclear Bank.

*Clearance and Settlement.* Although Euroclear Bank has agreed to the procedures provided below in order to facilitate transfers of securities among Participants in the Euroclear System, and between Euroclear Participants and Participants of other intermediaries, it is under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time.

*Initial Distribution.* Investors electing to acquire Securities through an account with Euroclear Bank or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of new issues of securities. Securities to be acquired against payment through an account with Euroclear Bank will be credited to the securities clearance accounts of the respective Euroclear Participants in the securities processing cycle for the business day following the settlement date for value as of the settlement date, if against payment.

*Secondary Market.* Investors electing to acquire, hold or transfer securities through an account with Euroclear Bank or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of secondary market transactions in securities. Please be aware that Euroclear Bank will not monitor or enforce any transfer restrictions with respect to the securities offered herein.

*Custody.* Investors who are Participants in the Euroclear System may acquire, hold or transfer interests in the securities by book-entry to accounts with Euroclear Bank. Investors who are not Participants in the Euroclear System may acquire, hold or transfer interests in the securities by book-entry to accounts with a securities intermediary who holds a book-entry interest in the securities through accounts with Euroclear Bank.

*Custody Risk.* Investors that acquire, hold and transfer interests in the securities by book-entry through accounts with Euroclear Bank or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the

relationship between such an intermediary and each other intermediary, if any, standing between themselves and the individual securities.

Euroclear Bank has advised as follows:

Under Belgian law, investors that are credited with securities on the records of Euroclear Bank have a co-property right in the fungible pool of interests in securities on deposit with Euroclear Bank in an amount equal to the amount of interests in securities credited to their accounts. In the event of the insolvency of Euroclear Bank, Euroclear Participants would have a right under Belgian law to the return of the amount and type of interests in securities credited to their accounts with Euroclear Bank. If Euroclear Bank did not have a sufficient amount of interests in securities on deposit of a particular type to cover the claims of all Participants credited with such interests in securities on Euroclear Bank's records, all Participants having an amount of interests in securities of such type credited to their accounts with Euroclear Bank would have the right under Belgian law to the return of their pro-rata share of the amount of interests in securities actually on deposit.

Under Belgian law, Euroclear Bank is required to pass on the benefits of ownership in any interests in securities on deposit with it (such as dividends, voting rights and other entitlements) to any person credited with such interests in securities on its records.

Initial Settlement: Distributions: Actions Upon Behalf of Owners. All of the Notes will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream and Euroclear may hold omnibus positions on behalf of their Participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of its respective U.S. Depository, which, in turn, holds such positions in customers' securities accounts in its U.S. Depository's name on the books of DTC. Citibank, N.A. acts as depository for Clearstream, and JPMorgan Chase Bank acts as depository for Euroclear (the "U.S. Depositories").

Holders of the Notes may hold their Notes through DTC (in the United States) or Clearstream or Euroclear (in Europe) if they are Participants of such systems, or directly through organizations that are participants in such systems.

Investors electing to hold their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional EuroBonds in registered form. Securities will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Distributions with respect to the Notes held beneficially through Clearstream will be credited to the cash accounts of Clearstream customers in accordance with its rules and procedures, to the extent received by its U.S. Depository. Distributions with respect to the Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by its U.S. Depository. Such distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations.

Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by an owner of the Notes on behalf of a Clearstream customer or Euroclear Participant only in accordance with the relevant rules and procedures and subject to the U.S. Depository's ability to effect such actions on its behalf through DTC.

Secondary Market Trading. Secondary market trading between Participants (other than U.S. Depositories) will be settled using the procedures applicable to U.S. corporate debt obligations in same-day funds.

Secondary market trading between Euroclear Participants and/or Clearstream customers will be settled using the procedures applicable to conventional EuroBonds in same-day funds.

When securities are to be transferred from the account of a Participant (other than U.S. Depositories) to the account of a Euroclear Participant or a Clearstream customer, the purchaser must send instructions to the applicable U.S.

Depository one business day before the settlement date. Euroclear or Clearstream, as the case may be, will instruct its U.S. Depository to receive the securities against payment. Its U.S. Depository will then make payment to the Participant's account against delivery of the securities. After settlement has been completed, the securities will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Euroclear participant's or Clearstream customers' accounts. Credit for the securities will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Notes will accrue from the value date (which would be the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Euroclear or Clearstream cash debit will be valued instead as of the actual settlement date.

Euroclear Participants and Clearstream customers will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream. Under this approach, they may take on credit exposure to Euroclear or Clearstream until the securities are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream has extended a line of credit to them, Participants/customers can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear Participants or Clearstream customers purchasing securities would incur overdraft charges for one day, assuming they cleared the overdraft when the securities were credited to their accounts. However, interest on the securities would accrue from the value date. Therefore, in many cases, the investment income on securities earned during that one day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each Participant's/customer's particular cost of funds.

Because the settlement is taking place during New York business hours, Participants can employ their usual procedures for sending securities to the applicable U.S. Depository for the benefit of Euroclear Participants or Clearstream customers. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the Participant, a cross-market transaction will settle no differently from a trade between two Participants.

Due to time zone differences in their favor, Euroclear Participants and Clearstream customers may employ their customary procedure for transactions in which securities are to be transferred by the respective clearing system, through the applicable U.S. Depository to another Participant's. In these cases, Euroclear will instruct its U.S. Depository to credit the securities to the Participant's account against payment. The payment will then be reflected in the account of the Euroclear Participant or Clearstream customer the following business day, and receipt of the cash proceeds in the Euroclear Participants' or Clearstream customers' accounts will be back-valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear Participant or Clearstream customer has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over that one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear Participant's or Clearstream customer's accounts would instead be valued as of the actual settlement date.

Procedures May Change. Although DTC, Clearstream and Euroclear have agreed to these procedures in order to facilitate transfers of securities among DTC and its Participants, Clearstream and Euroclear, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued and may be changed at any time by any of them.

THE COUNTY AND THE PAYING AGENT/REGISTRAR CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS, CLEARSTREAM,

CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

**NEITHER THE COUNTY NOR THE PAYING AGENT/REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR, EUROCLEAR PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE TRUST AGREEMENT; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE NOTES.**

