NEW ISSUE: FULL BOOK-ENTRY **See "RATINGS" herein**

Interest on the Bonds (as hereinafter defined) is includible in gross income of the owners thereof for federal and State of Wisconsin income tax purposes. See "TAX MATTERS" herein.

OFFICIAL STATEMENT

$99,300,000
MILWAUKEE COUNTY, WISCONSIN
TAXABLE GENERAL OBLIGATION PENSION REFUNDING BONDS, SERIES 2013B

Interest Accrual Date: Date of Delivery **Delivery**: On or about June 27, 2013

The $99,300,000 Taxable General Obligation Pension Refunding Bonds, Series 2013B (the "Bonds"), are being issued by Milwaukee County, Wisconsin (the "County") pursuant to Chapter 67 of the *Wisconsin Statutes*. The Bonds are being issued to refund certain outstanding obligations of the County, as described in "DESCRIPTION OF BONDS – Authorization and Purpose" herein.

The Bonds will be general obligations of the County for which its full faith and credit and unlimited taxing powers are pledged. The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC or a successor depository will act as securities depository of the Bonds (the "Depository"). Individual purchases may be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Principal, payable on each December 1 as set forth on the following page, and interest on the Bonds, payable semiannually on each June 1 and December 1, commencing on December 1, 2013, 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 Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The County Treasurer will act as Paying Agent and Registrar for the Bonds. The Bonds are not subject to redemption prior to maturity at the option of the County.

Maturity (December 1)	Principal Amount	Rate	Yield	CUSIP
2014	$ 9,225,000	0.577%	0.577%	602245ZB1
2015	9,215,000	0.727%	0.727%	602245ZC9
2016	9,305,000	1.282%	1.282%	602245ZD7
2017	9,440,000	1.826%	1.826%	602245ZE5
2018	9,640,000	2.126%	2.126%	602245ZF2
2019	9,865,000	2.612%	2.612%	602245ZG0
2020	10,145,000	2.812%	2.812%	602245ZH8
2021	10,455,000	3.139%	3.139%	602245ZJ4
2022	10,810,000	3.339%	3.339%	602245ZK1
2023	11,200,000	3.539%	3.539%	602245ZL9

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

The Bonds are offered when, as and if issued by the County and received by the Underwriters, subject to the approving opinion of Chapman and Cutler LLP, Chicago, Illinois, and Emile Banks & Associates, LLC, Milwaukee, Wisconsin, as Co-Bond Counsel to the County. Certain legal matters will be passed upon for the Underwriters by their counsel Katten Muchin Rosenman LLP. *Subject to prevailing market conditions, the Underwriters intend, but are not obligated, to make a market in the Bonds. No assurance can be given that a secondary market will develop for the Bonds. For details of the Underwriters' compensation see "UNDERWRITING" herein.*

The date of this Official Statement is June 20, 2013.

RBC Capital Markets Barclays

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the County or RBC Capital Markets, LLC, as representative of the underwriters (the "Underwriters"), to give information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such other information or representations 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 an offer to buy, and there shall not be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitations or sale. Certain information contained herein has been obtained from the County and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed to be the representations of the Underwriters. 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 any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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APPENDICES

INTRODUCTION TO OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the County's $99,300,000 Taxable General Obligation Pension Refunding Bonds, Series 2013B (the "Bonds"), and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.

Issuer:	Milwaukee County, Wisconsin.	
Dated:	Date of Delivery.	
Delivery:	Delivery of the Bonds is expected on or about June 27, 2013.	
Security:	The Bonds 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 irrepealable tax has been levied upon all taxable property in the County. See "DESCRIPTION OF THE BONDS – Security Provisions" herein.	
Purpose and Authority:	Proceeds of the Bonds will be used to refund certain obligations of the County as described herein, and to pay the cost of issuing the Bonds, pursuant to the laws of the State of Wisconsin including Chapter 67 of the *Wisconsin Statutes* and resolutions adopted by the County Board.	
No Optional Redemption:	The Bonds are not subject to redemption prior to maturity at the option of the County.	
Principal Payments:	Annually, December 1, 2014 through 2023.	
Interest Payments:	On each June 1 and December 1, commencing on December 1, 2013.	
Tax Status:	Interest on the Bonds is includible in gross income of the owners thereof for federal and State of Wisconsin income tax purposes.	
Professional Consultants:	*Co-Financial Advisor:*	Public Financial Management, Inc. Milwaukee, Wisconsin and Peralta Garcia Solutions, LLC Chicago, Illinois
	Co-Bond Counsel:	Chapman and Cutler LLP Chicago, Illinois and Emile Banks & Associates, LLC Milwaukee, Wisconsin
Paying Agent/Registrar:	Milwaukee County Treasurer's Office.	
Record Date:	The 15th day of the month preceding each payment date.	

Legal Matters:	Legal matters incident to the authorization and issuance of the Bonds are subject to the opinions of Chapman and Cutler LLP, Chicago, Illinois, and Emile Banks & Associates, LLC, Milwaukee, Wisconsin, Co-Bond Counsel, as to validity. Each opinion will be substantially in the form set forth in Appendix B attached hereto. Neither Co-Bond Counsel has participated in the preparation of the Official Statement, except for information under the headings "DESCRIPTION OF THE BONDS" and "TAX MATTERS."
Conditions Affecting Issuance of Bonds:	The Bonds are offered subject to receipt of the unqualified approving legal opinions of Chapman and Cutler LLP, Chicago, Illinois, and Emile Banks & Associates, LLC, Milwaukee, Wisconsin, Co-Bond Counsel to the County.
Book-Entry-Only:	The Bonds will be issued as book-entry-only securities through The Depository Trust Company.
No Litigation:	There is currently no litigation pending or, to the best of the County Corporation Counsel's knowledge, threatened, which questions the validity of the Bonds 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 this 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 solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Questions regarding the Bonds or this Official Statement can be directed to Pamela Bryant, Capital Finance Manager, Milwaukee County Comptroller's Office, 901 North Ninth Street, Room 301, Milwaukee, Wisconsin 53233, (414/278-4396).

DESCRIPTION OF THE BONDS

Authorizations and Purpose

The Milwaukee County Board of Supervisors (the "County Board") adopted a resolution on March 21, 2013 (the "Resolution"), authorizing the issuance of taxable general obligation pension refunding bonds of the County in an aggregate principal amount not to exceed $283,000,000 for the purpose of refunding a portion of the County's Taxable General Obligation Pension Promissory Notes, Series 2009A, dated April 2, 2009 (the "Series 2009A Notes").

The proceeds of the Bonds will be used to make a direct purchase of the 2024 term maturity of the Series 2009A Notes from a willing seller, and to pay the cost of issuing the Bonds. The County generated debt service savings by repurchasing a portion of said maturity of the Series 2009A Notes. The below table shows remaining debt service, including sinking fund payments, for the 2024 term maturity of the Series 2009A Notes, and the portion purchased by the County.

	Direct Purchase by the County		To Remain Outstanding		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2013	$ 6,972,380	$ 2,727,914	$ 1,187,620	$ 464,650	$ 8,160,000	$ 3,192,564
2014	5,669,365	5,042,365	965,635	858,874	6,635,000	5,901,240
2015	5,951,336	4,706,172	1,013,664	801,612	6,965,000	5,507,784
2016	6,322,923	4,353,258	1,077,077	741,502	7,400,000	5,094,760
2017	6,716,043	3,978,308	1,143,957	677,631	7,860,000	4,655,940
2018	7,138,999	3,580,047	1,216,001	609,794	8,355,000	4,189,842
2019	7,583,386	3,156,704	1,291,614	537,686	8,875,000	3,694,390
2020	8,057,508	2,707,010	1,372,492	461,093	9,430,000	3,168,103
2021	8,561,673	2,229,199	1,458,327	379,704	10,020,000	2,608,904
2022	9,095,675	1,721,492	1,549,325	293,225	10,645,000	2,014,718
2023	9,663,924	1,182,119	1,646,076	201,350	11,310,000	1,383,469
2024	10,270,623	609,048	1,749,377	103,738	12,020,000	712,786
	$92,003,835	$35,993,636	$15,671,165	$6,130,860	$107,675,000	$42,124,496

Sources and Uses

The estimated sources and uses of the Bonds are as follows:

Estimated Sources:	
Par Amount of Bonds	$ 99,300,000.00
Available Debt Service Funds	8,739,812.51
Total Sources of Funds	$ 108,039,812.51
Estimated Uses:	
Funds for Direct Purchase of 2009 Notes	$ 107,495,696.30
Cost of Issuance (Estimated)	543,138.69
Deposit to Debt Service Fund	977.52
Total Uses of Funds	$ 108,039,812.51

Security Provisions

The Bonds 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 irrepealable tax has been levied upon all taxable property in the County sufficient to pay the principal of and interest on the Bonds.

No Optional Redemption

The Bonds are not subject to redemption prior to maturity at the option of the County.

Notice of Redemption

At least thirty (30) days prior to the date fixed for any such redemption, notice of such redemption shall be given to the Registered Owners of the Bonds or portions thereof being called for redemption 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 Depository for the Bonds, such notice shall be given only to DTC. The failure to send, mail or receive any notice of redemption shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the prepayment price for the Bonds or the portions thereof which are to be so redeemed, plus accrued interest to the date fixed for redemption. If a portion of any Bond shall be redeemed, a substitute Bond 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 Bond being redeemed, all as provided for in the Resolution. Such notice of redemption may be conditional, as provided in the Resolution.

Registration, Transfer and Exchange

The County has initially designated the County's Treasurer to serve as Paying Agent/Registrar for the Bonds. The County may, at any time, at its option replace the County's Treasurer as Paying Agent/Registrar for the Bonds with a bank, trust company or national banking association designated by the County to serve as Paying Agent/Registrar.

The Bonds will be initially registered in the name of Cede & Co., as nominee of DTC. DTC or a successor securities depository will act as the Depository for the Bonds. Individual purchases may be made in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. See "BOOK-ENTRY-ONLY SYSTEM" herein.

BOOK-ENTRY-ONLY SYSTEM

The information contained in the following paragraphs of this subsection "Book-Entry-Only System" has been extracted from a document prepared by DTC entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC AND BOOK-ENTRY-ONLY ISSUANCE." The County makes no representation 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.

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds 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 certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of the Bonds, 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 Ratings Services' rating of AA+. 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 and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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.

Prepayment notices shall be sent to DTC. If less than all the Bonds within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds 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.

DTC may discontinue providing its services as depository with respect to the Bonds 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, Bond 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, Bond 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.

RATINGS

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

UNDERWRITING

RBC Capital Markets, LLC ("RBC"), on its own behalf and on behalf of Barclays Capital Inc. (the "Underwriters"), has agreed, subject to certain terms and conditions, to purchase the Bonds at a purchase price of $99,010,361.31 (consisting of the par amount of the Bonds, less an underwriters' discount of $289,638.69).

The Bonds will be offered at the initial public offering prices which produce the yields shown on the cover page of this Official Statement. After the Bonds are released for sale to the public, the initial public offering prices and other selling terms may from time to time be varied by the Underwriters.

RBC served as agent for the County with respect to investors who desired to sell their Series 2009A Notes to the County as described under the caption "DESCRIPTION OF BONDS – Authorization and Purpose." RBC received no separate compensation for this service.

CO-FINANCIAL ADVISORS

The County has retained Public Financial Management, Inc., Milwaukee, Wisconsin, and Peralta Garcia Solutions, LLC, Chicago, Illinois, as Co-Financial Advisors (the "Co-Financial Advisors") with respect to the issuance of the Bonds. The Co-Financial Advisors have relied upon governmental officials and other sources to provide assistance to the County. The Co-Financial Advisors have reviewed this Official Statement but have not been engaged, nor have they undertaken, to independently verify the accuracy of such information. The Co-Financial Advisors are not public accounting firms and have not been engaged by the County to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. The Co-Financial Advisors will not participate in the underwriting of the Bonds.

Requests for information concerning the County may be addressed to Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, (414/771-2700).

LITIGATION

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 Bonds 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 predict exposure to liability until a case is prepared for trial.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinions of Chapman and Cutler LLP, Chicago, Illinois, and Emile Banks & Associates, LLC, Milwaukee, Wisconsin, Co-Bond Counsel (the "Co-Bond Counsel"), who have been retained by, and act as, Co-Bond Counsel to the County. Co-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, except for guidance concerning "DESCRIPTION OF THE BONDS" and "TAX MATTERS", or other offering material relating to the Bonds, and assume no responsibility for the statements or information contained in or incorporated by reference in this Official Statement.

TAX MATTERS

Interest on the Bonds is includible in gross income of the owners thereof for federal and State of Wisconsin income tax purposes. Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers. The owners of the Bonds should consult their tax advisors with respect to the inclusion of the interest on the Bonds in gross income for federal income tax purposes and any collateral tax consequences.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, as authorized by the Resolution authorizing the issuance of the Bonds, the County will enter into a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the County to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access system ("EMMA"), and to provide notices to EMMA of the occurrence of certain events enumerated in the Rule. The terms and conditions of the Continuing Disclosure Certificate, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the County at the time the Bonds are delivered. The Continuing Disclosure Certificate will be in substantially the form attached hereto as Appendix C. A failure by the County to comply with the Continuing Disclosure Certificate will not constitute an event of default on the Bonds or under the Resolution (although owners of the Bonds will have the right to obtain specific performance under the Continuing Disclosure Certificate). Nevertheless, such a failure must be reported in accordance with the Rule. During the past five years, the County has failed to file its annual financial information as required in accordance with the Rule.

Specifically, under previously executed continuing disclosure certificates, the County was obligated to file annual reports containing financial information and operating data no later than 270 days after the end of each fiscal year, as well as notices of certain events. For the years ended December 31, 2008, 2009 and 2010, not all of the required information was filed within the 270-day period and no such notice of any such failure to file on time was posted. Financial and Operating information was subsequently filed by the County on December 15, 2009 (2008 information), December 4, 2012 (2009 information), December 12, 2011 (2010 information), and January 4, 2013 (Five-Year Capital Improvement Program Data for 2008, 2009, 2010 and 2011, which data has not been required to be disclosed on an annual basis after 2008).

In recognition of the importance of complying with its obligations under its continuing disclosure certificates, the County implemented procedures in early 2013 to help insure future compliance. The County has strengthened its internal controls by placing debt issuance and the associated disclosure requirements under the direct supervision of the Office of the Comptroller.

CERTIFICATION

As of the date of the settlement of the Bonds, the Underwriters will be furnished with a certificate signed by the Comptroller or his designee. The certificate will state that, as of the date of the Official Statement, the Official Statement did not 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.

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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 an 18-member County Board of Supervisors. The County Executive and the County Board are elected on a nonpartisan basis. Each supervisor is elected from a district with an average population of approximately 52,000. In addition, six constitutional and two statutory officers are elected on a partisan basis to serve four-year terms as shown below.

County Officials

(Year sworn into office follows name)

County Executive:	**Chris Abele (2011)**
County Clerk:	*Joseph J. Czarnezki (2009)*
Register of Deeds:	*John La Fave (2003)*
Treasurer:	*Dan Diliberti (2005)*
Clerk of Circuit Court:	*John Barrett (1999)*
Sheriff:	*David A. Clarke, Jr. (2002)*
District Attorney:	*John T. Chisholm (2007)*
County Comptroller:	*Scott Manske (2012)*

Board of Supervisors

Marina Dimitrijevic - Chairwoman (2004)
Peggy West - 1st Vice Chairperson (2004)
Steve Taylor- 2nd Vice Chairperson (2012)

Deanna Alexander (2012)
Mark A. Borkowski (1992)
David Bowen (2012)
Gerry P. Broderick (2002)
David Cullen (2012)
Jason Haas (2011)
Willie Johnson, Jr. (2000)
Patricia Jursik (2007)
Theodore A. Lipscomb (2008)
Michael Mayo, Sr. (1994)
Khalif Rainey (2013)
James J. Schmitt (1998)
Russell W. Stamper II (2012)
Anthony Staskunas (2013)
John F. Weishan, Jr. (2000)

Wisconsin 2013 Act 14

On June 2, 2013, Wisconsin Act 14 ("Act 14") relating to the County became effective. Act 14, among other things, changes the compensation structure of a member (a "Supervisor") of the County Board of Supervisors of the County (the "Board"), changes the length of the term of a Supervisor from four years to two years, affects the right of an annuitant under the Milwaukee County Employee's Retirement System if rehired by the County, limits the authority of the County to enter into certain intergovernment agreements, revises the approval process for public contracts, removes and clarifies some authority of the Board, increases and clarifies the authority of the County Executive of the County, and requires a referendum regarding the compensation of the Supervisors.

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

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, Personnel and Audit
- 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, Personnel and Audit reviews the County Executive's budget at public meetings. On the Monday following its regularly scheduled meeting on the first Thursday in November, the County Board acts on the amendments and recommendations submitted by the Committee on Finance, Personnel and Audit, as well as amendments submitted by individual supervisors. The County Board adopts a final budget, subject to any vetoes by the County Executive, and levies taxes based upon equalized property values.

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 2012 and 2013 is presented on page 49 of this Official Statement.

Accounting Policies and Budgetary Control. The Comptroller's Office monitors the accounting policies and procedures followed by County departments. The County's accounting records for governmental and agency funds are maintained on a modified accrual basis of accounting. Under this method, revenues are recorded when measurable and available; expenditures are recorded when the goods or services are received and the liabilities are incurred. The County's accounting records for proprietary funds and the pension trust funds of the County are maintained on an accrual basis of accounting. Under this method, revenues are recorded when the services are performed; expenditures are recorded when the goods or services are received and the liabilities are incurred. 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, 2011. The Certificate of Achievement recognizes 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, with contents conforming to program standards. The 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 32 consecutive years (December 31, 1979 through December 31, 2011).

Budgetary control is maintained by a formal appropriation and encumbrance/expenditure system. Encumbrances are made against appropriations upon the release of a purchase order to a vendor. Expenses are incurred upon the receipt of goods or services, and the matching to invoices and purchase orders. This expenditure matching will reduce open encumbrances, related to the purchase order being paid. The expenditures and remaining open encumbrances will reduce the available appropriation. If new encumbrances or expenses would reduce the net appropriation balance below the authorized limits, than purchases are halted until additional appropriation authority is granted. As authorized by State Statute, open encumbered purchase orders are carried forward at the end of the year by means of encumbrance reserves. These reserves are restored to departmental appropriation accounts in the following year, thus allowing departments to complete the purchase transaction, using prior year funded appropriations. Purchases for the new year would be encumbered against new budgeted appropriations. Expenditures are then recorded when the services or materials are received, which will release the encumbrance. A summary of the operating results for the general fund and all proprietary funds for the years 2007-2011 is presented on pages 47 and 48 of this Official Statement. The excerpts from the County's 2011 financial statements are included as Appendix A. The County realized a surplus of $5,538,786 for the fiscal year ended on December 31, 2011. The CAFR for the year ended December 31, 2012 was not available at the time of publication of this Official Statement; however, it is projected that the County will end the year with a $23 million surplus of which $5 million will be applied to the 2014 Budget, in accordance with State Statute. As is required by State Statute, the County must apply any surplus or deficit (inclusive of revenues and expenditures and application of fund balance) from the year to the subsequent budget year.

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

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

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

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

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

The County has taken the following measures to address the structural deficit.

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

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

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

The County has also been able to reduce its pension liability, in part due to changes that resulted from Acts 10 and 32. Almost all employees are required to contribute one-half of the ARC to the Employees' Retirement System ("ERS"). The member contribution requirement is determined annually by the County's actuary and is collected through an employee payroll deduction. Although this issue remains a negotiable item for public safety unions, the Milwaukee Deputy Sheriffs' Association agreed in its 2012 contract to contribute one-half of its ARC. The Milwaukee County Firefighters Association, covering less than 20 County employees, has not yet agreed to a pension contribution. Other changes to the pension benefits include an increase in the normal retirement age from age 60 to age 64, a reduction in the pension multiplier from 2.0 percent to 1.6 percent for most employees and a modification to the backdrop pension benefit.

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

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

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

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.

The County has received its third actuarial report of Other Post Employment Benefits ("OPEB") under Governmental Accounting Standards Board Statement #45 – "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions" ("GASB #45"). 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 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., a non-stock, not-for-profit Wisconsin corporation.

An actuarial valuation report was prepared as of January 1, 2010 for the County. The County's total actuarial accrued liability for OPEB for all funds, excluding the MCTS, is estimated at $1.46 billion, based on a 6 percent discount rate.

The ARC for the County as of January 1, 2010 was $118.8 million. Normal cost is $12.4 million and amortization of the unfunded liability was $106.4 million. The amortization of the unfunded liability assumes a 30-year amortization using a level dollar amount. The net ARC cost for 2010 and 2011 was $40.7 million and $44.6 million, respectively, which excluded the retiree health costs that are separately budgeted by the County. 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. The net OPEB Obligation as of December 31, 2010 and 2011 was $211.2 million and $255.8 million, respectively.

While the County has made progress in recent years by securing employee concessions in the area of employee health care and the rollback of the 2001 pension enhancements, employee compensation and fringe benefits continues to be a cost pressure in the 2013 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 establish new revenue sources. This will require the County to reevaluate its core functions, and the funding assumptions used to support them.

Milwaukee County Transit System

The Milwaukee County Transit System ("MCTS") is separately managed by Milwaukee Transport Services, Inc., with separate union agreements for its employees. MCTS has post-retirement health insurance available for employees hired before July 16, 2007, based on the number of years of service. MCTS negotiated a new labor contract with its employees effective April 1, 2011.

Under the new agreement, new employees are not eligible for post-retirement health insurance.

An actuarial valuation report was prepared as of December 31, 2011, which included expense and ARC development for the years beginning January 1, 2011 and January 1, 2012. The MCTS actuarial accrued liability for OPEB at December 31, 2011 is estimated at $245.9 million, based on a 7.5 percent discount rate.

The ARC for MCTS as of January 1, 2012 was $17.7 million. The ARC includes normal cost of $4.1 million and amortization of the unfunded liability of $13.6 million. The amortization of the unfunded liability assumes a 30-year amortization using a level percentage of payroll. The MCTS has established a trust for the net OPEB obligation, which had an actuarial value of assets as of December 31, 2011 of $34.6 million, and as of December 31, 2012 is projected to be $43.4 million.

Auditing. The Milwaukee County Department of Audit was originally an extension of the legislative branch of Milwaukee County and provided the County Board with a constant overview and independent review of County operations. In 2011, State statute was changed, and effective April 2012, the Milwaukee County Department of Audit now reports to a separately elected Milwaukee County Comptroller. The State statute requires that the Audit Services Division of the Office of the Comptroller will follow Government Auditing Standards. The division 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 division'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 Milwaukee County Basic Financial Statements for the year ended December 31, 2011, 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 is limited to an increase of no more than 3 percent over the principal amount of the preceding year's issue. Although this bonding cap policy only applies to corporate purpose bonds that finance the Capital Improvements Program, the Comptroller's Office includes the bond issues that result in a County debt obligation.

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

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.

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

Investment Vehicle	Maximum Percentage of Portfolio
Time and other Money Market deposits of banks, savings banks, trust companies, savings and loans, credit unions, regulated by the Securities and Exchange Commission	0-60% Total
U.S. Treasury, GNMA, Federal Home Loan Mortgage, and any other agency/instrumentality securities that are explicitly guaranteed by the federal government.	0-100% Total
Securities issued by the Federal National Mortgage Association (Fannie Mae), and Federal Home Loan Mortgage Corp. (Freddie Mac).	0-30% per agency 0-60% Total
Other agency/instrumentality securities (including securities issue by the Federal Home Loan Bank, Federal Farm Credit Banks, Small Business Administration, and others.	0-15% per agency 0-30% Total
Municipal securities - including general obligation bonds, essential service bonds rated AA or higher, or securities of any county, city, drainage district, vocational, technical and adult education district [1], village, town or school district of the State of Wisconsin.	0-10% per issuer 0-10% Essential Rev. 0-25% Total
Local Government Pooled Investment Fund of the State of Wisconsin Investment Board	0-50% Total
Repurchase agreements with public depository institutions (only) and where specific and appropriate collateral is provided	0-50% Total
Corporate securities rated AAA or AA, including commercial paper	0-5% per issuer 0-15% Total
Securities of an open-end management investment company or investment trust, investing in statutorily allowed securities	0-25% Total
All other security types, when and if authorized in the future by amendment to Wisconsin statute	0-25% Total

[1] Statutorily redesignated in 1993 as technical college districts.

Services Provided by the County

Health and Human Services. This functional area consists of the Department of Health and Human Services, the Behavioral Health Division, the Department of Aging and the Department of Family Care. In combination, operating revenues support 85 percent of expenses in these 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 59. Programs serve specific populations such as delinquent youth; persons who are developmentally, physically or mentally ill; and the homeless. Many DHHS services are mandated by State Statute and/or provided through a contract between the state and the County.

The DHHS consists of five service areas including the divisions of Delinquency and Court Services, Disabilities Services, Housing, Management Services and Behavioral Health.

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

The Disabilities Services Division ("DSD") provides services to adults with special needs between the ages of 18 and 59 and to children with disabilities and their families. Services are targeted at populations with physical and developmental disabilities and individuals who are homeless or experiencing a housing crisis. A wide variety of services are provided or purchased, including case management for long-term support, residential services, work and day services, community treatment, community support, adult day care, fiscal agent services and service access and prevention. Many of these services enable persons to live in the community and avoid institutional placements. The division also provides services through the Disabilities Resource Center such as information and assistance, service access and prevention, disability benefits counseling and Family Care entitlement benefits through access to publicly funded long-term care. In addition, DSD has also assumed responsibility for the Interim Disability Assistance Program and the General Assistance burials programs that were previously housed in the Economic Support Division prior to the state takeover.

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

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

The Behavioral Health Division ("BHD") provides care and treatment of persons with disorders related to alcohol and substance abuse as well as developmentally, emotionally and mentally ill adults, children and adolescents. The range of services provided by the BHD encompasses inpatient care (both short term and extended), outpatient care and day treatment. Acute hospital admissions are initiated by voluntary application or through legal detention methods such as court commitment. Extended care services are provided at federally certified, skilled nursing facilities and at facilities for the developmentally disabled. Day treatment is offered to patients who have progressed to the stage where inpatient hospitalization is no longer indicated but who require more intensive treatment than is available in an outpatient facility. The Community Services Branch provides both mental health and alcohol and other drug addiction services through contracts with community service providers or at community clinics. The Department on Aging was created in 1991 to administer aging programs and to serve as the County's designated area agency on aging. The Department on Aging plans for and services the growing needs of the County's large and diverse older adult population. Services provided by the Department on Aging are designed to provide an appropriate mix of community-based care and direct services to prevent the inappropriate and costly institutionalization of older adults. The Department on Aging contains three major program areas: Administration, Area Agency Services and the Aging Resource Center.

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

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

The Emergency Medical Services ("EMS") program within the Behavioral Health Division supports the provision of paramedic services in the County through a variety of initiatives. The Communication Center is staffed with emergency medical communicators to coordinate on-line medical control and hospital notification for local and regional emergency calls. The EMS program also operates the Education/Training Center for members of the paramedic transport units serving Milwaukee County and the American Heart Association Community Training Center, which provides public education for cardiopulmonary resuscitation, automatic external defibrillator, advanced life support and pediatric advanced life support courses. Medical direction and control for the EMS program is provided through a professional services contract with the Medical College of Wisconsin.

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

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

Parks, Recreation and Culture. This functional area includes the Department of Parks, Recreation and Culture, the Milwaukee County Zoo, the Milwaukee Public Museum and other cultural institutions that receive County support. As a group, operating revenues support 51.9 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 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 tradeshows. The 100-mile Oak Leaf Recreational Trail, along with 84 miles of parkways, provide off-road paved paths for walking and biking. In addition, dozens of parks have baseball or softball fields, basketball courts, sand volleyball, tennis courts, disc golf, rugby fields, cricket courts and other facilities that can be rented or used recreationally. The Parks Department also offers both supervised sports activities as well as leisure recreation in exercise and game room gatherings in its community centers. The centers also host community groups that offer adult educational programs and programs oriented to disadvantaged youth.

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

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

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

The *Milwaukee Public Museum* ("MPM") has been operated through a public-private partnership since 1992. The private, not-for-profit organization MPM Inc. operates the museum, and the County owns the buildings and artifacts.

The board of directors of MPM Inc. includes representatives appointed by the County Board and the County Executive.

MPM hosts international exhibitions annually, and had attendance of 605,100 in 2011. The MPM also operates an IMAX theater and the Daniel M. Soref Planetarium to provide additional educational programming. Through its distant learning program, the museum provides remote educational programs to students throughout the region, the County, and around the world.

Financial difficulties resulted in a financial restructuring of the MPM in 2005. At that time, the County guaranteed a $6 million working capital loan on behalf MPM. In February 2008, the note and line of credit were fully paid off by contributions received by MPM, which effectively eliminated this guarantee. In May 2007, major MPM stakeholders consented to a comprehensive agreement that intended to restore the MPM to long-term financial viability. At that time, the County 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 MPM. The County's capital improvement funding obligation was completed in 2012.

In January 2013, MPM briefed County policy makers in regard to potential cash flow issues resultant from the required pension payment due in September of 2013. The pension payment is specific to former County employees (who worked for the Museum when it was a department of the County) that accepted positions with MPM when the County entered into a lease and management agreement for Museum operations in March of 1992. Additionally, policy makers were briefed on discussions occurring between MPM and County staff to address short-term cash flow issues and the long-term sustainability of MPM. In June 2013, it is anticipated that the County will be considering a formal agreement with MPM that would address the pension and short-term cash flow issues as well as provide alternatives to promote the long-term sustainability of MPM.

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

Transportation. The Department of Transportation and Public Works administers two County airports; the transit/paratransit system; transportation planning and engineering services; highway maintenance; and fleet management. Operating revenues account for 92.1 percent of the department's expenses.

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

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

The 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 March 2008, GMIA submitted a FAR Part 150 Noise Study Update to the FAA which the FAA approved in June 2009.

The noise study update included a request for FAA funding to reduce noise impacts to an additional 560 dwellings through continuation of the sound insulation element originally identified in the 1993 GMIA FAR Part 150 Noise (Abatement) Study.

The Lawrence J. Timmerman Airport is located in the northwest quadrant of the County. This 420-acre general aviation facility serves business and privately owned aircraft. For a discussion of debt related to the airports, see "DEBT STRUCTURE – Airport Revenue Debt" and "DEBT STRUCTURE – Other County Obligations" herein.

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

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

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

Courts and Judiciary. The Courts and Judiciary function includes the Department of Combined Court Related Operations, Alternatives to Incarceration, and the Department of Child Support Enforcement. State and other non-tax revenues support approximately 44.9 percent of the County's cost of the Courts and Judiciary function.

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

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

The Department of Child Support 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 125,000 cases annually for establishment and enforcement of child support obligation, maintains Milwaukee County family court orders on Kids Information Data System , the statewide support computer system and represents the department's interests in family court hearings in the County.

The Public Safety function includes the Office of the Sheriff, the District Attorney and the Medical Examiner. For 2013, budgeted operating revenues support approximately 16.2 percent of the costs of these departments.

The Office of the Sheriff acts as an arm of the criminal justice system, which consists of carrying out criminal investigations, effecting arrests and warrants, detaining prisoners, providing court security, serving process papers, transporting prisoners and patients and extraditing criminals. The Office of the Sheriff is organized into the following divisions: Administration Bureau, Police Services Bureau and Detention Services Bureau including the County Correctional Facility South formerly known as the House of Correction.

The Administration Bureau performs management and support functions for the Sheriff, communications, training and public information. Included in these duties are leadership, personnel management, and preparation of the annual budget, fiscal monitoring, accounting and payroll functions. Also included in this bureau is the Internal Affairs Division, which investigates all incidents involving Sheriff's Office personnel. Included in this Bureau is the Emergency Management Division which 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 County airports, County grounds, County parks and expressways. In addition, the Police Services Bureau includes the Civil Process Unit, Criminal Investigation Division, the Drug Enforcement Unit, the High Intensity Drug Trafficking Area, the Special Weapons and Tactics team, the bomb disposal unit and the dive team. In addition, the Police Services Bureau serves state-mandated civil writs such as temporary restraining orders, commitments to mental health, body attachments, writs of restitution/assistance, executions and evictions.

The Detention Services Bureau includes the CCFC, the CCFS, Medical and Psychiatric Services units, Court Services, Support Administration, and Central Records. The CCFC is a secure detention facility with a total bed space of 960 detainees and is primarily a pre-trial holding facility, although a small number of sentenced offenders awaiting transfers or hearings are also housed at the jail. The Sheriff has the authority to transfer inmates between the CCFC and the CCFS in order to maximize the use of available beds.

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

The Detention Bureau 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.

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

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

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

General Governmental Services. The General Governmental Services group includes the County Treasurer, the County Clerk, the Register of Deeds and an Election Commission. As a group, budgeted operating revenues support 105.9 percent of the costs of these departments.

The County Treasurer traditionally produces revenues in excess of expenditures because interest on delinquent property taxes is included in this operating budget. The interest and penalties for 2012 are projected to be approximately $3.6 million; the 2013 budget includes a modest decrease in the number of properties on which taxes are delinquent and a corresponding decrease in collections.

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, Human Resources, Corporation Counsel and boards and commissions such as the Personnel Review Board, Civil Service Commission and Ethics Board. As a group, operating revenues support 16.0 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, administration and financial oversight, procurement and employee benefits.

The Department of Labor Relations 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 4,694 funded full-time equivalent employee positions budgeted in 2013. This count represents the number of actual positions funded in the 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 4,760 employees. The number of individuals actually employed by the County fluctuates on a seasonal basis. When Wisconsin Act 10 was enacted in July 2011, certified non-public safety bargaining units were required to go through a re-certification process. Four (4) County non-public safety bargaining units went through this process, and were re-certified. Milwaukee District Council 48, AFSCME, AFL-CIO did not go through the re-certification process, and was de-certified on January 30, 2012. The total membership of AFSCME at the time of decertification was approximately 2800. The Federation of Nurses and Health Professionals ("FNHP"), Local 5001, AFT, AFL-CIO, had a labor agreement that expired on December 31, 2012. The Wisconsin Employment Relations Commission ("WERC") advised at the point that the FNHP would remain a certified bargaining unit. As of May 6, 2013, approximately 16 percent of all individuals employed by the County were organized and represented by labor organizations as described below.

Union	Approximate Number of Employees Represented	Contract Expiration Date
Milwaukee Deputy Sheriff's Association	284	12/31/2012
Federation of Nurses and Health Professionals, Local 5001, AFT, AFL-CIO	283	12/31/2012
Milwaukee Building and Construction Trades Council, AFL-CIO	80	12/31/2011
Association of Milwaukee County Attorneys	50	12/31/2011
Technicians, Engineers and Architects of Milwaukee County	33	12/31/2011
Milwaukee County Firefighters Association	18	12/31/2011
District No. 10 International Association of Machinists and Aerospace Workers	3	12/31/2012
Total Represented Employees	751	

The Employees' Retirement System of the County of Milwaukee. The Employees' Retirement System of the County of Milwaukee (the "ERS") was established in 1938 and is a single-employer defined benefit pension plan. Employees who were enrolled in the ERS prior to 1971 receive contributions to their member accounts by the County, which is presently less than $15,000 a year. For all other members, the ERS was substantially noncontributory until 2011. In that year, employees were required under State Statute to begin contributing half of the actuarially determined annual required contribution to the ERS. Public safety employees were specifically exempted from this requirement, but in 2012, the Milwaukee Deputy Sheriffs' Association agreed to pay one-half of the ARC. The Milwaukee County Firefighters Association still has not agreed to a contribution.

County Contribution

The ERS financing objective is to fully fund all current costs based on the normal contribution rate determined under the Aggregate Entry Age Normal Cost Method and to liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code. The outstanding balance of the unfunded actuarial accrued liability (UAAL) and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses are amortized as a level percentage of payroll over a 30-year period. The County's actuary recently conducted its quinquennial experience review for the calendar years 2007 through 2011. Based on that review, the County's rate of return assumption will remain unchanged at 8.0 percent. However, the County's mortality assumption needed to be updated, which will impact the valuation and increase future annual contribution requirements. The actuary also recommended a 10 year smoothing of investment gains and losses, instead of the current policy of 5 years which will be implemented as part of the next actuarial valuation.

The County's actuary determines the ARC and the County makes contributions to the ERS based upon the actuarially determined ARC, with adjustments made at the discretion of the County Board of Supervisors and the County Executive. The ARC is based on the normal cost (the actuarial liability for benefits earned by active employees for the current year) plus interest plus a thirty year amortization of the unfunded liability. Because the County issued pension obligation notes in 2009, State Statute directs that the County must, at a minimum, contribute the normal cost. The County typically budgets contributions to the ERS to fully fund the ARC. In each actuarial valuation report, the actuary provides a "Projected" ARC for the upcoming budget year. The appropriation is generally set using this projection. In the subsequent actuarial valuation report, the actuary will provide the "Actual" contribution requirement. Differences between the ARC and the amount actually contributed have varied over the past five years. In 2008, the actual contribution was 65.7 percent of the ARC. In 2009, the County issued pension obligation notes and contributed $400 million to pay down the unfunded liability. In 2010 and 2011, the County contributed more than was required and in 2012, contributed 96.5 percent. Based on all the events of the system, the ERS currently has a funded ratio of 89.2 percent.

Eligibility for Normal Retirement

The typical retirement benefit is a monthly pension payment for the life of the participant beginning at normal retirement age. For Deputy Sheriffs' Union 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 either 60 or 64, depending on the ERS enrollment date, 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 participant 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, 2012 there were 3,972 active participants and 9,088 inactive participants. The inactive participants include 1,341 deferred benefit retirees and 7,747 retired participants or beneficiaries of retired participants receiving benefits.

Amount of Normal Retirement Benefit

The amount of an eligible retiree's annual pension is calculated by multiplying the years of eligible service times an annual multiplier times an annual salary that is typically based on an average of a certain number of final employment years as defined by ordinance and labor agreements. These multiplier percentages are determined by ordinance, collective bargaining agreement, and the ERS enrollment date. At this time the multiplier percentage can be 1.5%, 1.6%, 2.0% or 2.5%. As of 2012, the majority of employees will have 1.6% as their multiplier for all future years of service, pending the outcome of the litigation referenced above. Members of the Deputy Sheriffs' Union and non-represented deputy sheriffs have maintained a 2.0% or 2.5% multiplier, depending on their enrollment date. The multiplier percentage for all years of service prior to 2012 is dependent on the employee's ERS enrollment date, and the pension changes made effective in 2001. Employees who were subject to the 1.5% multiplier for service years prior to 2012 were provided an additional 0.5%, or an effective rate of 2.0%. Employees who were subject to the 2.0% multiplier for service years prior to 2012 were provided a bonus that gave them an effective rate of 2.5%.

Retired employees receive a simple COLA of 2 percent of original benefit increase per year. 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.

History of Changes Since 2001 to Pension Benefits

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.

- 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-represented sheriffs participants who joined the system before January 1, 1982, or July 1, 1995 for a non-represented deputy sheriff.

- A change to the service credit allowed all service credit earned after January 1, 2001 to be credited with an additional 0.5 percent multiplier for those non-represented deputy sheriffs 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 became 2% of final average salary per year of service, which benefit was not to exceed 80%. The average salary for participants who joined the system prior to January 1, 1982 (see prior bullet point), was to be multiplied by 125%.

- Again in 2001, for all non-represented deputy sheriffs, a backdrop benefit option was added that provided a lump sum cash payment for the total of monthly benefits, adjusted for cost-of-living 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, members of the Deputy Sheriffs' Union, 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.

- In 2010, the normal retirement age for non-represented employees hired after January 1 was increased to age 64. This was also included in new labor contracts with three bargaining units: the Association of Milwaukee County Attorneys, District No. 10 International Association of Machinists and Aerospace Workers, and Technicians, Engineers and Architects of Milwaukee County. This change was applied to the remaining bargaining units in 2012, except the Deputy Sheriffs' Union and the Firefighters Union.

- In 2010, the multiplier was reduced from 2.0% to 1.6% for all non-represented employees. This multiplier was also included in new labor contracts with the following bargaining units: Association of Milwaukee County Attorneys, District No. 10 International Association of Machinists and Aerospace Workers, and the Technicians, Engineers and Architects of Milwaukee County. It is intended to be applied to all bargaining units except the Deputy Sheriffs's Union and the Firefighters Union. In 2011, the pension multiplier reduction was applied to the largest union, Milwaukee District Council 48 AFSCME, AFL-CIO and affiliated locals ("AFSCME DC-48"), with the reduction being applied to the Milwaukee Building and Construction Trades Council AFL-CIO , and Federation of Nurses and Health Professionals, Local 5101, AFT, AFL-CIO (the "Nurses Union") bargaining units in 2012.

- For 2011, an employee contribution of 4% was included for all non-represented employees. As a result of a change in State Statute, the County implanted a pension contribution equal to half of the annual required contribution, or 4.7% for non-public safety, and 6.59% for public safety. The new 4.7% rate was applied to non-represented employees and the county's largest union, AFSCME DC-48, in August 2011. The remaining represented bargaining units, except the Firefighters Union, saw the contribution increase in January 2012. The Deputy Sheriffs' Union and Nurses Union implemented the change through negotiation.

- For 2012 and 2013, the pension contribution rates were 4.7 and 4.4 percent respectively for non-public safety employees.

Some of the enhancements described above resulted in County employees retiring at an accelerated schedule. The increase in retirements in recent years is a result of continuing changes in active benefits and the discussion of continuing changes in pension benefits. The table below shows annual retirements since 2002.

Year	Number of Retirements
2002	350
2003	290
2004	750
2005	186
2006	219
2007	296
2008	243
2009	318
2010	344
2011	557
2012	166

The accelerated retirements which followed the pension changes effective in 2001 have increased backdrop payments. As of November 15, 2010, the County has paid out a total of $153.3 million in lump-sum payments for the backdrop to 1,230 individuals upon retirement.

In an effort to address the growing 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 of pension obligation bonds for review and approval by the Committee on Finance, Personnel and Audit, the County Board and the County Executive.

In March of 2009 the County issued $400 million in pension notes (the Series 2009A Notes and the Series 2009B Notes) to fund a portion of the unfunded actuarial accrued liability. The plan of finance for the $400 million in pension notes was for an overall level debt service structure. In conjunction with the pension financing the County also created a pension-related Stabilization Fund.

Including the contribution from the 2009 pension note proceeds, the most recent valuation of the ERS dated January 1, 2013 indicates an 86.8 percent funded status. This funded ratio is based on an actuarial value of assets of $1,767,843,000 and an actuarial accrued liability of $2,035,571,000. The County expects to increase the contribution rate over the next five years.

In addition, the County received a settlement of as a result of a lawsuit with Mercer, Inc. over the pension changes in 2001. Per County Board policy, the net settlement proceeds of $29 million, which have been reduced by attorney fees and other administrative costs, will be amortized over a 5-year period.

The following table indicates projected and actual actuarial required contribution and County contribution to the ERS for the years 2002 -2012.

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Actuarial Required Contribution vs. Actual Pension Contribution

Year	Annual Required Contribution Projected ($ millions)*	Annual Required Contribution Actual ($ millions)*	County Contribution ($ millions)*	
2002	($0.50)	$8.50	$2.60	
2003	$20.50	$25.20	$34.00	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	$40.10	$33.20	$34.90	
2005	$37.80	$37.60	$35.40	
2006	$45.90	$46.90	$27.40	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	$59.00	$52.40	$49.30	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	$49.70	$53.10	$39.40	This contribution anticipated the issuance of pension notes 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.
2009	$25.86	$31.02	$457.02	This contribution includes amortization of the unfunded actuarial liability of $8,959,996, normal cost of $21,395,539, a contribution from the sale of pension notes of $397,000,000, a contribution to the OBRA retirement plan of $660,925, and the contribution from the settlement of an outstanding lawsuit of $29,000,000
2010	$32.07	$30.25	$33.77	The contribution includes the amortization of the unfunded actuarial accrued liability of $8,792,478, normal costs of $20,736,844, over contribution of $3,439,824 and a contribution for the OBRA retirement plan of $786,000. Employee contributions were only $75,584.
2011	$ 31.60	$ 30.43	$ 33.61	The contribution includes the amortization of the unfunded actuarial accrued liability of $10,141,127, normal costs of $19,480,089, over contribution of $1,968,000 and a contribution for the OBRA retirement plan of $2,022,000. Total employee contributions were $3,313,000 for 2011.
2012	$ 28.29	$ 29.29	$ 28.29	The contribution includes the amortization of the unfunded actuarial accrued liability of $13,917,521, normal costs of $14,488,711, under contribution of ($988,000) and a contribution for the OBRA retirement plan of $880,000. Total employee contributions were $9,000,000 for 2012.
2013	$30.9	$29.78	$30.9	The contribution includes the amortization of the unfunded actuarial accrued liability of $12,841,296, normal costs of $16,577,149, over contribution of $1,121,555 and a contribution for the OBRA retirement plan of $360,000. Total employee contributions are project to be $8,000,000 2013.

* 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.

** The 2012 County contribution is estimated to be the budget amount of $28.29 million. The actual amount will be contributed by July 2013.

COMMUNITY CHARACTERISTICS

Population, Income, and Employment Trends

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

Population Statistics

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

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

Per Capita Personal Income

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

The Department of Workforce Development provides develops monthly estimates of the labor force, employment, unemployment, and unemployment rates for the County and the State of Wisconsin. The below table provides the average annual estimates over the past five years.

Labor Force Statistics for Milwaukee County (Not Seasonally Adjusted)

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

Source: Wisconsin Department of Workforce Development

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.

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 the County. Milwaukee is also a major Great Lakes port. Approximately 900,000 tons of salt, 500,000 tons of cement and cement products, 600,000 tons of coal, and 50,000 tons of specialty products come through the port on an annual basis. The port also serves as the third largest exporter of grain in the Great Lakes.

Passenger air service is available through GMIA. Approximately 32 cities are served non-stop or direct, and connections are available to cities throughout the world. A total of 7,515,070 passengers used GMIA in 2012. For more information on GMIA, see "COUNTY GOVERNMENT – Services Provided by the County" herein.

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.

Business Outlook Survey

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

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Larger Area Private-Sector Employers

Company	Business Description	Approximate Employment
Aurora Health Care Inc.	Health Care System	31,000
Wheaton Franciscan Healthcare	Health Care System	8,699
Roundy's Supermarkets Inc.	Retail Supermarkets	8,700
Froedert & Community Health	Health Care System	8,900
The Medical College of Wisconsin	Private Medical School	5,492
Northwestern Mutual	Insurance, Investment Products	5,000
ProHealth Care Inc	Health Care System	4,716
Columbia St. Mary's Health System	Health Care System	4,429
Children's Hospital	Health Care System	3,726
Rockwell Automation Inc	Industrial Automation Products	4,273
BMO Harris Bank	Bank Holding Company	4,070
Wisconsin Energy Corp	Electric & Natural Gas Utility	4,005
Johnson Controls Inc	Control Systems, Batteries & Auto Interiors	3,658
US Bank NA	Banking Services	3,540
Wells Fargo	Banking & Financial Services	3,500
Goodwill Industries	Training Programs, Retail, & Food Service	3,215
Harley-Davidson Inc	Motorcycles & Accessories	2,771
Marquette University	University	2,767
Bon-Ton Department Stores	Department Stores	2,500
Extendicare Health Services	Skilled Nursing Homes	2,500
Potawatomi Bingo Casino	Casino	2,480
Briggs & Stratton Corp	Small Gasoline Engines	2,300
Chase	Global Financial Services	1,789
Rexnord Corp	Power Transmission Equipment	1,600
Cargill Meat Solutions	Meat Processor	1,600
The Marcus Corp	Theaters and Hotel Properties	1,585
Journal Communications Inc	Diversified Media Company	1,403
MillerCoors LLC	Beer Brewery	1,400
Caterpillar Inc., (Joy Global Inc)	Manufactures & Distributes Mining Equip	1,341
Patrick Cudahy Inc.	Manufacturer of Processed Meats	1,340
Assurant Health	Health Insurance	1,264
Robert W Baird	Asset Management and Capital Markets	1,234
Brady Corp	Manufacturer of Identification Materials	1,060

Source: The Business Journal of Greater Milwaukee, Book of Lists

Major Industrial Taxpayers in the County

Name of Company	Type of Business or Services	2012 Full Market Value	% of County's 2012 Full Market Value
General Electric	Manufacturer, medical equipment	$ 92,386,500	0.16%
Harley -Davidson	Manufacturer, motorcycles	90,376,900	0.16%
MillerCoors	Manufacturer, beer and aluminum cans	51,421,600	0.09%
Caterpillar	Manufacturer, mining equipment	50,777,500	0.09%
Sigma Aldrich Corp.	Manufacturer,, specialty chemicals	37,328,900	0.06%
Journal Communications	Publishing, printing and broadcasting	32,818,000	0.06%
Rockwell Automation	Manufacturer, electrical/electronic products	31,761,700	0.05%
Briggs & Stratton Corp.	Manufacturer, small engines	28,159,300	0.05%
Rexnord Industries	Manufacturer, power transmissions	21,872,800	0.04%
Brady Worldwide Inc.	Manufacturer, safety and identification	20,739,500	0.04%
Palermos Properties LLC	Distributor, frozen pizza	17,757,200	0.03%
P & H Mining Equipment	Manufacturer, mining equipment	17,472,200	0.03%
Quad/Graphics Inc.	Printing	16,855,500	0.03%
VTLC Development LLC	Real estate development	16,285,500	0.03%
P.P.G. Industries Inc.	Manufacturer, coatings and resins	14,525,200	0.03%
Patrick Cudahy	Manufacturer, processes meats	14031100	0.02%
All Glass Aquarium	Manufacturer, aquariums	13,316,000	0.02%
Dentice, Joseph & Ellen	Real estate development	12,447,600	0.02%
Hondo Incorporated	Manufacturer, beverage containers	10,551,200	0.02%
Bostik Inc.	Manufacturer, adhesives and sealants	9,783,100	0.02%
Badger Meter, Inc.	Manufacturer, using flow measurement	9,400,300	0.02%
Krones Inc	Manufacturer machines for packaging	9,360,700	0.02%
Bapista's Bakery Inc.	Manufacturer/Marketer, consumer foods	9,335,700	0.02%
Ingeteam Inc.	Manufacturer, electrical equipment	8,744,000	0.02%
Ball Corporation	Provider of metal packaging	7,475,400	0.01%
Alliance Development	Distributor	7,386,900	0.01%
		$ 652,370,300	1.13%

Total 2012 Milwaukee County Equalized Value (TID Included) $ 57,782,302,300

Source: Wisconsin Department of Revenue

Major Non-Industrial Taxpayers in the County

Name of Company	Type of Business	2012 Full Market Value	% of County's 2012 Full Market Value
Bayshore Town Center LLC	Real Estate	$ 313,599,377	0.54%
Northwestern Mutual Life Insurance Co	Insurance	311,899,656	0.54%
US Bank Corp	Banking	263,198,674	0.46%
Mayfair Mall LLC	Shopping Mall	256,809,740	0.44%
Bre Southridge Mall LLC	Real Estate	155,498,182	0.27%
Mandel Group	Real Estate	126,773,908	0.22%
Metropolitan Associates	Real Estate	122,244,615	0.21%
Columbia St. Mary's	Health Care	112,183,248	0.19%
Marcus Corp/Milw City Center/Pfister	Hotels, Theaters	110,449,491	0.19%
Centerpoint Properties	Real Estate	97,150,010	0.17%
NNN 411 East Wisconsin LLC	Real Estate	93,719,721	0.16%
Wal-Mart/Sam's Club	Retailer	91,579,873	0.16%
Towne Realty	Real Estate	86,651,099	0.15%
100 E Wisconsin Ave Joint Venture	Real Estate	80,807,026	0.14%
Aurora Health	Health Care	72,344,009	0.13%
BMO Harris Bank N.A.	Banking	66,389,028	0.11%
Riverbend Place	Real Estate	61,502,911	0.11%
Flanders Westborough	Real Estate	58,777,074	0.10%
Wheaton Franciscan Services	Health Care	58,737,064	0.10%
LSOP LLC	Real Estate	58,410,904	0.10%
Inland Wester Midtown	Real Estate	56,438,442	0.10%
Gormon & Co.	Real Estate	56,201,193	0.10%
875 East Wisconsin - Vanguard Advisors	Real Estate	56,052,604	0.10%
Dayton-Hudson	Retailer	52,748,942	0.09%
Park Lafayette Apts	Real Estate	52,535,607	0.09%
		$ 2,872,702,398	4.97%

Total 2012 Milwaukee County Equalized Value (TID Included) $ 57,782,302,300

Source: Wisconsin Department of Revenue

Major Construction Projects Planned and in Process in the County

Construction Projects Located in the City of Milwaukee

Project Name	Municipality	Project Type	Estimated Project Costs
Northwestern Mutual	City of Milwaukee	Commercial	$ 400,000,000
Marriott Hotel	City of Milwaukee	Commercial	27,831,000
MSOE Soccer Stadium	City of Milwaukee	University	20,000,000
North End Phase II	City of Milwaukee	Multi-Family Residential	17,875,000
Junior House Lofts	City of Milwaukee	Multi-Family Residential	5,550,000
Concordia Data Center	City of Milwaukee	University	5,010,000
		TOTAL	$ 476,266,000

Construction Projects Located in Other Municipalities

Project Name	Municipality	Project Type	Estimated Project Costs
Mayfair Collection	City of Wauwatosa	Commercial	$40,000,000
Mandel	Village of Whitefish Bay	Residential	28,000,000
ABB	City of Wauwatosa	Commercial	15,500,000
Wheaton-Franciscan- Med Office	City of Franklin	Commercial	13,000,000
Hotel Redevelopment	City of West Allis	Commercial	8,000,000
Yellow Freight Site Redevelopment	City of West Allis	Office	7,500,000
Sacred Heart a Monastery Lake	City of Franklin	Residential	6,450,000
UWM Accelerator	City of Wauwatosa	University/Commercial	6,000,000
Deerwood Crossing Phase II	Village of Brown Deer	Residential	5,600,000
Six Points Neighborhood Complex	City of West Allis	Residential	5,500,000
Enclave @ Annex	City of Wauwatosa	Residential	5,000,000
Meijer	City of Wauwatosa	Commercial	N/A
CVTI	City of Wauwatosa	Hospital	N/A
		TOTAL	$ 140,550,000

GRAND TOTAL $ 616,816,000

Notes:

[1] Excludes projects financed by counties, cities or villages.

[2] All projects included in the table are either approved for construction or currently under construction.

[3] At time of this publication the City of Oak Creek and Village of West Milwaukee had not responded to our information request.

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

The County 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. and Skyway Airlines, Inc. See "DEBT STRUCTURE - Other County Obligations" herein.

General Obligation Debt by Issue

The County's existing general obligation debt by issue as of the issuance of the Bonds is as follows:

General Obligation Debt by Issue

Note	Date of Issue	Name of Obligation	Amount Issued	Final Maturity	Interest Rates Outstanding	Principal Outstanding
1	07/01/2003	Ref. Bonds, Series 2003A	$ 100,025,000	08/01/2017	3.30% - 3.90%	$ 69,345,000
	02/01/2004	Bonds, Series 2004A	26,950,000	08/01/2013	3.625%	1,855,000
	11/01/2005	Bonds, Series 2005A	24,610,000	12/01/2014	4.00%	3,350,000
2	11/01/2005	Ref. Bonds, Series 2005B	63,025,000	10/01/2015	5.00% - 5.25%	21,050,000
	04/01/2006	Bonds, Series 2006A	31,595,000	10/01/2021	5.00%	22,755,000
	06/01/2007	Bonds, Series 2007A	32,625,000	12/01/2022	4.00% - 4.25%	26,620,000
	05/01/2008	Bonds, Series 2008A	30,860,000	12/01/2023	3.50% - 4.25%	27,955,000
	04/02/2009	Taxable Pension Notes, Series 2009A*	265,000,000	12/01/2028	4.14% - 6.84%	141,721,165
	08/01/2009	Taxable Bonds, Series 2009C (BABs)	24,775,000	10/01/2024	4.20% - 5.40%	24,775,000
3	08/01/2009	Notes, Series 2009D	17,250,000	10/01/2016	2.00% - 2.625%	6,125,000
	11/15/2009	Taxable Bonds, Series 2009E (BABs)	30,365,000	08/01/2024	2.25% - 5.25%	30,365,000
	11/15/2009	Notes, Series 2009F	15,610,000	08/01/2019	2.00% - 3.50%	10,045,000
	05/01/2010	Taxable Bonds, Series 2010A (BABs)	22,725,000	10/01/2025	3.125% - 5.10%	22,725,000
	05/01/2010	Notes, Series 2010B	12,325,000	10/01/2018	2.00% - 3.00%	9,625,000
	12/21/2010	Taxable Bonds, Series 2010C (BABs)	38,165,000	10/01/2026	1.55% - 5.50%	38,165,000
	12/21/2010	Notes, Series 2010D	9,770,000	10/01/2020	0.50% - 4.00%	8,825,000
4	03/15/2011	Ref. Bonds, Series 2011A	35,095,000	10/01/2018	5.00%	30,455,000
5	12/20/2012	Ref. Bonds, Series 2012	23,105,000	12/01/2020	4.00%	23,105,000
6	02/12/2013	Taxable Pension Notes, Series 2013	138,730,000	12/01/2030	0.493% - 3.862%	138,730,000
		Subtotal - Existing Debt				$ 657,591,165
7	06/27/2013	Taxable Ref. Bonds, Series 2013B	$ 99,300,000	12/01/2023	0.577%-3.539%	$ 99,300,000
		Subtotal - The Bonds				$ 99,300,000
	TOTAL					$ 756,891,165

* Principal Outstanding reflects the refunding of the callable maturities by the Bonds.

Notes regarding outstanding refunding debt are presented on the following page.

1. 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 the 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.

2. On November 17, 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 the total general obligation debt, and the refunded bonds are excluded.

3. On August 12, 2009, the County issued $17,250,000 General Obligation Promissory Notes, Series 2009D. A portion of the issue was utilized to refund certain maturities totaling $9,205,000 of the County's outstanding General Obligation Refunding Bonds, Series 1999A, and $740,000 of the County's outstanding General Obligation Museum Refunding Bonds, Series 1999A. The refunding bonds are included in the total general obligation debt, and the refunded bonds are excluded.

4. On March 30, 2011, the County issued $35,095,000 General Obligation Refunding Bonds, Series 2011A. A portion of the issue was utilized to refund certain maturities totaling $12,500,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 2001A, $15,150,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 2002A, and $10,425,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 2003A. The refunding bonds are included in the total general obligation debt, and the refunded bonds are excluded.

5. On December 20, 2012, the County issued $23,105,000 General Obligation Refunding Bonds, Series 2012. A portion of the issue was utilized to refund certain maturities totaling $13,040,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 2004A, and $11,750,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 2005A. The refunding bonds are included in the total general obligation debt, and the refunded bonds are excluded.

6. On February 12, 2013, the County issued $138,730,000 Taxable General Obligation Pension Promissory Notes, Series 2013, to provide for the timely payment of principal of and interest on the County's outstanding $135,000,000 Taxable Pension Notes, Series 2009B on March 15, 2013.

7. On June 27, 2013, the County is expected to issue $99,300,000 Taxable General Obligation Pension Refunding Bonds, Series 2013B to provide for the purchase and retirement of a portion of the 2024 term maturity of the County's Taxable General Obligation Pension Promissory Notes, Series 2009A, dated April 2, 2009. The refunding bonds are included in the total general obligation debt, and the retired notes are excluded.

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General Obligation Annual Debt Service Schedule

	Existing Levy Supported General Obligation Debt		Existing Airport Supported General Obligation Debt		The Bonds		TOTAL		
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2013	$60,998,041	$30,475,883	$1,099,579	$107,616	-	$960,481	$62,097,620	$31,543,980	$93,641,600
2014	63,787,479	26,256,866	1,103,156	71,330	$9,225,000	2,245,280	74,115,635	28,573,476	102,689,111
2015	47,281,828	23,980,105	301,836	33,823	9,215,000	2,192,052	56,798,664	26,205,979	83,004,643
2016	45,413,371	22,274,003	298,706	22,957	9,305,000	2,125,058	55,017,077	24,422,019	79,439,096
2017	44,096,369	20,619,676	297,588	11,606	9,440,000	2,005,768	53,833,957	22,637,050	76,471,007
2018	36,286,001	18,930,682	-	-	9,640,000	1,833,394	45,926,001	20,764,076	66,690,077
2019	34,081,614	17,492,786	-	-	9,865,000	1,628,448	43,946,614	19,121,234	63,067,848
2020	32,707,492	16,102,593	-	-	10,145,000	1,370,774	42,852,492	17,473,366	60,325,858
2021	31,838,327	14,661,900	-	-	10,455,000	1,085,496	42,293,327	15,747,397	58,040,724
2022	30,329,325	13,201,433	-	-	10,810,000	757,314	41,139,325	13,958,747	55,098,072
2023	28,606,076	11,786,949	-	-	11,200,000	396,368	39,806,076	12,183,317	51,989,393
2024	27,099,377	10,404,658	-	-	-	-	27,099,377	10,404,658	37,504,035
2025	30,825,000	9,037,043	-	-	-	-	30,825,000	9,037,043	39,862,043
2026	30,300,000	7,266,862	-	-	-	-	30,300,000	7,266,862	37,566,862
2027	27,030,000	5,485,033	-	-	-	-	27,030,000	5,485,033	32,515,033
2028	28,580,000	3,864,251	-	-	-	-	28,580,000	3,864,251	32,444,251
2029	30,390,000	2,132,983	-	-	-	-	30,390,000	2,132,983	32,522,983
2030	24,840,000	959,321	-	-	-	-	24,840,000	959,321	25,799,321
Total	$654,490,299	$254,933,027	$3,100,866	$247,332	$99,300,000	$16,600,432	$756,891,165	$271,780,791	$1,028,671,956

Approximately 68.5 percent of County's general obligation debt (including the effects of the Bonds) will be retired within ten years. This rate of principal repayment includes general obligation debt issued by the County on behalf of the County airports. Approximately $3.1 million of the County's outstanding general obligation 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 on debt issued on behalf of the airports.

Airport Revenue Debt

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

Airport Revenue Debt by Issue

Date of Issue	GARB Issue	Amount Issued	Final Maturity	Interest Rates Outstanding	Principal Outstanding
01/01/2003	Airport Revenue, Series 2003A	$ 7,125,000	12/01/2022	4.625% - 5.50%	$ 3,750,000
03/31/2004	Airport Revenue, Series 2004A	37,360,000	12/01/2029	4.50% - 5.00%	29,545,000
12/22/2005	Airport Revenue, Series 2005A	29,010,000	12/01/2030	4.00% - 5.25%	28,240,000
12/22/2005	Airport Revenue Ref., Series 2005B	7,755,000	12/01/2014	4.00%	1,970,000
11/16/2006	Airport Revenue, Series 2006A	25,665,000	12/01/2031	4.00% - 5.00%	22,300,000
11/16/2006	Airport Revenue Ref., Series 2006B	5,020,000	12/01/2015	5.00%	1,065,000
11/15/2007	Airport Revenue, Series 2007A	13,445,000	12/01/2032	4.125% - 5.00%	11,875,000
12/10/2009	Airport Revenue, Series 2009A	12,690,000	12/01/2032	3.00% - 5.125%	12,690,000
12/10/2009	Airport Revenue Ref., Series 2009B	2,350,000	12/01/2014	3.00% - 4.00%	915,000
10/14/2010	Airport Revenue, Series 2010A	31,570,000	12/01/2034	3.00% - 5.00%	31,570,000
10/14/2010	Airport Revenue Ref., Series 2010B	51,590,000	12/01/2023	4.00% - 5.00%	43,600,000
	Total				$187,520,000

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 has been extended through August 15, 2013. Upon the extension of the credit agreements, Midwest began paying down the principal outstanding on the debt. As of August 2012, the principal outstanding on the debt is $13,215,000. In 2009 Republic Airways Holding, Inc. purchased Midwest Airlines, Inc. A proposal was made to transfer the credit assistance agreement from Midwest Airlines to

Frontier Airlines, a subsidiary of Republic Airways. This transfer has not occurred. The County's guarantee is supported by a mortgage on the two hangars, and a trust account with a value as of December 31, 2011 of $5,944,000. As principal payments are made on the debt, the County is required to return a prorated portion of the funds in the trust account back to the State of Wisconsin and Racine County, which provided the majority of the funds in the trust account. The County had returned $210,000 of the trust funds as of December 31, 2011.

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 $8,860,000 of redevelopment lease revenue bonds to fund infrastructure development costs in TID #2. The 1997 bonds were retired in 2007 with the proceeds of $6,200,000 redevelopment refunding lease revenue bonds. In 2012, the balance of the 2007 redevelopment refunding lease revenue bonds was retired. In August 2004, the County agreed to guarantee the payment of the principal and interest due on $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 outstanding amount of the 2004 lease revenue bonds as of December 31, 2012 was $14,425,000.

Short-Term Debt

The County has the authority to issue tax anticipation notes and revenue anticipation notes. The last time the County utilized either of these short-term financing options was 1994. The County has no outstanding short-term debt.

Future Financing

The County has authorized the issuance of general obligation corporate purpose bonds and taxable general obligation qualified energy conservation bonds in an aggregate principal amount not to exceed $36,100,000 for the construction of highways and highway improvements; and for the acquisition, construction, improvement, extension and equipping of general capital projects in the County.

The County has also authorized the issuance of general airport revenue bonds and airport revenue refunding bonds in an aggregate principal amount not to exceed $63,500,000 for the construction of additions, extensions and improvements to the airport system along with the refunding of certain obligations of the County.

It is anticipated that the bond issuances described above will occur by fiscal year end.

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 of the *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:

2012 Equalized Value	$	57,782,302,300
Legal Debt Limit (5% of Equalized Value)	$	2,889,115,115
Existing Debt	$	657,591,165
Plus: The Bonds		99,300,000
Debt Outstanding	$	756,891,165
Remaining borrowing capacity	$	2,132,223,950

General Obligation Indirect Debt [1]

Governmental Unit	Outstanding Debt 12/31/2012	Percentage Within County	Amount Allocable To the County
Villages:			
Village of Bayside	$ 9,731,978	96.12%	$ 9,354,377
Village of Brown Deer	25,396,863	100.00%	25,396,863
Village of Fox Point	15,310,000	100.00%	15,310,000
Village of Greendale	17,505,000	100.00%	17,505,000
Village of Hales Corners	7,535,611	100.00%	7,535,611
Village of River Hills	3,833,626	100.00%	3,833,626
Village of Shorewood	43,514,497	100.00%	43,514,497
Village of West Milwaukee	10,165,205	100.00%	10,165,205
Village of Whitefish Bay	36,724,149	100.00%	36,724,149
Villages Subtotal	$ 169,716,929		$ 169,339,328
Cities:			
City of Cudahy	$ 21,590,000	100.00%	$ 21,590,000
City of Franklin	43,734,833	100.00%	43,734,833
City of Glendale	15,387,690	100.00%	15,387,690
City of Greenfield	35,646,066	100.00%	35,646,066
City of Milwaukee	846,299,150	100.00%	846,299,150
City of Oak Creek	23,410,000	100.00%	23,410,000
City of South Milwaukee	1,663,500	100.00%	1,663,500
City of St. Francis	--	100.00%	--
City of Wauwatosa	60,205,000	100.00%	60,205,000
City of West Allis	78,409,839	100.00%	78,409,839
Cities Subtotal	$ 1,126,346,078		$ 1,126,346,078
School Districts:			
Brown Deer	$ 22,967,332	100.00%	$ 22,967,332
Cudahy	10,954,731	100.00%	10,954,731
Fox Point-Bayside Schools	6,405,000	97.89%	6,269,855
Franklin Public Schools	5,105,000	100.00%	5,105,000
Glendale-River Hills	4,570,000	100.00%	4,570,000
Greendale	17,345,000	100.00%	17,345,000
Greenfield	55,875,203	100.00%	55,875,203
Maple Dale-Indian Hill	3,180,000	100.00%	3,180,000
Milwaukee Area Technical College	118,560,000	82.02%	97,242,912
Milwaukee Public	120,650,078	99.99%	120,638,013
Nicolet High School	2,785,000	99.49%	2,770,827
Oak Creek-Franklin	49,195,000	100.00%	49,195,000
Shorewood	17,705,000	100.00%	17,705,000
South Milwaukee	40,086,990	100.00%	40,086,990
St. Francis	13,950,000	100.00%	13,950,000
Wauwatosa	--	100.00%	--
West Allis - West Milwaukee	29,234,983	93.57%	27,355,174
Whitefish Bay	18,227,379	100.00%	18,227,379
Whitnall	390,000	100.00%	390,000
School District Subtotal	$ 537,186,696		$ 513,828,415
Metropolitan Sewerage District	$ 1,009,013,839	99.92%	$ 1,008,206,628
Total Overlapping Debt			**$ 2,817,720,449**

[1] The proportion of indirect debt attributable to the County was determined by calculating the ratio of equalized value of property located within the County to outstanding debt. For the City of Milwaukee, property values located in Waukesha County are included in the allocation of City's outstanding debt. Milwaukee Public Schools does not have the ability to issue general obligation debt; the City of Milwaukee issues general obligation debt on its behalf. The amount shown is broken out for the City of Milwaukee that was issued for school purposes.

Direct and Indirect Debt [2]

Dec. 31 Year	Direct County Debt	Milwaukee Metropolitan Sewerage District Debt	Cities, Villages, Schools, and Technical College, Debt	Total Direct and Indirect Debt Year End
2012	$ 745,865,000	$ 1,009,013,839	$ 1,833,249,703	$ 3,588,128,542
2011	816,346,000	970,279,000	1,759,392,000	3,546,017,000
2010	880,648,000	983,785,000	1,691,637,000	3,556,070,000
2009	859,194,000	892,068,541	1,526,898,252	3,278,160,793
2008	427,685,000	906,086,611	1,532,230,557	2,866,002,168

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

Year	Population	Equalized Value (TID Included)	Total Direct Debt	Percent of Equalized Value	Per Capita	Total Direct and Indirect Debt	Percent of Equalized Value	Per Capita
2012	948,322	$57,782,302,300	$745,865,000	1.29%	787	$3,588,128,542	6.21%	3,784
2011	948,369	61,099,028,600	816,346,000	1.34%	861	3,546,017,000	5.80%	3,739
2010	947,735	63,403,510,200	880,648,000	1.39%	929	3,556,070,000	5.61%	3,752
2009	931,830	66,836,154,500	859,194,000	1.29%	922	3,278,160,793	4.90%	3,518
2008	938,490	68,224,068,500	427,685,000	0.63%	456	2,866,002,168	4.20%	3,054

[2] Direct County Debt reflects all general obligation debt of the County, including general obligation debt supported by Airport revenues. The County's $135,000,000 Taxable Pension Note Anticipation Notes, Series 2009B were included in the Direct County Debt for years 2009, 2010, 2011, and 2012 as these obligations were issued in anticipation of the issuance of general obligation long-term debt, which was subsequently done in 2013.

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 taxing district is assessed at the same approximate level. Beginning in 1986, all municipalities have been 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 Last Five Years (in Millions of Dollars)

	2008	2009	2010	2011	2012
Residential	$44,934	$43,426	$40,953	$39,498	$36,873
Commercial	19,653	19,907	18,923	18,266	17,678
Manufacturing	1,552	1,487	1,520	1,504	1,493
Other	31	29	27	29	33
Total Real Estate	$66,170	$64,849	$61,423	$59,297	$56,077
Personal Property	2,054	1,987	1,980	1,802	1,705
Total Real Estate and Personal Property	$68,224	$66,836	$63,403	$61,099	$57,782
Adjustment for TID (Tax Incremental Districts)	(2,952)	(3,157)	(2,673)	(2,547)	(2,252)
Net Real Estate and Personal Property	$65,272	$63,679	$60,730	$58,552	$55,530
Population	938,490	931,830	947,735	948,369	948,322
Equalized Value Per Capita (in Dollars)	$69,550	$71,726	$66,900	$64,425	$60,931

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

Property Tax Levies and Collections Last Five Years (In Millions of Dollars)[3, 4]

Levy For Budget Year	Total Property Tax Levy	Uncollected Property Taxes Turned Over to the County	Uncollected Property Taxes as Percentage of Total Levy
2012	$ 1,071.8	not available	not available
2011	1,058.8	14.2	1.34%
2010	1,055.7	14.2	1.34%
2009	1,039.0	15.8	1.52%
2008	1,008.4	15.4	1.52%

Total taxes levied include municipal levies, assessments and charges. The individual municipalities collect these taxes until July 31st of the budget year. The portion of the total City of Milwaukee levy strictly for County purposes is approximately 17 percent of total taxes for the 2012 budget year.

Property Tax Levies and Collections Last Five Years – City of Milwaukee (in Thousands of Dollars)[5]

				Collected for Levy Year		Collections		Total Collections to Date	
Budget Year	Taxes Levied for the Fiscal Year (Original Levy)	Purchase and Adjust	Total Adjusted Levy	Current Tax Collections	Percent Original Levy Collected	Purchased Delinquents Original Levy Year	Total Adjusted Levy in Subsequent Years	Amount	Percentage of Adjusted Levy
2011	$295,967	$35,814	$331,781	$284,489	96.12%	$15,702	--	$300,191	90.48%
2010	291,943	33,752	325,695	281,099	96.29	16,324	$15,859	313,282	96.19
2009	276,186	34,594	310,780	265,691	96.20	18,027	22,998	306,716	98.69
2008	286,180	36,740	322,920	277,119	96.83	23,949	20,635	321,703	99.62
2007	265,319	29,853	295,172	257,347	97.00	18,577	18,284	294,208	99.67

Source: City of Milwaukee Comprehensive Annual Financial Report, 2011.

The City of Milwaukee and the County have entered into an intergovernmental cooperation agreement, 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 taxes levied by the City of Milwaukee, the Milwaukee Metropolitan Sewerage District, the Milwaukee Area Technical College, the Milwaukee Public Schools, and the State of Wisconsin levied in the City of Milwaukee.

3 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".

4 Total Tax Collections During the Year includes collections for the current fiscal year and delinquent collections from any year during the past ten years.

5 Purchase and Adjust column is included because the City of Milwaukee purchases delinquent taxes from other units (the County, Milwaukee Metropolitan Sewerage District, Milwaukee Area Technical College, Milwaukee Public Schools, and the State of Wisconsin).

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 for 2013 represents the 2012 property tax levy used to finance the County's 2013 budget. The County Board adopted the 2013 budget on November 14, 2012. The levies summarized below include the state forestry tax and other administrative levies used for regional planning and other non-general County purposes.

	2009	2010	2011	2012	2013
General County Purposes	$ 325.1	$ 328.6	$ 334.0	$ 339.4	$ 337.1
Countywide Emergency Medical Services	-	-	-	-	3.0
County Sales Tax Credit	(67.4)	(65.4)	(64.4)	(64.0)	(60.8)
State Forestry Taxes/Other Administrative Levies	12.4	12.3	11.6	11.2	10.6
Total Net County Taxes	270.1	275.5	281.2	286.6	289.9
General County Purposes	4.98	5.16	5.50	5.79	6.07
Countywide Emergency Medical Services	-	-	-	-	0.05
County Sales Tax Credit	(1.03)	(1.03)	(1.06)	(1.09)	(1.10)
Net General County Purposes	3.95	4.13	4.44	4.70	5.02
State Forestry Taxes/Other Administrative Levies	0.18	0.19	0.18	0.18	0.18
Total Net County Taxes	4.13	4.32	4.62	4.88	5.20

Levy Rate 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.

Section 59.605(6) of the *Wisconsin Statutes* temporarily suspended the operating levy limit for property taxes levied in 2011 and 2012. The Governor's 2013-2015 Executive Budget proposes to sunset the operating levy rate limit.

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 $4.10 per $1,000 of equalized value was established for the County's 2013 general-purpose budget. The tax rate for total operating purposes including the Southeastern Wisconsin Regional Planning Commission levy and other administrative levies, was $4.29 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 $.93 per $1,000 of equalized value for the 2013 budget.

The Bonds were authorized by a sufficient vote of the members-elect of the County Board. The debt service levy rate allowed for the repayment of general obligation debt is not limited under current law.

Levy Limits

Section 66.0602 of the *Wisconsin Statutes* imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of the percentage change in the political subdivision's January 1^{st} equalized value due to new construction less improvements removed or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 0.5% of the prior year's actual levy.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

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

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally authorized before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy unless the political subdivision does not utilize the "unused levy" provision of the local levy limit statute.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Bonds were authorized after July 1, 2005.

Property Tax Collections

Real estate and personal property taxes become due as of January 31st 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 15th and February 15th, 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. A tax lien is the first lien against real estate and remains 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 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 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 2012 is $3,965,044.

Shared revenue payments are made by the state with over 95% of the amount being received by November. The 2012 actual amount was approximately $31.1 million in net state shared revenues. The 2013 budget includes approximately $31.0 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.

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.

County ordinances provide that sales tax revenue not budgeted for debt service payments may be used to pre-fund employee benefit costs, to fund anticipated or extraordinary annual increases in such costs or to supplement the Appropriation for Contingencies.

The County budgeted net sales tax collections, including amounts allocated to the capital improvements budget, of approximately $67.2 million for 2013.

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Milwaukee County
Five-Year Summary of Revenues, Expenditures, and Changes in Fund Balance – General Fund
For The Years Ended December 31, 2007 Through 2011
(in Thousands of Dollars)

	2007	2008	2009	2010	2011
Revenues:					
Intergovernmental Revenue	$ 363,920	$ 355,455	$ 364,721	$ 306,875	$ 279,289
Sales Taxes	62,981	66,695	58,838	61,114	63,968
Property Taxes	243,144	251,495	260,724	266,973	273,297
Interest on Investment & Rents	17,741	15,425	10,108	10,276	9,545
Charges for Services	337,014	367,915	333,104	374,063	391,496
Fines and Forfeitures	3,571	3,375	3,245	3,284	2,932
Licenses and Permits	552	978	453	640	453
Other	26,922	21,203	22,525	32,948	41,201
Total Revenues	1,055,845	1,082,541	1,053,718	1,056,173	1,062,181
Expenditures:					
Legislative, Executive and Staff	36,094	26,688	22,191	21,309	21,433
Courts and Judiciary	61,120	69,274	59,984	55,384	52,699
General Govermental Services	7,886	7,628	7,395	6,747	6,746
Public Safety	147,082	166,832	146,994	154,196	159,708
Public Works and Highways	16,142	17,495	40,169	41,256	44,109
Human Services	617,455	656,674	628,202	610,514	590,604
Parks, Recreation and Culture	65,638	72,350	65,823	63,236	64,576
Other	3,161	4,265	--	--	--
Total Expenditures	954,578	1,021,206	970,758	952,642	939,875
Excess of Revenues Over Expenditures	101,267	61,335	82,960	103,531	122,306
Other Financing Sources (Uses):					
Capital Lease Issued	--	3,252	--	--	--
Long-Term Debt Issued	--	302	1,006	340	--
Operating Transfers to Other Funds	(93,524)	(64,093)	(89,129)	(102,603)	(107,495)
Total Other Financing Uses	(93,524)	(60,539)	(88,123)	(102,263)	(107,495)
Special Items:					
Proceeds from Legal Settlement	--	--	29,000	--	--
Contribution to Employees Retirement System	--	--	(29,000)	--	--
Total Special Items	--	--	--	--	--
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	7,743	796	(5,163)	1,268	14,811
Fund Balance - January 1:	40,531*	48,274	49,070	43,907	45,175
Net Assets - December 31:	$ 48,274	$ 49,070	$ 43,907	$ 45,175	$ 59,986

* Restated the beginning balance of 2007 for the addition of Behavioral Health to the General Fund.

Source: Derived from Milwaukee County Comprehensive Annual Financial Reports, 2007- 2011

Milwaukee County
Five-Year Summary of Revenues, Expenses and Changes in Net Assets – All Proprietary Funds
For The Years Ended December 31, 2007 Through 2011
(in Thousands of Dollars)

	2007	2008	2009	2010	2011
Operating Revenues:					
Charges for Services	$ 148,734	$ 197,294	$ 155,443	$ 163,293	$ 173,268
Other	4,564	3,702	3,464	6,196	4,660
Total Operating Revenues	153,298	200,996	158,907	169,489	177,928
Operating Expenses:					
Personnel Services	166,497	166,090	149,566	151,494	151,281
Contractual Services	54,287	59,215	51,766	53,861	53,726
Intra-County Services	12,452	16,320	13,096	14,270	13,748
Commodities	19,421	26,198	20,499	17,657	21,641
Depreciation	34,778	34,589	30,123	30,857	35,871
Maintenance	2,293	2,084	1,919	2,250	2,418
Insurance	6,881	7,551	1,441	7,244	7,102
Other	6,238	5,006	6,512	3,039	2,289
Client Payments	--	--	--	4	--
Total Operating Expenses	302,847	317,053	274,922	280,676	288,076
Operating Income (Loss):	(149,549)	(116,057)	(116,015)	(111,187)	(110,148)
Nonoperating Revenues (Expenses):					
Intergovernmental Revenues	83,099	89,385	90,773	91,246	91,153
Other Nonoperating Revenues (Expenses)	125	164	(12,231)	162	313
Net Interest Expense	(7,872)	(9,776)	(9,858)	(11,969)	(12,214)
Total Nonoperating Revenues	75,352	79,773	68,684	79,439	79,252
Income (Loss) Before Operating Transfers	(74,197)	(36,284)	(47,331)	(31,748)	(30,896)
Net Capital Contributions	13,511	13,291	18,565	49,100	53,055
Net Operating Transfers From Other Funds	52,750	18,098	12,649	22,163	19,066
Net Operating Transfers Out	--	--	--	(6,716)	(3,997)
Net Income (Loss):	(7,936)	(4,895)	(16,117)	32,799	37,228
Net Assets - January 1:	228,992*	221,056	216,161	200,044	232,843
Net Assets - December 31:	$ 221,056	$ 216,161	$ 200,044	$ 232,843	$ 270,071

* Restated the beginning balance of 2007 for the addition of Behavioral Health to the General Fund.

Source: Derived from Milwaukee County Comprehensive Annual Financial Reports, 2007- 2011

Milwaukee County
2012 and 2013 Adopted Budgets

	2012 Adopted Budget	2013 Adopted Budget
Expenditures		
Legislative & Executive	$ 11,722,124	$ 9,444,460
Administration	71,308,905	71,701,703
Courts & Judiciary	62,747,399	64,151,592
Public Safety	164,816,214	166,219,258
General Government	7,934,458	13,208,783
Transportation and Public Works	238,563,022	236,525,587
Health & Human Services	544,350,646	575,664,436
Parks, Recreation & Culture	73,684,851	74,086,248
Debt Service	66,458,328	67,520,200
County-Wide Non-Departmentals	(46,161,168)	(45,281,606)
Capital Improvements	30,856,800	121,852,389
Trust Funds	1,012,524	1,014,702
Total Expenditures	**$ 1,227,294,103**	**$ 1,356,107,751**
Revenues		
Operating		
Sales Tax	$ 64,000,880	$ 60,789,514
Bond Proceeds	10,000	10,000
Other Direct Revenue	452,466,551	510,743,312
State Shared Revenue	30,890,224	30,990,382
Remaining State Revenue	240,285,256	220,165,717
Total Federal Revenue	63,421,162	68,351,076
Indirect Revenue	71,727,015	60,956,105
Prior Year Surplus (Deficit)	8,179	5,538,786
Operating Revenue Subtotal	**$ 922,809,267**	**$ 957,544,892**
Capital Improvement		
Sales Tax	445,000	6,402,766
Bond Proceeds	6,117,500	73,708,361
Other Direct Revenue	14,994,575	9,604,875
Remaining State Revenue	1,042,075	8,849,691
Total Federal Revenue	6,514,850	20,675,970
Capital Improvement Revenue Subtotal	**$ 29,114,000**	**$ 119,241,663**
Property Tax Levy	**$ 275,370,836**	**$ 279,321,196**
Total Revenues	**$ 1,227,294,103**	**$ 1,356,107,751**

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APPENDIX A

ANNUAL FINANCIAL STATEMENTS

The County is audited annually by an independent public accounting firm. This appendix presents excerpts from the County's audited Basic Financial Statements for the fiscal year ended December 31, 2011. Copies of the County's Comprehensive Annual Financial Report are available on-line at:

http://county.milwaukee.gov/ComprehensiveAnnualF12237.htm

COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF MILWAUKEE

WISCONSIN

FOR THE YEAR ENDED DECEMBER 31, 2011

Prepared by:
Department of Administrative Services
Fiscal Affairs Division

COUNTY OF MILWAUKEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2011

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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, 2011, 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 40 percent, 56 percent and 36 percent, respectively, of the assets, net 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 previously 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, 2011, 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.

As described in Note 1, the County of Milwaukee adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Milwaukee's basic financial statements. The combining and individual fund financial statements and schedules and other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the County of Milwaukee's basic financial statements for the year ended December 31, 2010, which are not presented with the accompanying financial statements. In our report dated July 28, 2011, we expressed an opinion that the 2010 combining and individual fund financial statements and schedules and other supplementary information are fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2010, taken as a whole.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 31, 2012

Management's Discussion and Analysis
Required Supplementary Information
(Unaudited)

This section of the County of Milwaukee's comprehensive annual financial report provides a narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2011. 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 $ 444,997 on a government-wide basis as of December 31, 2011. The unrestricted net assets of the County were a negative $ (236,223).

- For the fiscal year, program and general revenues of the County's governmental activities totaled $ 1,120,269. Expenses totaled $ 1,085,328 including operating transfers out of $ 15,532.

- For 2011, revenues of the County's business-type activities were $ 301,117 including operating transfers in of $ 15,532. Expenses totaled $ 266,063.

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, 2011, the County's governmental funds reported combined ending fund balances of $ 181,736, as compared to $ 194,085 for the year ended December 31, 2010.

- The County's enterprise funds had combined net assets of $ 271,288 as of December 31, 2011, compared to $ 236,234 as of December 31, 2010.

FINANCIAL HIGHLIGHTS (CONTINUED)

General Financial Highlights

- In March 2011, the County issued $ 35,095 of General Obligation Refunding Bonds to refund General Obligation Corporate Purpose Bonds issued in 2001, 2002 and 2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

The **government-wide financial statements**, which consist of 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements (Continued)

The second statement, **the statement of activities,** presents information showing how the County's net assets changed during 2011. 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, courts and judiciary services, general government, public safety, public works and highways, health and human services, and parks, recreation and culture. The business-type activities of Milwaukee County include the Airports and the Transit System.

The government-wide financial statements include the County's governmental and business-type activities (collectively referred to as the primary government), 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.

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 60-63 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

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

The County adopts an annual appropriated budget for its general fund, debt service fund, and 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 64-68 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 69-71 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 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 72-73 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 76-166 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 168-173 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 176-194 of this report.

GOVERNMENT- WIDE FINANCIAL ANALYSIS

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

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 $ 444,997 at the close of the fiscal year. The County's net assets increased for this fiscal year by $ 69,995.

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GOVERNMENT- WIDE FINANCIAL ANALYSIS (CONTINUED)

County of Milwaukee, Wisconsin
Net Assets
(In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Current and Other Assets	$ 659,831	$ 738,142	$ 127,514	$ 141,443	$ 787,345	$ 879,585
Long-Term Assets	420,513	411,587	-	-	420,513	411,587
Capital Assets	647,972	641,375	434,527	402,987	1,082,499	1,044,362
Total Assets	1,728,316	1,791,104	562,041	544,430	2,290,357	2,335,534
Current Liabilities	553,175	618,159	48,977	55,227	602,152	673,386
Long-term Liabilities	1,001,432	1,034,177	241,776	252,969	1,243,208	1,287,146
Total Liabilities	1,554,607	1,652,336	290,753	308,196	1,845,360	1,960,532
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	293,406	269,272	242,984	206,417	536,390	475,689
Restricted	121,630	62,876	23,200	19,893	144,830	82,769
Unrestricted	(241,327)	(193,380)	5,104	9,924	(236,223)	(183,456)
Total Net Assets	$ 173,709	$ 138,768	$ 271,288	$ 236,234	$ 444,997	$ 375,002

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), plus any unspent capital bond funds less the outstanding debt that was used to acquire those assets. The County also includes the Net Pension Asset, offset by Pension Obligation Bond debt in this classification, since the asset is a direct result of the issuance of the debt. For 2011, the balance of capital assets net of related debt was $ 536,390. 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. Net capital asset additions exceeded debt payments for the year, which resulted in the increase in this net asset.

Due to the adoption of GASB 54 on presentation of fund balance, all restricted assets shown in the governmental funds for 2011 will now be shown as restricted for the Government-wide statements. In 2010, the governmental funds reserved fund balances were classified as either restricted or unrestricted. If the 2010 statements were restated the restricted and unrestricted Net Assets for governmental activities would have been $ 99,318 and ($ 229,822), respectively.

GOVERNMENT- WIDE FINANCIAL ANALYSIS (CONTINUED)

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 2011 totaled $ 144,830. This amount is subject to external restrictions, some of which include grant-related restrictions, laws or regulations of other governments, 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 unrestricted net assets were a negative $ (236,223). The unrestricted net assets decreased by $ 52,767 in 2011.

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, 2011 and 2010:

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

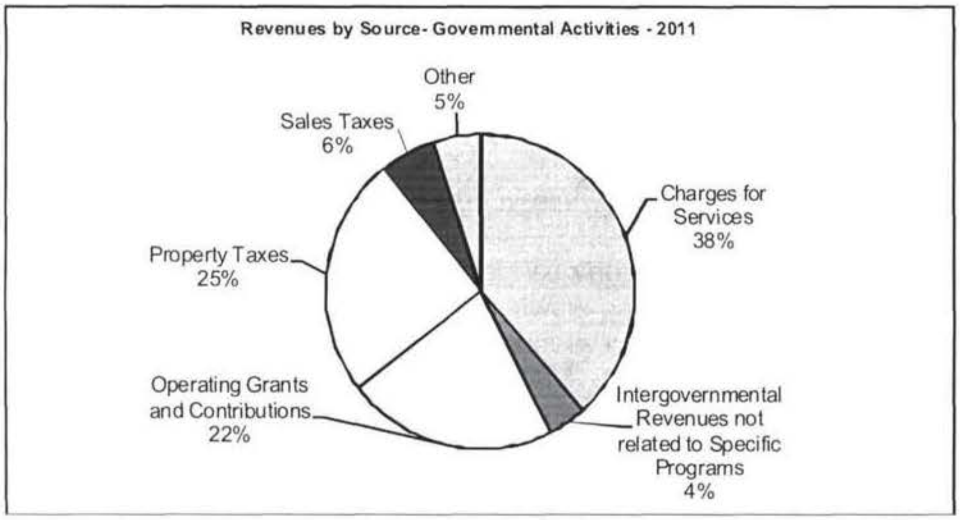
	Governmental Activities		Business-type Activities		Primary Government Total	
Revenues:	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Program Revenues:						
Charges for Services	$ 425,955	$ 409,662	$ 143,860	$ 137,268	$ 569,815	$ 546,930
Operating Grants and Contributions	255,309	267,341	89,829	89,495	345,138	356,836
Capital Grants and Contributions	71	160	51,583	49,489	51,654	49,649
General Revenues:						
Property Taxes	273,297	266,973	-	-	273,297	266,973
Sales Taxes	64,348	61,534	-	-	64,348	61,534
Intergovernmental Revenues not Related to Specific Programs	45,238	44,952	-	-	45,238	44,952
Investment Income and Rents	3,554	4,476	313	162	3,867	4,638
Other Revenue	52,497	43,339	-	-	52,497	43,339
Total Revenues	**1,120,269**	**1,098,437**	**285,585**	**276,414**	**1,405,854**	**1,374,851**
Expenses:						
Legislative, Executive, and Staff	51,886	51,340	-	-	51,905	51,340
Courts and Judiciary	53,132	57,121	-	-	53,132	57,121
General Governmental Services	6,668	4,077	-	-	6,668	4,077
Public Safety	162,316	164,447	-	-	162,316	164,447
Public Works and Highways	89,559	66,641	-	-	89,168	66,641
Human Services	597,078	616,717	-	-	597,122	616,717
Parks, Recreation, and Culture	79,709	77,221	-	-	80,037	77,221
Interest	29,448	39,472	-	-	29,448	39,472
Airport	-	-	90,183	82,692	90,183	82,692
Transit	-	-	175,880	174,960	175,880	174,960

GOVERNMENT- WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Activities (Continued)

Total Expenses	1,069,796	1,077,036	266,063	257,652	1,335,859	1,334,688
Change in Net Assets Before Transfers	50,473	21,401	19,522	18,762	69,995	40,163
Transfers	(15,532)	(14,260)	15,532	14,260	-	-
Change in Net Assets	34,941	7,141	35,054	33,022	69,995	40,163
Net Assets- Beginning of the Year	138,768	131,627	236,234	203,212	375,002	334,839
Net Assets- End of the Year	$ 173,709	$ 138,768	$ 271,288	$ 236,234	$ 444,997	$ 375,002

Governmental Activities



2011 Actual Revenues compared to 2010 Actual Revenues

Revenues for the County's governmental activities were $ 1,120,269 for the fiscal year 2011, representing an increase of $ 21,832, or 2.0%, from fiscal year 2010. Sources of revenue for 2011 as a percentage of total revenues are shown above.

Charges for services constitute the largest source of County revenues, amounting to $ 425,955 for fiscal year 2011, an increase of $ 16,293 from 2010. Charges for services represent collections from those who directly benefit from County services. The net increase in 2011 was mainly due to an increase in Milwaukee County Family Care's revenues including additional members served and higher capitation rates for nursing home level of care from 2010 rates. Milwaukee County Family Care began serving disabled clients in 2010, in addition to elderly clients.

Operating grants and contributions continue to support a significant portion of County services with $ 255,309 of revenue in 2011. Operating grants and contributions

GOVERNMENT- WIDE FINANCIAL ANALYSIS (CONTINUED)

2011 Actual Revenues compared to 2010 Actual Revenues (Continued)

generally represent federal and state grants revenue with the majority supporting health and human service programs. The net decrease in operating grants and contributions of $ 12,032, was mainly due to:

- Net decreases in Federal and State grants awarded to DHHS for 2011, including the transfer of disability service programs to Milwaukee County Family Care: a service charge based program.

The net decrease in capital grants and contributions in 2011 of $ 89 was due to fewer governmental capital operating programs.

Property tax revenue increased by $ 6,324 over the prior year, however property tax revenue as a percent of total governmental activity revenues only increased by 0.5% from the prior year. Property tax revenue includes the tax levy for the budget year, offset by any reserves for delinquent taxes for non-collection in the current year. Caps on increases in levy rates have limited the increase each year. In addition, reserves for delinquent taxes have decreased, as the market for housing has improved from prior years.

Sales tax revenue increased by $ 2,814, or 4.6% between 2010 and 2011 as a result of a limited increase in consumer spending in 2011.

Intergovernmental revenues not related to specific programs increased by $ 286 from the prior year.

Investment income and rents decreased by $ 922 which was mainly due to lower rates of return on investments in 2011 versus 2010.

Other revenue increased by $ 9,158 due to an increase in other service revenue for the County Behavioral Health Division.

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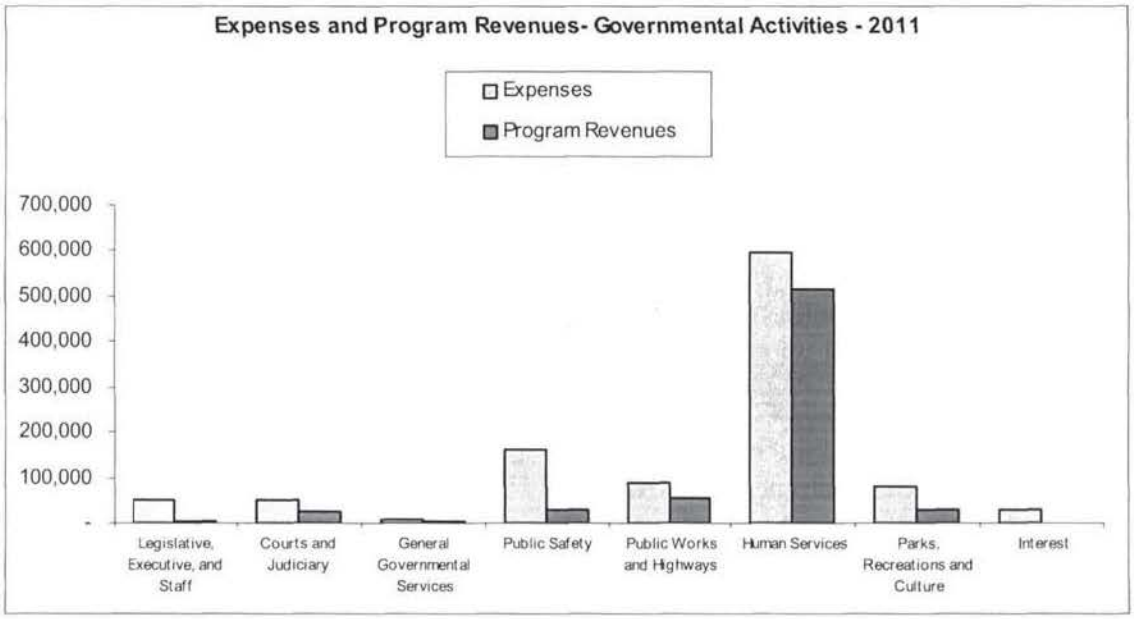
GOVERNMENT- WIDE FINANCIAL ANALYSIS (CONTINUED)

2011 Actual Revenues compared to 2010 Actual Revenues (Continued)



2011 Actual Expenses compared to 2010 Actual Expenses

Total expenses for all of the County's governmental activities for the fiscal year 2011 were $ 1,069,796 representing a decrease of $ 7,240 or 0.7% from 2010. Total expenses compared to the respective program revenues in departments are shown above.

The net decrease in total expenses is mainly due to a reduction in program expenses for grant programs taken over by the State, plus instituting additional cost saving measures across departments. Year to year comparisons show a reduction in every major departmental activity, except public safety. The increase in Public Safety expenses reflects a new policy to eliminate cross-charges for bailiff services, which also reduces expenses in the Courts and Judiciary.

Current economic conditions have required the County to implement additional cost savings measures over the past several years. The following are some of the measures taken in recent years to control costs:

- Beginning of contributions by employees for pension costs.
- Elimination of departmental positions due to downsizing and privatization of services
- Changes to departmental policies so as to limit overtime usage
- Holding positions vacant in order to achieve departmental cost savings.

GOVERNMENT- WIDE FINANCIAL ANALYSIS (CONTINUED)

2011 Actual Expenses compared to 2010 Actual Expenses (Continued)

- Elimination of wage step increases for non-represented and certain represented positions
- Increase in employee contributions to healthcare plans for certain represented and non-represented positions
- Increase in out–of-network employee co-pays and other health care deductibles to reduce County PPO costs for both active and retired non-represented employees.
- Reduction in the County's pension contribution from 2% to 1.6% for all non-represented employees except deputy sheriffs and elected officials, and certain smaller bargaining units.
- Departmental review of outside services and suppliers to achieve more cost effective pricing
- Savings in wages, benefits, professional services and supplies, due to the State of Wisconsin taking over several programs in the Health and Human Services division
- Less costs incurred to maintain roads and highways due to a milder winter season

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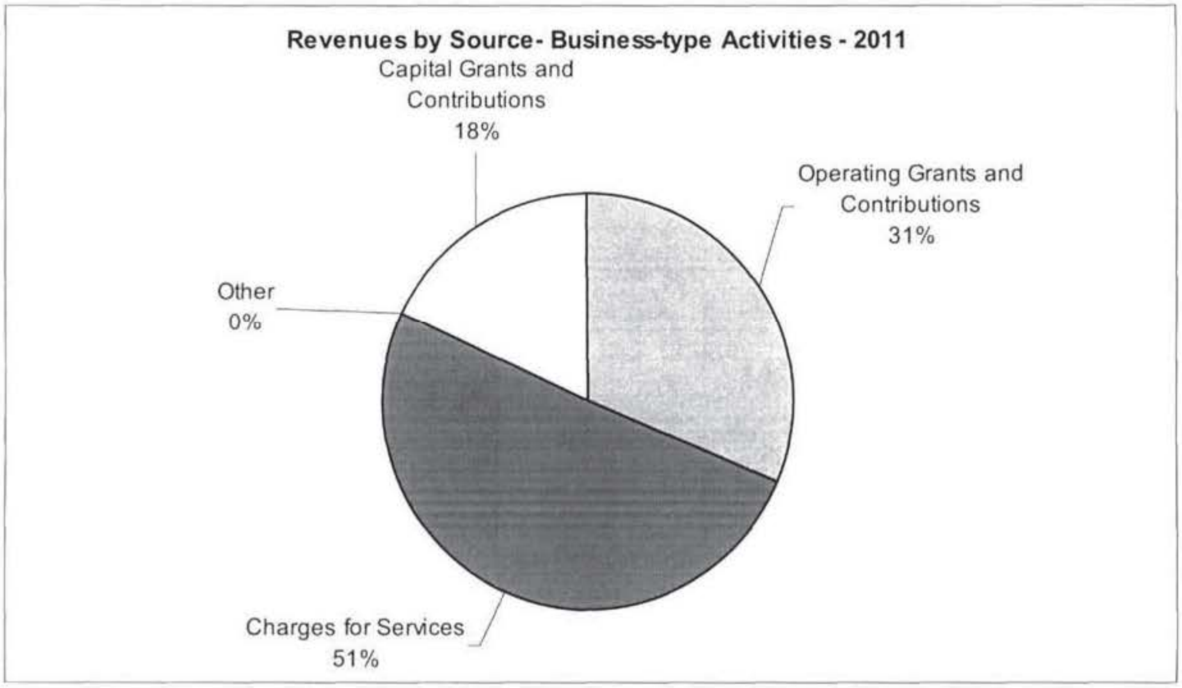
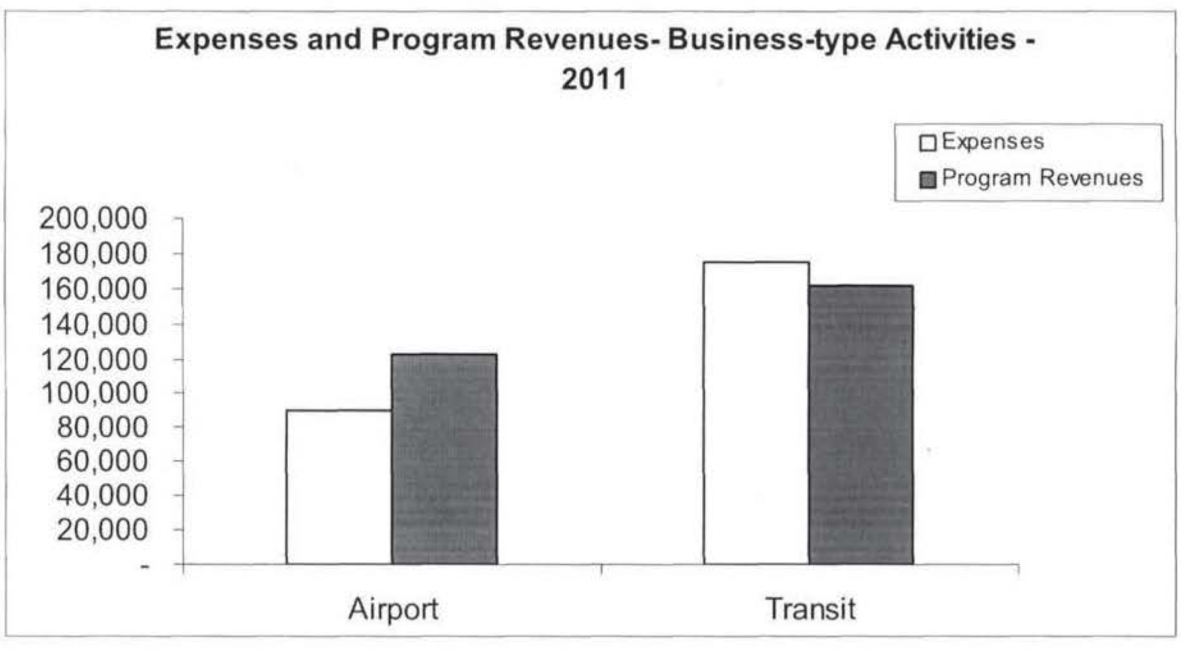
GOVERNMENT- WIDE FINANCIAL ANALYSIS (CONTINUED)

Business- type activities





GOVERNMENT- WIDE FINANCIAL ANALYSIS (CONTINUED)

Business- type activities (Continued)

In 2011, the Airports revenue from fees charged to airlines for use of the airport, including fees received from ancillary services of the airports, exceeded its annual operating costs by $ 7,265. This net revenue surplus was a direct result of Charges for Services revenue from the Airport increasing by $ 7,609, or 9.6% from the prior year. Passengers' usage declined 3.3% from record 9.8 million passengers in 2010 to 9.5 million passengers in 2011. Operating transfers are negligible for the Airports. The decline in passenger usage is expected to continue to occur in the coming years, along with airline landings due to a reduction in services by a major carrier.

The Transit System requires operating assistance from the State, Federal and County government to balance its revenues and expenses. Total County operating support, reflected as operating transfers, for the Transit System was $ 17,926 for fiscal year 2011. Total state and federal grants for the Transit System were $ 89,670 for 2011, which was an increase of $ 484 or 0.5% over 2010. Direct support from users of the Transit System was $ 52,403 (30.0% of total operating expenses) for 2011, which was an increase of $ 306 from 2010. The operator of the Transit System has also instituted cost savings measures to reduce operating costs. The Transit System has recently purchased more fuel-efficient buses to reduce fuel and maintenance costs. Limiting the number of bus routes has also occurred.

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, 2011, the County's governmental funds reported combined ending fund balances of $ 181,736. The restricted fund balance consists of $ 5,539 for 2013 appropriations, $ 8 for 2012 appropriations, $ 11,577 for debt service, $ 76,893 for capital project fund and general fund commitments, $ 25,092 for Milwaukee County Family Care, $14,826 for delinquent property taxes, $ 1,850 for investment market value in excess of book value, $1,369 for housing, $ 136 for health and safety, $ 874 for the zoo, $1,027 for the parks, $ 115 for the persons with disabilities division, $ 7,169 for the Behavioral Health Division, $27,199 for the Airport and $ 5,781 for the Fleet and Facilities Divisions. The remainder of the Fund Balance consists of $2,085 of non-

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (CONTINUED)

Governmental funds (Continued)

spendable funds for inventories and $ 196 of committed funds for economic development.

The debt service fund has a total fund balance of $ 11,577 all of which is restricted for the payment of debt service. The net increase in the debt service reserve for the current year was $ 4,245.

The capital projects fund has a total fund balance of $ 67,872 all of which is restricted for commitments made on capital projects in progress. The net decrease in the fund balance during the current year in the capital projects fund was $ 30,344. The decrease in fund balance is the associated reserve of those funds for completion of the projects designated and approved by the County Board.

Proprietary funds

At the end of 2011, unrestricted net assets of the two major funds, the Airports and the Transit System, totaled $ 5,104. Total net assets of these same two major funds were $ 271,288 at the end of 2011, compared to $ 236,234 at the end of 2010. The total net assets for the Airports increased by $ 31,160 while total net assets for the Transit System increased by $ 3,894. Restricted net assets of the Airport are required under debt covenants associated with revenue bonds issued for capital improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund
Statement of Revenues, Expenditures and Changes in Net Assets - Budgetary Basis
For the Year Ending December 31, 2011
(In Thousands)

	Original Budget	Final Budget	Actual	Variance
Revenues and Other Sources				
Intergovernmental Revenue	$ 281,048	$ 297,079	$ 279,289	$ (17,790)
Taxes	336,964	336,964	337,265	301
Charges for Services	377,857	396,316	394,881	(1,435)
Other	54,795	60,347	50,746	(9,601)
Total	**$ 1,050,664**	**$ 1,086,562**	**$ 1,062,181**	**$ (24,381)**
Expenditures and Other Uses				
Expenditures	$ 969,271	$ 1,010,266	$ 962,971	$ 47,295
Transfers	85,537	80,440	80,776	(336)
Total	**$ 1,054,808**	**$ 1,090,706**	**$ 1,043,747**	**$ 46,959**
Change in Fund Balance	**$ (4,144)**	**$ (4,144)**	**$ 18,434**	**$ 22,578**

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

As shown above, revenues and other sources exceeded expenditures and other uses by $ 22,578 in the General Fund for the year ended December 31, 2011. 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 $ 10,961 in expenditures offset by the net allocation of fringe costs for Pension Obligations Bonds of $ 8,053. Fringe costs for budgetary purposes include interest on Pension Obligation Bond debt service, but on an actual basis, the interest costs for Pension Obligation Bonds are shown in the Debt Service Fund.

2011 Actual Revenues compared to 2011 Final Budget

Actual General Fund revenues were below the budgeted revenues by $ 24,381, or 2.2%, during fiscal year 2011.

Intergovernmental revenues were $ 17,790, or 6.0%, below the final budget amount for 2011. An associated reduction in grant expenditures occurred. Intergovernmental revenues and expenditures were reduced primarily due to:

- The implementation of a Third Party Administrator (TPA) by the State for the Children's Long-Term Support program.
- Federal Grants for Housing, due to projects carried over to 2012.
- Income Maintenance and Child Care programs ended in 2011.

2011 Actual Expenditures compared to 2011 Final Budget

General Fund expenditures, (before transfers), were $ 47,295, or 4.7%, below the final budgeted amount for 2011. Primarily due to:

- Reductions in and transfer out of grant programs led to decreased grant revenues and grant expenditures, including the Children's Long-Term Support program
- Reduction in costs from budget for Family Care program, as a result of start up for disability support program in 2011.
- Less costs incurred to maintain roads, and highways, due to the weather.
- Expenditure surplus due to unfilled positions, less payments for unemployment compensation, wages, overtime, fringe benefits, services and commodities.
- Department review of outside services and suppliers to achieve more cost effective pricing.
- Costs for Housing program lower than budgeted levels. Grant costs will be carried over to subsequent year.

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Budget Transfers

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

There are three basic reasons for variances between the original budget and the amended budget: 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 difference between original budget revenue of $ 1,050,664 and final budget revenue of $ 1,086,562 is an increase of $ 35,898. The difference between original budget expenses of $ 969,271 and final budget expenditures of $ 1,010,266 is an increase of $ 40,995. The major budget transfers of $ 1,000 or greater during 2011 are listed below:

- Public Works and Highways
  - ❖ An increase of $ 1,053 to revenue and expenditures to fund HVAC, lighting and plumbing upgrades and vending misers for Fleet Management.

- Health and Human Services
  - ❖ An increase of $7,213 to revenue and expenditures to the Department of Family Care serving as a Care Management Organization (CMO). The 2011 Adopted Budget for the CMO was based on the 2010 capitation rates, and increased rates and services resulted in budget increase.

  - ❖ An increase of $9,885 to revenue and $6,327 to expenditures to the Department of Family Care to pay for common carrier transportation dues since becoming a part of the Family Care benefit package as of July 1, 2011. In addition, the transfer allows for changes encountered on enrollment as a result of the enrollment cap on Family Care and the State encounter system code changes that affect personal care expenditures. The remaining surplus of $3,558 will go into the Family Care Reserves.

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Budget Transfers (Continued)

- An increase of $5,738 to revenue and $4,000 to expenditures to the Department of Health and Human Services (DHHS) to utilize a portion of the DHHS projected surplus to fund initiatives within the Behavioral Health Division and DHHS. The remaining surplus of $1,738 went into the County's budgetary contingency reserve.

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 $ 85,537 and amended budget of $ 80,440. The net contribution actually made by the General Fund to other funds was $80,776.

The General Fund collects all of the property tax and sales tax revenues of the County, which was $ 337,265 for 2011. The General Fund also collected intergovernmental revenues not related to a specific program of $ 45,238. 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, and Department of Family Care, which 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, 2011 was $ 1,082,499 (net of accumulated depreciation of $ 1,136,512). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery, vehicles and equipment, and infrastructure and leased equipment. All infrastructure assets of the County are included in this report. The County's total investment in capital assets for the current fiscal year increased by 4.1% (a .2% increase in governmental activities and a 7.8% increase for business-type activities).

Major capital assets appropriated in 2011 included the following:

- $5,436 for General Mitchell International Airport (GMIA) bag claim remodeling.
- $11,589 for GMIA in-line baggage screening Phase 2.
- $5,008 for the Moody pool renovation.
- $6,558 for O'Donnell Park improvements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

- $1,400 for the Museum façade repair and replacement.
- $1,591 for inventory and assessment of County buildings.

Milwaukee County's Capital Assets (Net)
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 59,303	$ 59,303	$ 21,367	$ 21,367	$ 80,670	$ 80,670
Construction in Progress	32,354	41,365	34,708	21,069	67,062	62,434
Land Improvements	100,462	102,890	99,199	74,131	199,661	177,021
Building and Improvements	279,120	279,518	210,015	217,235	489,135	496,753
Infrastructure	103,818	91,562	-	-	103,818	91,562
Machinery, Vehicles & Equipment	72,915	66,737	69,238	69,185	142,153	135,922
Total	$ 647,972	$ 641,375	$ 434,527	$ 402,987	$ 1,082,499	$ 1,044,362

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

Long-term debt

At December 31, 2011, the County had total debt outstanding of $ 1,018,593. Of this amount, $ 818,709 comprised of general obligation bonds and $ 199,884 of airport revenue bonds.

Milwaukee County's Outstanding Debt
General Obligation and Revenues Bonds
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	$ 786,394	$ 849,805	$ 32,315	$ 35,374	$ 818,709	$ 885,179
Revenue Bonds	-	-	199,884	208,588	199,884	208,588
Totals	$ 786,394	$ 849,805	$ 232,199	$ 243,962	$ 1,018,593	$ 1,093,767

The County's total debt decreased by $ 75,174 during the year ended December 31, 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-term debt (Continued)

New General Obligation Refunding Bonds, Series 2011A, were issued in March 2011, in the amount of $ 35,095 to be used to refund General Obligation Corporate Purpose Bonds, Series 2001A (dated 4/1/01), 2002A (dated 2/1/02) and 2003A (dated 2/1/03.

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

Economic Factors and Next Year's Budget and Rates

- Milwaukee County annualized unemployment rate for 2011 was 9.0%, a decrease from the 2010 rate of 9.6%. The unemployment rate as of the end of June 2012 was at 9.4%.
- The median price for homes sold in Milwaukee County for in 2011 was $ 102 thousand compared to $ 125 thousand in 2010, (an 18.4% decrease). The annual median price for homes sold in Milwaukee County through June 2012 was $ 100 thousand, a decline of 2.0% from 2011. Data as reported by the Wisconsin Realtors Association, Housing Statistics Report.

During the 2011 fiscal year, the County had a net excess of revenues over expenditures of $ 5,539 after considering net revenue from operations and changes in reserve balances. This excess is identified on the governmental funds balance sheet as a Restricted for 2013 Appropriations, and will be added to the revenue of the 2013 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 Comptroller, Milwaukee County Court House, 901 North 9th Street, Room 301, Milwaukee, WI 53233.

BASIC FINANCIAL STATEMENTS

COUNTY OF MILWAUKEE
Statement of Net Assets
December 31, 2011
(In Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Current Assets:				
Cash and Investments	$ 217,973	$ 59,823	$ 277,796	$ 8,028
Cash and Investments -- Restricted	38,631	43,678	82,309	-
Receivables:				
Accounts (Net of Allowances for Doubtful Accounts)	18,673	5,118	23,791	1,870
Property Taxes:				
Current Levy	276,194	-	276,194	-
Delinquent	12,823	-	12,823	-
Accrued Interest and Dividends	8,882	-	8,882	1
Other	38,194	2,215	40,409	-
Due From Other Governments	41,804	11,641	53,445	-
Inventories	2,085	4,179	6,264	171
Prepaid Items	2,138	210	2,348	399
Other Assets	-	650	650	-
Insurance Deposits	2,434	-	2,434	-
Total Current Assets	659,831	127,514	787,345	10,469
Noncurrent Assets:				
Long-term Investments	-	-	-	7,915
Receivables:				
Contributions	-	-	-	947
Delinquent Property Taxes	7,198	-	7,198	-
Net Pension Asset	413,315	-	413,315	-
Other Assets	-	-	-	529
Capital Assets (Net)				
Land	59,303	21,367	80,670	-
Construction in Progress	32,354	34,708	67,062	249
Land Improvements	242,840	208,141	450,981	-
Buildings and Improvements	674,042	378,725	1,052,767	41,501
Infrastructure	183,425	-	183,425	-
Machinery, Vehicles and Equipment	175,907	208,199	384,106	12,533
Less: Accumulated Depreciation	(719,899)	(416,613)	(1,136,512)	(27,218)
Total Capital Assets (Net)	647,972	434,527	1,082,499	27,065
Total Noncurrent Assets	1,068,485	434,527	1,503,012	36,456
Total Assets	$ 1,728,316	$ 562,041	$ 2,290,357	$ 46,925

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

COUNTY OF MILWAUKEE
Statement of Net Assets
December 31, 2011
(In Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 73,356	$ 4,822	$ 78,178	$ 927
Accrued Liabilities	45,270	5,045	50,315	1,007
Accrued Interest Payable	6,818	1,239	8,057	19
Accrued Pension Payable	37,019	-	37,019	-
Due to Other Governments	1,379	-	1,379	-
Unearned Revenues	291,213	10,715	301,928	2,612
Bonds and Notes Payable - General Obligation	63,506	3,022	66,528	297
Bonds and Notes Payable - Revenue	-	8,510	8,510	-
Unfunded Claims and Judgments	1,000	-	1,000	-
Landfill Postclosure Costs	125	-	125	-
Compensated Absences Payable	21,575	6,032	27,607	-
Other Post Employment Benefit	-	222	222	102
Risk Claims	10,665	5,020	15,685	-
Capital Leases	1,144	241	1,385	11
Other Current Liabilities	105	4,109	4,214	65
Total Current Liabilities	553,175	48,977	602,152	5,040
Noncurrent Liabilities:				
Bonds and Notes Payable - General Obligation	722,888	29,293	752,181	4,657
Bonds and Notes Payable - Revenue	-	191,374	191,374	-
Unfunded Claims and Judgments	1,000	-	1,000	-
Landfill Postclosure Costs	1,845	-	1,845	-
Pollution Remediation Costs	310	-	310	-
Compensated Absences Payable	20,609	5,345	25,954	-
Risk Claims	4,247	5,766	10,013	-
Other Post Employment Benefits	246,084	9,705	255,789	-
Capital Leases	4,449	293	4,742	-
Other Noncurrent Liabilities	-	-	-	921
Accrued Pension and Postretirement Benefits	-	-	-	7,726
Total Noncurrent Liabilities	1,001,432	241,776	1,243,208	13,304
Total Liabilities	1,554,607	290,753	1,845,360	18,344

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

COUNTY OF MILWAUKEE
Statement of Net Assets
December 31, 2011
(In Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
NET ASSETS				
Unrestricted (Deficit)	$ (241,327)	$ 5,104	$ (236,223)	$ (1,482)
Restricted for:				
2013 Appropriations	5,539	-	5,539	-
2012 Appropriations	8	-	8	-
Debt Service	11,577	15,161	26,738	-
General Fund Commitments	9,021	-	9,021	-
Capital Project Commitments	10,047	-	10,047	-
Department of Family Care - State Restricted	12,182	-	12,182	-
Department of Family Care - Excess Reserves	12,910	-	12,910	-
Delinquent Property Tax	14,826	-	14,826	-
Investment Market Value in Excess of Book Value	1,850	-	1,850	-
Housing	1,369	-	1,369	-
Capital Asset Needs	-	8,039	8,039	-
Airport - Passenger Facilities Charges and Debt	27,199	-	27,199	-
Behavioral Health Division	7,169	-	7,169	-
Fleet and Facilities Divisions	5,781	-	5,781	-
Health and Safety	136	-	136	-
Zoo	874	-	874	-
Parks	1,027	-	1,027	-
Persons with Disabilities	115	-	115	-
Museum	-	-	-	7,566
Other	-	-	-	364
Invested in Capital Assets, Net of Related Debt	293,406	242,984	536,390	22,133
Total Net Assets	173,709	271,288	444,997	28,581
Total Liabilities and Net Assets	$ 1,728,316	$ 562,041	$ 2,290,357	$ 46,925

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, 2011
(In Thousands)

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Functions / Programs								
Primary Government:								
Governmental Activities:								
Legislative, Executive and Staff	$ (51,886)	$ 198	$ 3,635	$ -	$ (48,053)	$ -	$ (48,053)	$ -
Courts and Judiciary	(53,132)	4,431	23,212	-	(25,489)	-	(25,489)	-
General Governmental Services	(6,668)	4,571	50	-	(2,047)	-	(2,047)	-
Public Safety	(162,316)	9,986	18,543	-	(133,787)	-	(133,787)	-
Public Works and Highways	(89,559)	30,260	37,853	71	(21,375)	-	(21,375)	-
Human Services	(597,078)	347,018	169,911	-	(80,149)	-	(80,149)	-
Parks, Recreation and Culture	(79,709)	29,491	2,105	-	(48,113)	-	(48,113)	-
Interest and Other Charges	(29,448)	-	-	-	(29,448)	-	(29,448)	-
Total Governmental Activities	(1,069,796)	425,955	255,309	71	(388,461)	-	(388,461)	-
Business-Type Activities:								
Airport	(90,183)	87,254	159	35,767	-	32,997	32,997	-
Transit	(175,880)	56,606	89,670	15,816	-	(13,788)	(13,788)	-
Total Business-Type Activities	(266,063)	143,860	89,829	51,583	-	19,209	19,209	-
Total Primary Government	$ (1,335,859)	$ 569,815	$ 345,138	$ 51,654	(388,461)	19,209	(369,252)	-
Component Units:								
Museum	$ (14,344)	$ 8,979	$ 3,502	$ -	-	-	-	(1,863)
War Memorial Center	(3,131)	125	1,748	-	-	-	-	(1,258)
Marcus Center	(10,499)	5,260	1,280	-	-	-	-	(3,959)
Research Park Corporation	(863)	99	-	-	-	-	-	(764)
Total Component Units	$ (28,837)	$ 14,463	$ 6,530	$ -	-	-	-	(7,844)
General Revenues:								
Property Taxes					273,297	-	273,297	-
Sales Taxes					64,348	-	64,348	-
Intergovernmental Revenues Not Related to Specific Program					45,238	-	45,238	-
Investment Income					3,554	313	3,867	6,092
Other Revenue					52,497	-	52,497	12,602
Transfers					(15,532)	15,532	-	-
Total General Revenues and Transfers					423,402	15,845	439,247	18,694
Change in Net Assets					34,941	35,054	69,995	10,850
Net Assets -- Beginning					138,768	236,234	375,002	17,731
Net Assets -- Ending					$ 173,709	$ 271,288	$ 444,997	$ 28,581

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

COUNTY OF MILWAUKEE
Balance Sheet
Governmental Funds
December 31, 2011
(In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	$ 88,782	$ 11,516	$ 75,557	$ 15,280	$ 191,135
Cash and Investments -- Restricted	11,432	-	-	27,199	38,631
Receivables:					
Accounts (Net of Allowances for Doubtful Accounts)	17,527	101	234	-	17,862
Property Taxes:					
Current Levy	276,194	-	-	-	276,194
Delinquent	20,021	-	-	-	20,021
Accrued Interest	8,882	-	-	-	8,882
Other	38,093	-	100	1	38,194
Due From Other Governments	24,167	-	17,608	-	41,775
Inventories	2,085	-	-	-	2,085
Insurance Deposits	2,434	-	-	-	2,434
Total Assets	$ 489,617	$ 11,617	$ 93,499	$ 42,480	$ 637,213
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	$ 46,270	$ -	$ 25,627	$ 179	$ 72,076
Accrued Liabilities	49,233	40	-	-	49,273
Accrued Pension Payable	37,019	-	-	-	37,019
Other Liabilities	107	-	-	-	107
Due to Other Governments	1,379	-	-	-	1,379
Deferred Revenues	295,623	-	-	-	295,623
Total Liabilities	429,631	40	25,627	179	455,477
Fund Balance:					
Non-Spendable:					
Inventories	2,085	-	-	-	2,085
Restricted:					
2013 Appropriations	5,539	-	-	-	5,539
2012 Appropriations	8	-	-	-	8
Debt Service	-	11,577	-	-	11,577
Commitments	9,021	-	67,872	-	76,893
Department of Family Care - State Restricted	12,182	-	-	-	12,182
Department of Family Care - Excess Reserves	12,910	-	-	-	12,910
Delinquent Property Tax	14,826	-	-	-	14,826
Investment Market Value in Excess of Book Value	1,850	-	-	-	1,850
Housing	1,369	-	-	-	1,369
Airport - Passenger Facilities Charges and Debt	-	-	-	27,199	27,199
Health and Safety	-	-	-	136	136
Zoo	-	-	-	874	874
Parks	-	-	-	1,027	1,027
Persons with Disabilities	-	-	-	115	115
Behavioral Health Division	-	-	-	7,169	7,169
Fleet and Facilities Divisions		-	-	5,781	5,781
Committed:					
Economic Development	196	-	-	-	196
Total Fund Balance	59,986	11,577	67,872	42,301	181,736
Total Liabilities and Fund Balance	$ 489,617	$ 11,617	$ 93,499	$ 42,480	$ 637,213

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

COUNTY OF MILWAUKEE
Reconciliation of the Balance Sheet
of Governmental Funds
to the Statement of Net Assets
December 31, 2011
(In Thousands)

Total Fund Balances for Governmental Funds as of 12/31/11	$	181,736
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		59,303
Construction in Progress		30,870
Land Improvements		239,556
Buildings and Improvements		670,359
Infrastructure		183,425
Machinery, Vehicles and Equipment		137,129
Less: Accumulated Depreciation		(682,292)
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:		(1,217)
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.		4,410
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		(772,609)
Capital Leases		(5,593)
Unfunded Claims and Judgments		(2,000)
Landfill Postclosure Costs		(1,970)
Pollution Remediation Costs		(310)
Compensated Absences Payable		(35,852)
Other Post Employment Benefits		(237,858)
Contributions to the County's Employee Retirement System resulted in a decrease to fund balance in the Governmental Funds; however, the contributions created an asset in the Governmental Activities to be amortized in future years.		
Net Pension Asset		413,315
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.		(6,693)
Total Net Assets of Governmental Activities as of 12/31/11	$	173,709

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, 2011

(In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental	$ 279,289	$ 1,945	$ 37,542	$ -	$ 318,776
Property Taxes	273,297	-	-	-	273,297
Sales Taxes	63,968	-	380	-	64,348
Charges for Services	391,496	-	-	13,642	405,138
Fines and Forfeits	2,932	-	-	-	2,932
Licenses and Permits	453	-	-	-	453
Investment Income and Rents	9,545	-	800	385	10,730
Other	41,201	11,354	347	245	53,147
Total Revenues	1,062,181	13,299	39,069	14,272	1,128,821
Expenditures:					
Current:					
Legislative, Executive and Staff	21,433	-	-	-	21,433
Courts and Judiciary	52,699	-	-	-	52,699
General Governmental Services	6,746	-	-	-	6,746
Public Safety	159,708	-	-	-	159,708
Public Works and Highways	44,109	-	-	13,440	57,549
Human Services	590,604	-	-	1,198	591,802
Parks, Recreation and Culture	64,576	-	-	695	65,271
Capital Outlay	-	-	72,549	-	72,549
Debt Service:					
Principal Retirement	-	61,626	-	-	61,626
Interest and Other Charges	-	36,894	-	-	36,894
Total Expenditures	939,875	98,520	72,549	15,333	1,126,277
Excess (Deficiency) of Revenues Over (Under) Expenditures	122,306	(85,221)	(33,480)	(1,061)	2,544
Other Financing Sources (Uses):					
General Obligation Bonds Issued	-	31,757	-	-	31,757
Premium on Debt Issued	-	4,176	-	-	4,176
Payment to Refunded Bond Escrow Agent	-	(35,756)	-	-	(35,756)
Transfers In	7,816	89,289	6,956	-	104,061
Transfers Out	(115,311)	-	(3,820)	-	(119,131)
Total Other Financing Sources (Uses)	(107,495)	89,466	3,136	-	(14,893)
Net Change in Fund Balances	14,811	4,245	(30,344)	(1,061)	(12,349)
Fund Balances - Beginning	45,175	7,332	98,216	43,362	194,085
Fund Balances - Ending	$ 59,986	$ 11,577	$ 67,872	$ 42,301	$ 181,736

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, 2011
(In Thousands)

Net change in fund balances -- total governmental funds	$	(12,349)
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		74,286
Items reported as capital outlay that were not capitalized		(19,209)
Items reported as capital from operations		117
Depreciation reported in the government-wide statements		(44,405)
Net book value of assets retired		(3,831)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,578)
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		(31,757)
Capital lease issued		(1,737)
Premium on debt issued		(4,176)
Principal repaid		91,012
Capital lease paid		918
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		2,174
Principal payments reduce notes receivable on the Statement of Net Assets but are reported as revenues in the funds.		(716)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued Interest Payable		1,262
Amortization of Bond Costs		5,408
Loss on Refunding		1,006
Net Pension Asset		8,987
Landfill Postclosure Costs		1,410
Pollution Remediation Costs		178
Compensated Absences Payable		9,589
Other Postemployment Benefits		(41,648)
Change in net assets of governmental activities	$	34,941

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

COUNTY OF MILWAUKEE
Statement of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2011
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Intergovernmental	$ 281,048	$ 297,079	$ 279,289	$ (17,790)
Property Taxes	272,538	272,538	273,297	759
Sales Taxes	64,426	64,426	63,968	(458)
Charges for Services	373,863	392,322	391,496	(826)
Fines and Forfeits	3,447	3,447	2,932	(515)
Licenses and Permits	547	547	453	(94)
Investment Income and Rents	9,789	9,789	9,545	(244)
Other	45,006	46,414	41,201	(5,213)
Total Revenues	1,050,664	1,086,562	1,062,181	(24,381)
Expenditures:				
Current:				
Legislative, Executive and Staff	25,830	26,872	23,333	3,539
Courts and Judiciary	58,113	58,916	55,572	3,344
General Governmental Services	7,564	7,813	7,248	565
Public Safety	167,589	172,454	167,829	4,625
Public Works and Highways	45,157	50,140	46,693	3,447
Human Services	599,815	628,202	601,475	26,727
Parks, Recreation and Culture	65,203	65,869	60,821	5,048
Total Expenditures	969,271	1,010,266	962,971	47,295
Excess (Deficiency) of Revenues Over (Under) Expenditures	81,393	76,296	99,210	22,914
Other Financing Sources (Uses):				
Transfers In	-	-	7,816	7,816
Transfers Out	(79,006)	(73,909)	(82,061)	(8,152)
Transfers To Component Units	(6,531)	(6,531)	(6,531)	-
Total Other Financing Sources (Uses)	(85,537)	(80,440)	(80,776)	(336)
Net Change in Fund Balance	(4,144)	(4,144)	18,434	22,578
Fund Balances -- Beginning	45,175	45,175	45,175	-
Fund Balances -- Ending	$ 41,031	$ 41,031	$ 63,609	$ 22,578

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

COUNTY OF MILWAUKEE
Balance Sheet
Proprietary Funds
December 31, 2011
(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities -- Internal Service Funds
	Airports	Transit System	Total	
Assets				
Current Assets:				
Cash and Investments	$ 38,878	$ 20,945	$ 59,823	$ 26,838
Cash and Investments -- Restricted	43,678	-	43,678	-
Receivables:				
Accounts (Net of Allowances for Uncollectible Accounts and Contractual Adjustments)	5,118	-	5,118	811
Other	79	2,136	2,215	-
Due From Other Governments	4,849	6,792	11,641	29
Inventories	-	4,179	4,179	-
Prepaid Items	-	210	210	2,138
Other Assets	-	650	650	-
Total Current Assets	92,602	34,912	127,514	29,816
Noncurrent Assets:				
Capital Assets:				
Land	18,594	2,773	21,367	-
Construction in Progress	31,739	2,969	34,708	1,484
Land Improvements	201,550	6,591	208,141	3,284
Building and Improvements	316,215	62,510	378,725	3,683
Machinery, Vehicles and Equipment	16,731	191,468	208,199	38,778
Total Capital Assets	584,829	266,311	851,140	47,229
Less: Accumulated Depreciation	(244,126)	(172,487)	(416,613)	(37,607)
Total Capital Assets (Net)	340,703	93,824	434,527	9,622
Total Noncurrent Assets	340,703	93,824	434,527	9,622
Total Assets	$ 433,305	$ 128,736	$ 562,041	$ 39,438
Liabilities				
Current Liabilities:				
Accounts Payable	$ 2,894	$ 1,928	$ 4,822	$ 1,280
Accrued Liabilities	2,037	3,008	5,045	-
Accrued Interest Payable	788	451	1,239	124
Unearned Revenues	7,014	3,701	10,715	1
Bonds and Notes Payable - General Obligation	159	2,863	3,022	1,832
Bonds and Notes Payable - Revenue	8,510	-	8,510	-
Compensated Absences	1,332	4,700	6,032	1,047
Other Post Employment Benefit	-	222	222	-
Risk Claims	-	5,020	5,020	10,665
Capital Leases	241	-	241	-
Other Liabilities	16	4,093	4,109	-
Total Current Liabilities	22,991	25,986	48,977	14,949
Long-Term Liabilities:				
Bonds and Notes Payable - General Obligation	368	28,925	29,293	11,953
Bonds and Notes Payable - Revenue	191,374	-	191,374	-
Compensated Absences	1,170	4,175	5,345	1,280
Risk Claims	-	5,766	5,766	4,247
Other Post Employment Benefits	9,705	-	9,705	8,226
Capital Leases	293	-	293	-
Total Long-Term Liabilities	202,910	38,866	241,776	25,706
Total Liabilities	225,901	64,852	290,753	40,655
Net Assets (Liabilities)				
Unrestricted	3,256	1,848	5,104	2,946
Restricted for:				
Debt Service	15,161	-	15,161	-
Capital Asset Needs	8,039	-	8,039	-
Invested in Capital Assets, Net of Related Debt	180,948	62,036	242,984	(4,163)
Total Net Assets (Liabilities)	207,404	63,884	271,288	(1,217)
Total Liabilities and Net Assets	$ 433,305	$ 128,736	$ 562,041	$ 39,438

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, 2011
(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities -- Internal Service Funds
	Airports	Transit System	Total	
Operating Revenues:				
Rentals and Other Service Fees	$ 70,996	$ 120	$ 71,116	$ 33,505
Admissions and Concessions	16,244	-	16,244	-
Transit Fares	-	52,403	52,403	-
Total Charges for Services	87,240	52,523	139,763	33,505
Other Revenues	14	4,083	4,097	563
Total Operating Revenues	87,254	56,606	143,860	34,068
Operating Expenses:				
Personnel Services	25,301	112,624	137,925	13,356
Contractual Services	19,490	26,526	46,016	7,710
Intra-County Services	9,977	1,304	11,281	2,467
Commodities	5,094	15,875	20,969	672
Depreciation and Amortization	18,915	15,108	34,023	1,848
Maintenance	1,182	804	1,986	432
Other	30	2,259	2,289	-
Insurance and Claims	-	-	-	7,102
Total Operating Expenses	79,989	174,500	254,489	33,587
Operating Income (Loss)	7,265	(117,894)	(110,629)	481
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	159	89,670	89,829	1,324
Investment Income	313	-	313	-
Interest Expense	(10,194)	(1,380)	(11,574)	(640)
Total Nonoperating Revenues (Expenses)	(9,722)	88,290	78,568	684
Income (Loss) Before Contributions and Transfers	(2,457)	(29,604)	(32,061)	1,165
Capital Contributions	35,767	15,816	51,583	1,472
Transfers In	-	17,926	17,926	1,140
Transfers Out	(2,150)	(244)	(2,394)	(1,603)
Change in Net Assets	31,160	3,894	35,054	2,174
Net Assets (Liabilities) -- Beginning	176,244	59,990	236,234	(3,391)
Net Assets (Liabilities) -- Ending	$ 207,404	$ 63,884	$ 271,288	$ (1,217)

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, 2011
(In Thousands)

	Business-Type Activities -- Enterprise Funds			Governmental Activities
	Airports	Transit System	Total	Internal Service Funds
Cash Flows Provided (Used) by Operating Activities:				
Receipts from Customers Users	$ 82,565	$ 56,341	$ 138,906	$ 7,542
Receipts from Interfund Services	-	-	-	28,782
Payments to Suppliers	(28,455)	(42,381)	(70,836)	(15,449)
Payments to Employees	(23,981)	(114,298)	(138,279)	(12,455)
Payments for Interfund Services Used	(9,977)	(1,304)	(11,281)	(2,443)
Net Cash Flows Provided (Used) by Operating Activities	20,152	(101,642)	(81,490)	5,977
Cash Flows Provided (Used) by Noncapital Financing Activities:				
Intergovernmental Revenues	159	102,189	102,348	1,594
Transfers From Other Funds	-	17,926	17,926	1,140
Transfers (To) Other Funds	(2,150)	(244)	(2,394)	(1,603)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	(1,991)	119,871	117,880	1,131
Cash Flows Provided (Used) by Capital and Related Financing Activities:				
Proceeds from Bonds	-	-	-	83
Proceeds from Refunding Bonds	-	3,338	3,338	-
Capital Contributions	35,767	15,816	51,583	1,472
Principal Payment on Bonds	(8,502)	(2,505)	(11,007)	(1,918)
Principal Payment on Refunding Bonds	-	(3,982)	(3,982)	-
Premium on Bonds	-	438	438	-
Interest Paid on Bonds	(11,194)	(1,395)	(12,589)	(625)
Payments on Capital Lease	(295)	-	(295)	-
Acquisition of Capital Assets	(49,246)	(15,877)	(65,123)	(1,526)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(33,470)	(4,167)	(37,637)	(2,514)
Cash Flows Provided (Used) by Investing Activities:				
Investment Income	313	-	313	-
Net Cash Flows Provided (Used) by Investing Activities	313	-	313	-
Net Increase (Decrease) in Cash and Cash Equivalents	(14,996)	14,062	(934)	4,594
Cash and Cash Equivalents at Beginning of Year	97,552	6,883	104,435	22,244
Cash and Cash Equivalents at End of Year	$ 82,556	$ 20,945	$ 103,501	$ 26,838
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Financed by Capital Leases	$ 439	$ -	$ 439	$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$ 7,265	$ (117,894)	$ (110,629)	$ 481
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	18,915	15,108	34,023	1,848
(Increase) Decrease in Assets:				
Accounts Receivable	(1,764)	59	(1,705)	1,578
Other Receivables	-	125	125	-
Due from Other Governments	637	-	637	-
Inventories	-	(815)	(815)	-
Prepaid Items	-	2,884	2,884	76
Increase (Decrease) in Liabilities:				
Accounts Payable	(2,659)	335	(2,324)	258
Accrued Liabilities	19	(1,196)	(1,177)	(58)
Unearned Revenues	(3,568)	201	(3,367)	-
Compensated Absences	(344)	214	(130)	(313)
Risk Claims	-	(914)	(914)	835
Other Post Employment Benefits	1,645	222	1,867	1,272
Other Liabilities	6	679	685	-
Total Adjustments	12,887	16,252	29,139	5,496
Net Cash Flows Provided (Used) by Operating Activities	$ 20,152	$ (101,642)	$ (81,490)	$ 5,977

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

COUNTY OF MILWAUKEE
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2011
(In Thousands)

	Pension Trust Fund	Agency Funds
Assets		
Cash and Investments:		
Domestic Common and Preferred Stocks	$ 388,658	$ -
Long / Short Hedge Funds	174,105	-
Corporate Bonds and Convertible Debentures	249,380	-
International Common and Preferred Stocks	306,113	-
Real Estate Investments Trusts	114,522	-
Infrastructure	134,188	-
Federal Agency and Mortgage-Backed Certificates	133,475	-
U.S. Government and State Obligations	75,428	-
International Fixed Income	14,674	-
Private Equity	27,605	-
Deposits	84,108	24,036
Total Cash and Investments	1,702,256	24,036
Receivables:		
Pension Trust Fund Contribution	30,252	-
Accrued Interest and Dividends	2,528	-
Other	9,572	-
Securities Lending	58,499	-
Other Assets	5,989	-
Total Assets	1,809,096	24,036
Liabilities		
Accounts Payable	-	208
Agency Deposits	-	23,828
Securities Lending	58,499	-
Other Liabilities	8,490	-
Total Liabilities	66,989	24,036
Net Assets		
Held in Trust for Pension Benefits	$ 1,742,107	$ -

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, 2011

(In Thousands)

	Total
Additions:	
Contributions:	
County of Milwaukee	$ 28,276
Plan Participants	3,314
Total Contributions	31,590
Investment Income:	
Net Appreciation (Depreciation) in Fair Value	(18,673)
Interest and Dividends	24,069
Other Income	5,636
Total Investment Income	11,032
Security Lending Income	222
Less: Security Lending Rebates and Fees	(68)
Net Security Lending Activity	154
Investment Expense	(3,805)
Net Investment Income (Loss)	7,381
Total Additions, Net of Losses	38,971
Deductions:	
Benefits Paid to Retirees and Beneficiaries	(187,530)
Administrative Expenses	(4,501)
Total Deductions	(192,031)
Change In Plan Net Assets	(153,060)
Plan Net Assets Held In Trust for Pension Benefits	
Beginning of Year	1,895,167
End of Year	$ 1,742,107

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, 2011
(In Thousands)

	Museum	War Memorial Center	Marcus Center	Research Park Corporation	Total
Assets					
Current Assets:					
Cash and Investments	$ 2,585	$ 2	$ 2,843	$ 2,598	$ 8,028
Accounts Receivable	1,059	-	727	84	1,870
Accrued Interest Receivable	-	-	1	-	1
Inventories	29	-	142	-	171
Prepaid Items	387	-	7	5	399
Total Current Assets	4,060	2	3,720	2,687	10,469
Noncurrent Assets:					
Long-Term Investments	6,936	-	979	-	7,915
Accounts Receivable	947	-	-	-	947
Other	-	-	512	17	529
Capital Assets (Net):					
Construction in Progress	51	-	198	-	249
Buildings and Improvements	19,221	-	22,280	-	41,501
Machinery, Vehicles and Equipment	10,459	-	2,074	-	12,533
Less: Accumulated Depreciation	(13,742)	-	(13,476)	-	(27,218)
Total Capital Assets (Net)	15,989	-	11,076	-	27,065
Total Noncurrent Assets	23,872	-	12,567	17	36,456
Total Assets	$ 27,932	$ 2	$ 16,287	$ 2,704	$ 46,925
Liabilities					
Current Liabilities:					
Accounts Payable	$ 504	$ -	$ 376	$ 47	$ 927
Accrued Liabilities	671	-	327	9	1,007
Accrued Interest Payable	19	-	-	-	19
Unearned Revenues	1,093	-	1,415	104	2,612
Bonds and Notes Payable	262	-	8	27	297
Capital Leases	-	-	11	-	11
Other Current Liabilities	-	-	65	-	65
Accrued Pension and Postretirement Benefits	102	-	-	-	102
Total Current Liabilities	2,651	-	2,202	187	5,040
Noncurrent Liabilities:					
Bonds and Notes Payable	4,607	-	45	5	4,657
Other Noncurrent Liabilities	273	-	648	-	921
Accrued Pension and Postretirement Benefits	7,726	-	-	-	7,726
Total Noncurrent Liabilities	12,606	-	693	5	13,304
Total Liabilities	15,257	-	2,895	192	18,344
Net Assets					
Unrestricted (Deficit)	(6,011)	-	2,322	2,207	(1,482)
Restricted	7,566	2	57	305	7,930
Invested in Capital Assets, Net of Related Debt	11,120	-	11,013	-	22,133
Total Net Assets	12,675	2	13,392	2,512	28,581
Total Liabilities and Net Assets	$ 27,932	$ 2	$ 16,287	$ 2,704	$ 46,925

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, 2011
(In Thousands)

	Museum	War Memorial Center	Marcus Center	Research Park Corporation	Total
Revenues:					
County Program Support	$ 3,502	$ 1,748	$ 1,280	$ -	$ 6,530
Charges for Services:					
Contributions and memberships	5,854	77	405	71	6,407
Other	3,125	48	4,855	28	8,056
Interest on Investments and Rents	1,043	1,058	3,347	644	6,092
Other	11,723	100	671	108	12,602
Total Revenues	25,247	3,031	10,558	851	39,687
Expenses:					
Public Works and Highways	-	-	-	863	863
Parks, Recreation and Culture	14,344	3,131	10,499	-	27,974
Total Expenses	14,344	3,131	10,499	863	28,837
Changes in Net Assets	10,903	(100)	59	(12)	10,850
Net Assets -- Beginning	1,772	102	13,333	2,524	17,731
Net Assets -- Ending	$ 12,675	$ 2	$ 13,392	$ 2,512	$ 28,581

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

COUNTY OF MILWAUKEE
DECEMBER 31, 2011

NOTES TO THE BASIC FINANCIAL STATEMENTS

Milwaukee County
Notes to the Financial Statements
December 31, 2011
(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 Circuit 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.

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 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

Note 1 - Summary of Significant Accounting Policies (Continued)

A. The Reporting Entity (Continued)

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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

A. The Reporting Entity (Continued)

Component Units – (Continued)

War Memorial Center is presented as a discretely presented component unit of the County because the County appoints the voting majority of the Center's governing body and therefore has the ability to impose its will on the Center. In addition, the County provides the majority of the Center's financial support, thus the War Memorial Center has the ability to impose specific financial burdens on the County. The War Memorial Center has a fiscal year ending December 31st.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

A. The Reporting Entity (Continued)

Component Units – (Continued)

support to the Museum. As a result, the Museum has the ability to impose specific financial burdens on the County. The Museum building is not included in the Museum's capital assets reported on the Component Unit Statement of Net Assets. It is included in the County's Governmental Activities Statement of Net Assets. The Museum has a fiscal year ending August 31st.

The Milwaukee County Research Park Corporation, ("The Corporation") is a non-stock, non-profit corporation formed in 1987 for the sole purpose of developing a park for research and technology businesses on the parts of the Milwaukee County Institution Grounds that are not required for medical or health institution purposes and are leased, conveyed or otherwise transferred to the Corporation; provided, however, that such development shall, in the judgment of the Corporation, advance the economic and social interests of the community. 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. The economic resources held by the Corporation are contributed to the Research Park through land sales and rent, by agreement of the County, for the direct benefit of the County and its constituents. The Corporation has a fiscal year ending December 31st.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Government-Wide Financial Statements (Continued)

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 guidance 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 purposes for which they are to be spent and the means by which spending activities are controlled.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

All Financial Statements

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

Governmental Funds

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

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 two-month availability period for recognizing revenue relating to its portion of delinquent property taxes.

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

Proprietary Funds (Continued)

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

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

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 and reports all financial resources of the general government, except those resources required to be accounted for in another fund.

The Debt Service Fund accounts for and reports the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt.

The Capital Projects Fund accounts for and reports the financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities and other capital assets.

The County has presented the following major proprietary funds:

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 are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The specific purpose of each fund is as follows:

Zoo-used for the purchase of animals and maintenance of the miniature passenger railroad for the Milwaukee County Zoo.

Parks- used for the enhancement of the Todd Wehr Nature Center and restoration of the Trimborn Farm as a historic park.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Persons with Disabilities- used for special projects to help free disabled persons from environmental and attitudinal barriers.

Behavioral Health Division- used for mental health research, patient activities and special events, and compensated absence payouts for Behavioral Health Division retirees.

Public Works- used for compensated absence payouts and other post-employment benefit costs for retirees from the Fleet Maintenance and Facilities Management divisions.

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

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 the financing of goods and services provided by one department to other departments of the County, or to other governmental entities, on a cost-reimbursement basis. Information Management Services, Public Works Services, and Risk Management are the County's internal service funds.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Airports Fund and Transit Fund represent the equity in these pooled resources.

Substantially all of the deposits and investments of the Agency Funds are held separately from those of other County funds. The 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 Transport Services, Inc., a non-profit corporation. The resources of the Special Revenue, Pension Trust, and Agency funds are restricted and are not available to the County to finance its operations.

Statutes authorize the County to invest in State-authorized financial institution time deposits that mature in not more than three years, bonds or securities issued or guaranteed as to principal and interest by the Federal government, bonds or securities of any municipality of the State, securities that mature not more than ten years from the date on which the security was acquired and which has a rating in one of the two highest categories assigned by a nationally-recognized rating agency, repurchase agreements secured by funds or securities issued or guaranteed as to principal and interest by the Federal government, and local government pooled investment funds. In addition, the Pension Board, as administrator of the Pension Trust Fund, is authorized to invest in all types of investments deemed appropriate.

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

2. Receivables

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

2. Receivables (Continued)

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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

3. Inventory and Prepaid Items (Continued)

Milwaukee County has a self-funded health insurance plan with United Healthcare. A requirement of the self-funded plan is that the County maintains $2,434 on deposit as of December 31, 2011.

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 2011, these restricted assets were $ 15,161 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 resources to liquidate payments.

Net Restricted Airport passenger facility charges totaled $ 21,255 at the end of 2011. Passenger facility charges are collected by the Airport and are used for capital projects or repayment of bonds for approved capital projects. The passenger facility charges are accounted for in a separate Special Revenue Fund.

In addition, at the end of 2011, the Airport had $ 28,517 of 2004, 2005, 2006, 2007, 2009 and 2010 revenue bond proceeds that were unspent, and for purposes of this report, are considered restricted.

In addition, the County has restricted $ 5,944 of contributed assets for a $ 14,400 debt guarantee made by the County on behalf of a local company. The County provided the guarantee in return for a mortgage on specific assets of the

Note 1 - Summary of Significant Accounting Policies (Continued)

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

4. Restricted Assets (Continued)

company plus $ 4,900 of cash provided by the company and the State of Wisconsin. These funds act as a debt reserve, and are included in the Airport special revenue fund. During 2009, the company announced that another company was purchasing it and the County Board of Supervisors approved a three-year extension of the agreement to August 15, 2012.

While the local company was purchased by a third party, the local company and the County continue to maintain their agreement for collateral support. There are no plans for the transfer of the agreements to the third party. However, the third-party continues to honor the agreement and make principal and interest payments in accordance with underlying agreements. The assets continue to be maintained by the third-party, and the third-party has been attempting to sell or lease the assets to pay down the debt.

Under a contract agreement between the State of Wisconsin Department of Health and Family Services and the County's Department of Family Care, the County is required to restrict cash of $ 11,432. This restricted cash is for a working capital reserve and restricted reserve under the contract.

5. Capital Assets

Government-wide Statements

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

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

Major outlays for capital assets and improvements are capitalized at cost when

Note 1 - Summary of Significant Accounting Policies (Continued)

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

5. Capital Assets (Continued)

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:

Assets	Years
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.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

5. Capital Assets (Continued)

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 payment upon retirement for a majority of accumulated sick leave hours earned. Depending on their date of hire, a represented retiring employee is entitled to either full cash payout, partial payment in cash or credit for post-employment health insurance costs. 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 $5,941 in 2011.

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 governmental activities and the business-type activities the short-term portion is $ 21,575 and $ 6,032, 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 as an expense in the governmental funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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 prior debt, or the life of the new debt, whichever is shorter. Bonds payable are reported net of the applicable bond premium or discount and gains or losses, as applicable. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. The 1993 bonds were paid off during 2011.

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, net of accumulated deprecation, 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.

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)

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".

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

Fund Statements

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

- **Nonspendable Fund Balance** – amounts that are not in a spendable form (such as inventory).
- **Restricted Fund Balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government).
- **Committed Fund Balance** – amounts constrained to specific purposes as approved or rescinded in a Board Resolution, and in compliance with State Statue.
- **Assigned Fund Balance –** amounts constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The County has restrictions against and does not presently have any Assigned Fund Balance.
- **Unassigned Fund Balance –** amounts included in the residual classification for the General Fund that have not been restricted, committed, or assigned to specific purposes. The County has restrictions against and does not presently have any Unassigned Fund Balance.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

8. Equity Classifications (Continued)

Fund Statements (Continued)

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

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

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 State Statute to be used to reduce/increase property tax levy in the subsequent budget period.

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

9. Allowance for Doubtful Accounts

The County's Behavioral Health Division (BHD) provides an allowance for all third-party payers such as Medicare, Medicaid, HMO's, and other types of health insurance. The County's 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 co-payments. The County's Department of Health and Human Services (DHHS) provides an allowance for amounts due from recipients of housing loans provided to low-income homeowners. BHD, Aging CMO, and DHHS adjust revenue in the current year of operations for the difference between amounts billed (or loans made) and expected reimbursement. In as much as the adjustment is an

Note 1 - Summary of Significant Accounting Policies (Continued)

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

9. Allowance for Doubtful Accounts (Continued)

estimate, any difference between the amount accrued and the amount settled is recorded in operations in the year of settlement. At December 31, 2011, the total allowance for BHD, Aging CMO, and DHHS was $ 13,713. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectable as reported at December 31, 2011. 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 debt interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested, unspent debt proceeds over the same period. During 2011, the net amount of capitalized interest was $ 3,192.

11. Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the "revenue reduction" approach in accounting for rebateable arbitrage. This approach treats excess earnings as a reduction of revenue. There is no liability for rebateable arbitrage as of December 31, 2011.

12. Landfill Post-Closure Costs

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

13. Pollution Remediation Costs

The Wisconsin Department of Natural Resources has designated the County as the responsible party in the cleanup of petroleum contamination located on County property. The County has recorded a long-term obligation for these

Note 1 - Summary of Significant Accounting Policies (Continued)

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

13. Pollution Remediation Costs (Continued)

pollution remediation costs. These costs are recognized in the governmental activities.

14. Capital Contributions

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

15. Unearned Revenues

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

16. Pension Obligation Asset

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

17. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances of Purchase orders, contracts and other commitments for the expenditure of funds are recorded as restriction of fund balance and encumbrance. As of year-end, encumbrances are not reflected as expenditures but as restriction of fund balance and are liquidated in subsequent years. Every appropriation lapses at

Note 1 - Summary of Significant Accounting Policies (Continued)

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

17. Encumbrances

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.

18. Claims and Judgments

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

19. Other Post Employment Benefit Obligations

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

E. Governmental Accounting Standards for 2011

In fiscal year 2011, the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on the County's fund balance. The description of these categories is described above in Equity Classifications.

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Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

All adopted budgets for the governmental funds are prepared in accordance with the modified accrual basis of accounting, except for the treatment of the fund balance- restriction for 2011 appropriations and encumbrances. For budget purposes, fund balance-restricted for 2011 appropriations – is reflected as other financing sources whereas, for accounting purposes, it is reflected as part of fund balance. For budget purposes, encumbrances are recorded as expenditures as opposed to a restriction of fund balance.

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

Once the budget is adopted, transfers of appropriations among departments require approval by the Board of Supervisors and are permitted only during the last three months of the year. Supplemental appropriations for the purpose of public emergencies may be made from unanticipated revenues received or surplus earned, as defined by resolution adopted by a vote of two-thirds of the members of the board of supervisors. Supplemental appropriations from the issuance of tax anticipation notes require an affirmative vote of three-fourths of the members of the board of supervisors. During the 2011 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 the Non-GAAP Budgetary Basis statements, principal and interest payments on pension obligation bonds are considered a departmental personnel service appropriation and are reflected

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

Budgetary Basis of Accounting (Continued)

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

A reconciliation for the General Fund is as follows:

	Expenditures	Other Financing Sources (Uses)
GAAP Basis	$ 939,875	$ (107,495)
Encumbrances	10,961	-
Pension/Other	18,666	33,250
Transfers to Component Units	(6,531)	(6,531)
Non-GAAP Budgetary Basis	**$ 962,971**	**$ (80,776)**

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

Deficit Fund Net Assets

The Information Management Services Internal Service Fund had a negative balance of net assets (net liabilities) of $ 3,968 as of December 31, 2011. The net liabilities were due to the fund incurring depreciation expense on assets purchased with the debt proceeds at a faster rate than the payment of principal on the outstanding debt. The net liabilities will breakeven in future years as the principal is paid down by the fund.

County Tax Rate Limit (Amounts Expressed in Dollars)

Section 59.605 of the Wisconsin Statues imposes a limit on the property tax rate that the County can impose upon its citizens. Separate limits were imposed for operating levy rates and debt service levy rates of $ 4.08 per $ 1,000 of equalized value and $ 1.42 per $ 1,000 of equalized value, respectively. For the tax budget year of 2011, the County's actual operating and debt service levy

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

County Tax Rate Limit (Amounts Expressed in Dollars) Continued

rates were \$ 3.58 per \$ 1,000 of equalized value and \$ .88 per \$ 1,000 of equalized value, respectively. For 2012, further limits on the increase in the overall operating tax levy have been imposed by the State, while allowing for increases due to changes in debt.

Note 3 - Deposits and Investments

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

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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".

Statement of Net Assets:	
Cash and Investments	$ 277,796
Cash and Investments- Restricted	82,309
Subtotal	**$ 360,105**
Statement of Fiduciary Net Assets:	
Cash and Investments	
Pension Trust Fund	1,702,256
Agency Fund	24,036
Total	**$ 2,086,397**

Deposits-County/Agency	$ 99,623
Investments-County/Agency	284,518
Pension Deposits	84,108
Pension Investments	1,618,148
Total	**$ 2,086,397**

Cash Deposits – County/Agency

The carrying amount of the County's deposits at December 31, 2011 was $ 99,623 and the bank balance was $ 107,630.

Custodial Credit Risk-Deposits – County/Agency

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to cover collateral securities that are in the possession of an outside entity. Interest bearing deposits with banks are insured by the FDIC in the amount of $ 250. Non-interest bearing deposits are insured by the FDIC at full value. The State Deposit Guarantee Fund insures deposits up to a total of $400 per entity, not per banking institution. The County does not have a deposit policy for custodial credit risk. Of the $ 107,630 of deposits with financial institutions, $ 2,375 was covered by Federal depository insurance and State governmental insurance, subject to availability of funds in the State's Deposit Guarantee Fund and $ 101,888 was collateralized with government securities held in a separate financial institution in the County's name, and $ 3,367 was uninsured, uncollateralized, or exposed to custodial credit risk.

Note 3 - Deposits and Investments (Continued)

Investments – County/Agency

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

The primary objectives of the County's Statement of Investment Policies 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, 2011 the County had the following investments:

Investment Type	Fair Value
U.S. Treasury Bonds	$ 13,506
U.S. Treasury Inflation Protected Bonds	13,508
U.S. Treasury Notes	15,035
U.S. Treasury Bills	200
U.S. Agency Fixed Rate Securities	39,312
U.S. Agency Guaranteed Adjustable Rate Securities	23,100
GNMA Fixed Rate Securities	3,610
FNMA Fixed Rate Securities	3,591
GNMA Guaranteed Adjustable Rate Securities	2,346
Small Business Administration Guaranteed Adjustable Rate Securities	7,005
Municipal Fixed Rate Securities	16,485
Treasury Mutual Fund	19,135
Corporate Government Guaranteed Notes	34,751
Corporate Asset Backed Securities	5,268
Corporate Bonds	9,132
Futures Hedge Contract with Commodities Broker	606
Certificates of Deposit	26,617
Money Market Cash Equivalents	51,311
Total	**$284,518**

In its normal course of operations, the Transit System enters into futures contracts for heating oil as a hedge for its diesel fuel purchases. The aggregate fair value of these hedging derivative instruments in asset positions at December 31, 2011 was $ 606. This represents the maximum loss that would be

Note 3 - Deposits and Investments (Continued)

Investments – County/Agency (Continued)

recognized at the reporting date if the counterparty failed to perform as contracted. This maximum exposure is reduced by $ 806 for collateral held with the counterparty, resulting in no credit risk to the County. The County has one contract for hedging derivative instruments with a single counterparty: Transit System hedge on diesel fuel. This counterparty is not rated. The County is exposed to basis risk on the hedging derivative instruments because the expected commodity purchase being hedged will price based on a pricing point different than the pricing point at which the futures contract is expected to settle.

Custodial Credit Risk-Investments – County/Agency

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

Interest Rate Risk-Investments – County/Agency

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

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Note 3 - Deposits and Investments (Continued)

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

For adjustable rate securities, the time to coupon reset is used as the effective maturity period. As of December 31, 2011, the County had the following investments and maturities:

Investment Type	Fair Value	Less Than 1	1-5	6-10
U.S. Treasury Bonds	$ 13,506	$ 5,077	$ 8,429	$ -
U.S. Treasury Inflation Protected Bonds	13,508	5,862	7,646	-
U.S. Treasury Notes	15,035	1,511	12,900	624
U.S. Treasury Bills	200	200	-	-
U.S. Agency Fixed Rate Securities	39,312	6,824	32,488	-
U.S. Agency Guaranteed Adjustable Rate Securities	23,100	-	11,689	11,411
GNMA Fixed Rate Securities	3,610	152	3,246	212
FNMA Fixed Rate Securities	3,591	2,010	1,581	-
GNMA Guaranteed Adjustable Rate Sec	2,346	-	-	2,346
Small Business Administration Guaranteed Adjustable Rate Securities	7,005	-	751	6,254
Municipal Fixed Rate Securities	16,485	4,615	11,870	-
Treasury Mutual Fund	19,135	19,135	-	-
Corporate Government Guaranteed Notes	34,751	21,767	12,984	-
Corporate Asset Backed Securities	5,268	4,704	564	-
Corporate Bonds	9,132	3,015	6,117	-
Futures Hedge Contract with Commodities Broker	606	606	-	-
Certificates of Deposit	26,617	25,324	1,293	-
Money Market Cash Equivalents	51,311	51,311	-	-
Total	**$ 284,518**	**$ 152,113**	**$ 111,558**	**$ 20,847**

Credit Risk-Investments – County/Agency

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

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Note 3 - Deposits and Investments (Continued)

Credit Risk-Investments – County/Agency (Continued)

Investment Type	Fair Value	Standard & Poor's	Moody's Investor Service
U.S. Treasury Bonds	$ 13,506	AA+	Aaa
U.S. Treasury Inflation Protected Bonds	13,508	AA+	Aaa
U.S. Treasury Notes	5,350	NR	NR
U.S. Treasury Notes	9,685	AA+	Aaa
U.S. Treasury Bills	200	AAA	Aaa
U.S. Agency Fixed Rate Securities	8,256	NR	NR
U.S. Agency Fixed Rate Securities	16,587	AA+	Aaa
U.S. Agency Fixed Rate Securities	14,470	AA+	Aaa
U.S. Agency Guaranteed Adjustable Rate Securities	13,779	AA+	Aaa
U.S. Agency Guaranteed Adjustable Rate Securities	9,321	NR	NR
GNMA Fixed Rate Securities	3,610	AA+	Aaa
FNMA Fixed Rate Securities	1,581	AA+	Aaa
FNMA Fixed Rate Securities	2,010	AA+	Aaa
GNMA Guaranteed Adjustable Rate Securities	2,346	AA+	Aaa
Small Business Administration Guaranteed Adjustable Rate Securities	7,005	AA+	Aaa
Municipal Fixed Rate Securities	1,987	AA	Aa2
Municipal Fixed Rate Securities	642	AA	N/R
Municipal Fixed Rate Securities	100	AA-	Aa3
Municipal Fixed Rate Securities	501	AA-	WR
Municipal Fixed Rate Securities	146	AA+	Aaa
Municipal Fixed Rate Securities	583	AA+	N/R
Municipal Fixed Rate Securities	2,969	AA+	WR
Municipal Fixed Rate Securities	1,822	BBB	Aa3
Municipal Fixed Rate Securities	750	BBB	WR
Municipal Fixed Rate Securities	1,942	BBB+	Baa1
Municipal Fixed Rate Securities	1,485	NR	NR
Municipal Fixed Rate Securities	1,323	NR	Aa1
Municipal Fixed Rate Securities	673	NR	WR
Municipal Fixed Rate Securities	365	NR	Aa2
Municipal Fixed Rate Securities	1,196	NR	Aaa
Treasury Mutual Fund	19,135	AAA	Aaa
Corporate Government Guaranteed Notes	31,136	AA+	Aaa
Corporate Government Guaranteed Notes	786	AA-	Aa1

Note 3 - Deposits and Investments (Continued)

Credit Risk-Investments – County/Agency (Continued)

Investment Type	Fair Value	Standard & Poor's	Moody's Investor Service
Corporate Government Guaranteed Notes	2,829	AA+	Aaa
Corporate Asset Backed Securities	2,533	AAA	Aaa
Corporate Asset Backed Securities	1,115	AAA	NR
Corporate Asset Backed Securities	1,620	NR	Aaa
Corporate Bonds	1,873	AA+	Aa2
Corporate Bonds	2,331	A	AA3
Corporate Bonds	1,005	A-	A3
Corporate Bonds	1,009	A-	BAA1
Corporate Bonds	583	A+	AA2
Corporate Bonds	494	AA	AA1
Corporate Bonds	513	AA-	AA1
Corporate Bonds	543	AA-	AA3
Corporate Bonds	781	AA+	AA2
Futures Hedge Contract with Commodities Broker	606	N/A	N/A
Certificates of Deposit	19,258	N/R	N/R
Certificates of Deposit	7,359	NR	NR
Money Market Cash Equivalents	30,036	A-1	P-1
Money Market Cash Equivalents	2,310	N/A	N/A
Money Market Cash Equivalents	4,962	AA+	Aaa
Money Market Cash Equivalents	13,557	NR	NR
Money Market Cash Equivalents	446	N/R	N/R
Total	**$ 284,518**		

Concentration of Credit Risk – Investments - County/Agency

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

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Note 3 - Deposits and Investments (Continued)

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

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

• Time and other Money Market deposits of banks, savings banks, trust companies, savings and loans, credit unions, regulated by the Securities and Exchange Commission. Direct Investment in public depository institutions and securities will be further limited to a maximum investment, per institution at any one time of $250,000 unless an acceptable form of collateral, surety or other guarantee exists assuring the principal repayment to Milwaukee County. Certificate of Deposit Account Registry Service (CDARS) will have a maximum limit of $50 million.	0% - 60%
• U. S. Treasury, GNMA, Federal Home Loan Mortgage and any other agency/instrumentality securities that are explicitly guaranteed by the federal government.	0% - 100%
• Agency Instrumentalities:	
1. Securities issued by the Federal National Mortgage Association, Fannie Mae, and Federal Home loan Mortgage Corp. – Freddie Mac.	0% - 30% per agency and 0% - 60% total
2. Other agency/instrumentality securities (includes securities issued by the Federal Home Loan Bank, Federal Farm Credit Banks, Small Business Administration and others.	0% - 15% per agency and 0% - 30% total
• Local Government Pooled Investment Fund of the State Investment Board.	0% - 50%
• Repurchase Agreements with public depository institutions (only) and where specific and appropriate collateral is provided.	0% – 50%
• Corporate securities, including commercial paper. Each Corporate security must have an AAA or AA rating or whichever is the highest or second highest rating category assigned by Standard & Poors, Moody's Investor Service or another similar nationally recognized ratings agency.	0% to 15% of the total investment and 0% to 5% per issuer
• All other security types, when and if authorized in the future by amendment to Wisconsin statute.	0% to 25%

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

Note 3 - Deposits and Investments (Continued)

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

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, 2011, 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, 2011 was $ 84,108 and the bank balance was $ 85,679.

Custodial Credit Risk Deposits - Pension Trust Fund

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pension Trust Fund will not be able to recover the value of its deposits. Interest bearing deposits with banks are insured by the FDIC in the amount of $ 250. Non-interest bearing deposits are insured by the FDIC at full value. The State Deposit Guarantee Fund insures deposits up to a total of $ 400 per entity, not per banking institution. As of December 31, 2011, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund. The Pension Trust Fund does not have a formal policy pertaining to custodial credit risk. However, substantially all assets of the Pension Trust Fund are held in its name.

Investments - Pension Trust Fund

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

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Note 3 - Deposits and Investments (Continued)

Investments - Pension Trust Fund (Continued)

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

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, 2011 the Pension Trust Fund had the following investments:

Investment Type:		Fair Value
Domestic Common and Preferred Stocks	$	388,658
Long / Short Hedge Funds		174,105
Corporate Bonds and Convertible Debentures		249,380
International Common and Preferred Stocks		306,113
Real Estate Investments Trusts		114,522
Infrastructure		134,188
Federal Agency and Mortgage-Backed Certificates		133,475
U.S. Government and State Obligations		75,428
International Fixed Income		14,674
Private Equity		27,605
Total	**$**	**1,618,148**

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Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk–Investments - Pension Trust Fund

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty. No formal policy exists on custodial risk. However, substantially all assets of the Retirement System are held in its name. The Retirement System did not own any repurchase agreements as of December 31, 2011. As of December 31, 2011, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

Interest Rate Risk–Investments - Pension Trust Fund

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

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Note 3 - Deposits and Investments (Continued)

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

As of December 31, 2011, the Retirement System had the following Option-Adjusted Durations for the fixed income investments: (amounts are in thousands of dollars).

Fixed Income Sector	Fair Value	Option Adjusted Duration (In Years)	Fixed Income Sector	Fair Value	Option Adjusted Duration (In Years)
ABS-Car Loan	$ 2,709	0.41	Materials	$ 72	4.21
ABS-Equipment	1,039	1.28	Mining	302	6.39
ABS-Home Equity	1,944	0.33	News / Media	2,252	7.27
Aerospace & Defense	247	4.41	Non-US Corporate Bonds	3,665	4.96
Agency for Int'l Devel. Backed Debt	921	5.58	Non-US Corp Prvt Placements	1,513	3.26
Automobiles & Components	187	4.49	Non-US Government Bonds	95	13.41
Banking & Finance	21,365	4.35	Oil & Gas	2,277	6.98
BSDT Reserve Deposit Accts.	802	0.08	Other Corporate Bonds	108	6.95
Canadian Government Bonds	105	2.94	Other Government Obligations	658	7.96
Capital Goods	257	3.06	Private Placements-ABS	301	0.20
Chemicals	1,592	5.56	Private Placements-MBS	864	0.05
CMO-Conduit	10,253	2.81	Private Placemnts-More than 1 yr	7,802	4.05
CMO-U.S. Agencies	7,659	2.25	Provincials (Canadian)	-	0.00
CMO-Comm/Corp	-	0.00	Retail	1,103	10.03
Collateralized Mortgage Obligation	1,508	1.53	Supranational Issues	189	3.66
Commercial Services & Supplies	109	5.03	Taxable Municipals	710	14.50
Commingled Fds Cash Equivalents	75,721	0.08	Technology	2,670	6.15
FHLMC Multiclass	38,708	1.26	Transportation	1,782	7.82
FHLMC Pools	10,149	1.97	Treasury Bills-Less Than 1 Year	5,178	0.49
FNMA Pools	27,938	2.66	U.S. Agencies	4,911	5.20
FNMA REMIC	39,293	1.92	U.S. Governments	75,428	6.58
Food Beverage & Tobacco	742	6.67	Utility-Electric	5,157	6.09
Food Products	1,568	5.78	Utility-Gas	638	6.80
GNMA Multi Family Pools	2,684	1.65	Utility-Other	250	4.90
GNMA Single Family Pools	1,166	1.25	Utility-Telephone	3,249	7.97
Health Care	337	8.09	Whole Loan-CMO	20,975	0.47
Household Products	13	5.54	Whole Loan - Re-securitization	462	0.02
Industrial	438	5.28	Yankee Bonds	1,367	6.21
Insurance	1,319	4.32	Other*	159,907	
International Corporate Bonds	-	0.00			
Sub-total	**$ 250,773**		**Sub-total**	**$ 303,885**	
			Total	**$ 554,658**	

* For 2011 this represents $ 158,238 in units of participation, $ 56 in ABS-Home Equity, $ 712 in FHLMC

Note 3 - Deposits and Investments (Continued)

Credit Risk-Investments - Pension Trust Fund

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

The credit quality ratings of investments in fixed income securities by Moody's, a nationally recognized statistical rating agency, as of December 31, 2011 are as follows:

Moody's Quality Ratings	Fair Value
AAA	$ 14,175
AA1	1,849
AA2	6,179
AA3	5,629
A1	10,520
A2	10,489
A3	11,445
BAA1	11,355
BAA2	9,446
BAA3	4,418
BA1	526
BA2	993
BA3	388
B1	796
B2	155
B3	703
CAA2	224
CAA3	193
CA	511
NR	15,821
Total Credit Risk Fixed Income Securities	**$ 105,815**
U.S. Government and Agencies	208,904
Units of Participation (Not Rated)	158,238
Total Investment in Fixed Income	**$ 472,957**

Note 3 - Deposits and Investments (Continued)

Credit Risk-Investments - Pension Trust Fund (Continued)

Of the $ 15.8 million not rated by Moody's as of December 31, 2011, $ 15.0 million is rated by Standard & Poor's as investment grade. Moody's quality rating of BAA3 or above is considered investment grade. The $0.8 million is also not rated by Standard & Poor's.

Concentration of credit risk is a risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally investments in any one issuer that 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. The Retirement System has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of the total investments.

Foreign Currency Risk Investments - Pension Trust Fund

Foreign currency is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit. The Retirement Systems exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments.

This footnote is a required disclosure when the Retirement System directly owns investments denominated in a foreign currency. As of December 31, 2011 the Retirement System directly owned less than $1, in investments denominated in foreign currencies.

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

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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:

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Receivables:					
Accounts	$ 30,386	$ 101	$ 234	$ -	$ 30,721
Taxes:					
Current Levy	276,194	-	-	-	276,194
Delinquent	20,021	-	-	-	20,021
Interest	8,882	-	-	-	8,882
Other	38,947	-	100	1	39,048
Due from Other Governments	24,167	-	17,608	-	41,775
Gross Receivables	398,597	101	17,942	1	416,641
Less: Allowance for Uncollectibles	(13,713)	-	-	-	(13,713)
Net Total Receivables	**$ 384,884**	**$ 101**	**$ 17,942**	**$ 1**	**$ 402,928**

Of the delinquent taxes receivable of $ 20,021, $ 7,198 are not expected to be collected within one year.

At December 31, 2011 accounts receivable of the Enterprise funds are as follows:

	Airport	Transit System	Total
Receivables:			
Accounts	$ 5,118	$ -	$ 5,118
Other	79	2,136	2,215
Due from Other Governments	4,849	6,792	11,641
Total Receivables	**$ 10,046**	**$ 8,928**	**$ 18,974**

All amounts are expected to be collected within one year. As of December 31, 2011 no amounts are deemed uncollectible.

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:		
2011 Property Tax Levy	$	276,194
Delinquent Tax Receivables		9,866
State and Federal Revenue Unavailable for Current Expenditures		3,000
Housing Loan Receivables		5,045
Other Unearned Revenue		99
Department for Family Care Unearned Revenue		1,159
Deferred Credits - Public Works Services		292
Total Deferred Revenue	**$**	**295,624**
Less: Amounts Earned but Not Available		(4,411)
Net Unearned Revenue	**$**	**291,213**
Unearned Revenue - Business-Type Activities:		
Airport - Lease Revenue	$	7,014
Deferred Credits - Transit		3,701
Total Unearned Revenue	**$**	**10,715**

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Note 5 - Capital Assets

Primary Government

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2011.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	$ 59,303	$ -	$ -	$ 59,303
Construction in progress	41,365	31,342	(40,353)	32,354
Total Capital Assets, not being Depreciated	**100,668**	**31,342**	**(40,353)**	**91,657**
Capital Assets, Being Depreciated				
Land Improvements	239,780	5,318	(2,258)	242,840
Buildings	606,307	12,414	(462)	618,259
Fixed Equipment Buildings	49,746	6,037	-	55,783
Infrastructure	164,262	21,513	(2,350)	183,425
Machinery and Equipment	93,233	6,381	(368)	99,246
Vehicles and Related Equipment	65,151	12,048	(5,501)	71,698
Furniture and Fixtures	6,158	1,981	(3,176)	4,963
Total Capital Assets, Being Depreciated	**1,224,637**	**65,692**	**(14,115)**	**1,276,214**
Less: Accumulated Depreciation				
Land Improvements	(136,890)	(7,733)	2,245	(142,378)
Buildings	(344,378)	(16,249)	427	(360,200)
Fixed Equipment Buildings	(32,157)	(2,565)	-	(34,722)
Infrastructure	(72,700)	(9,257)	2,350	(79,607)
Machinery and Equipment	(71,091)	(5,918)	369	(76,640)
Vehicles and related Equipment	(25,820)	(4,263)	4,884	(25,199)
Furniture and Fixtures	(894)	(268)	9	(1,153)
Total Accumulated Depreciation	**(683,930)**	**(46,253)**	**10,284**	**(719,899)**
Net Capital Assets Being Depreciated	**540,707**	**19,439**	**(3,831)**	**556,315**
Governmental Activities Capital Assets- Net	**$ 641,375**	**$ 50,781**	**$ (44,184)**	**$ 647,972**

Governmental activities capital assets, net of accumulated depreciation, at December 31, 2011 are comprised of the following:

Governmental Activities Capital Assets	**Amount**
General Capital Assets, Net	$ 638,351
Internal Service Fund Capital Assets, Net	9,621
Total Capital Assets, Net	$ **647,972**

Note 5 - Capital Assets (Continued)

Primary Government (Continued)

Depreciation was charged to governmental functions as follows:

Governmental Activities:	
Legislative and Executive and Staff	$ 5,443
Courts and Judiciary	219
General Governmental Services	29
Public Safety	6,083
Public Works and Highways	16,907
Human Services	4.174
Parks, Recreation and Culture	13,398
Total	$ **46,253**

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2011.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, not being Depreciated				
Land	$ 21,367	$ -	$ -	$ 21,367
Construction in progress	21,069	19,773	(6,134)	34,708
Total Capital Assets, not being Depreciated	**42,436**	**19,773**	**(6,134)**	**56,075**
Capital Assets, Being Depreciated				
Land Improvements	176,546	31,595	-	208,141
Buildings	184,538	3,169	-	187,707
Fixed Equipment Buildings	188,705	2,314	-	191,019
Machinery and Equipment	18,214	1,604	(340)	19,478
Vehicles and related Equipment	173,133	11,405	(1,296)	183,242
Furniture and Fixtures	3,572	1,906	-	5,478
Total Capital Assets, Being Depreciated	**744,708**	**51,993**	**(1,636)**	**795,065**
Less: Accumulated Depreciation				
Land Improvements	(102,415)	(6,527)	-	(108,942)
Buildings	(112,575)	(4,638)	-	(117,213)
Fixed Equipment Buildings	(43,433)	(8,065)	-	(51,498)
Machinery and Equipment	(10,372)	(1,974)	340	(12,006)
Vehicles and Related Equipment	(113,296)	(12,499)	1,227	(124,568)
Furniture and Fixtures	(2,066)	(320)	-	(2,386)
Total Accumulated Depreciation	**(384,157)**	**(34,023)**	**1,567**	**(416,613)**
Net Capital Assets Being Depreciated	**360,551**	**17,970**	**(69)**	**378,452**
Business-type Activities Capital Assets- Net	**$ 402,987**	**$ 37,743**	**$ (6,203)**	**$ 434,527**

Note 5 - Capital Assets (Continued)

Primary Government (Continued)

Depreciation was charged to business-type activities as follows:

Business-type Activities:		
Airport	$	18,915
Transit System		15,108
Total	$	**34,023**

Discretely Presented Component Units

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

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

Construction in progress	$	51
Building additions and improvements		19,221
Furniture, equipment and exhibits improvements		10,459
Less: Accumulated depreciation		(13,742)
Capital Assets, Net	**$**	**15,989**

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

Building Improvements	$	17,107
Parking Structure and Improvements		5,173
Furniture and Fixtures		85
Equipment and Computers		1,989
Construction in Progress		198
Less: Accumulated Depreciation		(13,476)
Capital Assets, Net	**$**	**11,076**

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Note 5 - Capital Assets (Continued)

Construction Commitments

Following is a list of capital projects approved by the Milwaukee County Board of Supervisors per the 2011 Adopted Capital Improvement Budget. These reflect projects for both governmental and proprietary funds.

Project Number	Project Description		2011 Appropriations			2011 Expenditures & Encumbrances
	Airports (WA)					
WA042	GMIA - Bag Claim Remodeling	$	5,436	*	$	4,918
WA044	GMIA - In-line Baggage Screening Phase 2		11,589	*		6,570
WA127	GMIA - Terminal Expansion Design Study		500			-
WA131	GMIA - 150 Study Ramp Electrification		188	*		-
WA139	GMIA - Redundant Main Electric Service Feed		321	***		380
WA141	GMIA - Training Facility		489	**		101
WA142	LJT - RW 15L-33R Extension		260	***		200
WA161	GMIA - Terminal Roadway Signage		250	**		195
WA162	GMIA - Cessna Service Apron Reconstruction		95	**		-
WA163	GMIA - Perimeter Road Bridge over Howell Avenue		300	**		348
	Department of Parks, Recreation and Culture (WP)					
WP070	Lindbergh Park Pavilion		190	*		747
WP174	Parks Major Maintenance		100	*		212
WP184	Park Retaining Wall Repairs and Replacement		50	*		2
WP186	Park Naturalization		61			-
WP190	South Shore Relocation Study		80			-
WP191	Moody Pool Renovation		5,008			10
	Zoo (WZ)					
WZ600	Zoo Master Plan		400	**		18
	Courthouse Complex (WC)					
WC070	Domestic Violence Area Reconstruction		459	*		125
WC071	District Attorney Office Security Card System		83	*		72
	Other County Agencies (WO)					
WO112	Fleet Airport Equipment Acquisition		375	***		7,134
WO114	Countywide Infrastructure Improvements		11,895	***		5,919
WO205	Fiscal Automation Program		175	***		917
WO444	BHD / MCSO - Electronic Medical Records System		500	*		25
WO514	War Memorial Window Replacement and Reseal		42			-
WO515	War Memorial Window Ledge Leak Repairs		15			-
WO870	County Special Assessments		250	***		-
WO949	Inventory and Assessment of County Buildings		1,591			111
WO950	Milwaukee County Public Art Program		20	*		61
	Totals	$	40,722		$	28,065

Note 5 - Capital Assets (Continued)

Construction Commitments (Continued)

Following is a list of capital projects transfers made in 2011. These reflect projects for both governmental funds and proprietary funds.

Project Number	Project Description	2011 Transfers		2011 Expenditures & Encumbrances
	Highways and Bridges (WH)			
WH010	County Highway Action Program (CHAP)	$ (1,378)	*	$ 8,760
WH020	Major Rehabilitation	(750)	*	4,124
WH080	Bridge Rehabilitation Program	1,288	*	2,371
WH089	13th Street and Puetz Road Intersection	300		-
	Mass Transit (WT)			
WT026	Bus Replacement Program	47,608	*	33,969
WT303	HVAC Controls at MCTS Facility	172	*	526
	Airports (WA)			
WA124	Ground Power/Precon. Air Units	1,221	*	1,400
WA165	Reconstruction Taxiway B	827	*	2,726
WA171	GMIA Holding Room Seating	800		684
WA175	Concourse C Checkpoint	472		13
	Department of Parks, Recreation and Culture (WP)			
WP131	Oak Leaf Trail Improvements	2,473	*	271
WP192	Countywide Parks FEMA Improvements	173		155
WP228	Boat Launch Pier Replacement	112		-
	Zoo (WZ)			
WZ014	Small Mammal Building HVAC Replacement	3	*	746
WZ045	ACH Electrical Service Extension	50	*	188
	Courthouse Complex (WC)			
WC075	Courthouse Masonry Improvements	551	*	113
	Other County Agencies (WO)			
WO060	Countywide Road Improvement Program	54	***	1,411
WO112	Fleet Airport Equipment Acquisition	486	***	7,134
WO114	Countywide Infrastructure Improvements	31	***	5,919
	Totals	$ 54,493		$ 70,510

* Project has funding appropriation carryovers from 2010.

** Project has additional funding appropriations in 2012.

*** Project has both funding carryovers from 2010 and additional funding in 2012.

Note 5 - Capital Assets (Continued)

Construction Commitments (Continued)

		2011 Appropriations
2011 Funding Total		
Encumbrances and Carryovers from 2010	$	316,819
2011 Appropriations		40,722
Less: Reprogrammed Bonds Issued in 2010		(8,951)
2011 Transfers		54,493
Total	$	403,083
2011 Appropriations - Funding Source		
Reimbursement Revenue	$	804
Sales Tax Revenue		380
Miscellaneous Revenue / Sale of Asset		5,240
Private Contributions		200
Property Tax Levy		40
PFC Revenue / Airport Reserve		8,349
Bonds		25,709
Total	$	40,722
2011 Transfers - Funding Source		
Reimbursement Revenue	$	49,357
Sales Tax Revenue		1,566
Miscellaneous Revenue / Sale of Asset		(689)
PFC Revenue / Airport Reserve		1,751
Bonds		2,508
Total	$	54,493

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.

Note 6 - Interfund Transfers

The composition of interfund transfers as of December 31, 2011 is as follows:

Transfers From

Transfers In	General Fund	Capital Projects Fund	Business Type Airport	Business Type Transit	Internal Service IMSD	Internal Service DPW	Total
General Fund	$ -	$ 3,820	$ 2,150	$ 244	$ 984	$ 619	**$ 7,816**
Capital Projects	6,956	-	-	-	-	-	**6,956**
Debt Service	89,289	-	-	-	-	-	**89,289**
Internal Service:							
IMSD	473	-	-	-	-	-	**473**
Risk	439	-	-	-	-	-	**439**
DPW	228	-	-	-	-	-	**228**
Business-type:							
Transit	17,926	-	-	-	-	-	**17,926**
Total	**$ 115,311**	**$ 3,820**	**$ 2,150**	**$ 244**	**$ 984**	**$ 619**	**123,128**
Less: Government - wide eliminations							**(107,596)**
Total Transfers - Government-wide Statement of Activities							**$ 15,532**

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

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Note 7- Leases

Operating Leases- Primary Government

The County leases facilities, office equipment, and vehicles. Total costs for such leases were $ 2,563 for the year ended December 31, 2011.

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

Year Ending December 31	Amount
2012	$ 1,771
2013	1,484
2014	1,326
2015	578
2016	138
2017	107
2018	107
Total	**$ 5,511**

Capital Leases-Primary Government

In 2007, the County entered into a Guaranteed Energy Savings Performance Contract to improve the County's energy efficiency and promote environmental sustainability. The County is leasing equipment for a period of 10 years and is required to make annual lease payments during the life of the contract. At the end of the lease term, ownership of the equipment will transfer to the County. The gross amount of these assets under capital leases is $ 7,717 and is presented in the capital assets in the governmental activities. In 2010, the County entered into a commitment for a capital lease from Banc of America in the amount of $ 7,515. The County has expended $2,875 under this commitment as of December 31, 2011.

In prior years, the County entered into capital lease agreements for various Airport vehicles and equipment. At the end of the lease term, ownership of the equipment will transfer to the County. The gross amount of these assets under capital leases is $ 1,737 and is presented in the capital assets in the business-type activities.

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Note 7- Leases (Continued)

Capital Leases-Primary Government (Continued)

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Machinery and Equipment	$ 7,717	$ -
Vehicles and Related Equipment	-	1,737
Less: Accumulated Depreciation	(2,124)	(1,203)
Total	**$ 5,593**	**$ 534**

The future minimum lease payments and the net present value on these minimum lease payments as of December 31, 2011, are as follows:

Year Ending December 31	Governmental Activities	Business-type Activities
2012	$ 830	$ 266
2013	830	193
2014	830	115
2015	830	-
2016	830	-
2017-2021	2,643	-
Sub-totals	6,793	574
Less: Amount Representing Interest	(1,700)	(40)
Present Value of Future Minimum Lease Payments	**$ 5,593**	**$ 534**

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Note 8 - Long-term Liabilities

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Payments & Adjustments	Ending Balance	Due in One Year
Governmental Activities:					
Bonds Payable					
General Obligation Bonds	$ 845,515	$ 31,757	$ (92,930)	$ 784,342	$ 63,506
Add (Subtract) Deferred Amounts for:					
Premium	3,539	4,176	(2,316)	5,399	-
Discount	(473)	-	211	(262)	-
Loss on Refunding	(3,230)	(1,006)	1,151	(3,085)	-
Accretion	4,454	-	(4,454)	-	-
Sub-totals Bonds Payable	849,805	34,927	(98,338)	786,394	63,506
Other Liabilities					
Unfunded Claims and Judgments	2,000	125	(125)	2,000	1,000
Landfill Post-closure Costs	3,380	125	(1,535)	1,970	125
Pollution Remediation Costs	488	310	(488)	310	-
Compensated Absences	52,273	20,092	(30,181)	42,184	21,575
Risk Claims	14,077	9,859	(9,024)	14,912	10.665
Other Post Employment Benefits	203,164	101,142	(58,222)	246,084	-
Capital Leases	4,774	1,737	(918)	5,593	1,144
Sub-total Other Liabilities	280,156	133,390	(100,493)	313,053	34,509
Total Governmental Activities Long-term Liabilities	**$ 1,129,961**	**$ 168,317**	**$ (198,831)**	**$ 1,099,447**	**$ 98,015**

Business-type Activities:	Beginning Balance	Additions	Payments & Adjustments	Ending Balance	Due in One Year
Bonds Payable					
General Obligation Bonds	$ 35,133	$ 3,338	$ (6,467)	$ 32,004	$ 3,022
Revenue Bonds	204,240	-	(8,210)	196,030	8,510
Add (Subtract) Deferred Amounts for:					
Premium	6,991	438	(946)	6,483	-
Discount	(2,440)	-	257	(2,183)	-
Loss on Refunding	(207)	-	72	(135)	-
Accretion	245	-	(245)	-	-
Sub-totals Bonds Payable	243,962	3,776	(15,539)	232,199	11,532

Note 8 - Long-term Liabilities

Changes in Long-term Liabilities (Continued)

Business-type Activities: Continued	Beginning Balance	Additions	Payments & Adjustments	Ending Balance	Due in One Year
Other Liabilities					
Compensated Absences	$ 11,507	$ 5,915	$ (6,045)	$ 11,377	$ 6,032
Risk Claims	11,700	1,026	(1,940)	10,786	5,020
Other Post Employment Benefits - Transit	-	20,161	(19,939)	222	222
Other Post Employment Benefits - Airport	8,060	1,645	-	9,705	-
Capital Leases	390	439	(295)	534	241
Sub-total Other Liabilities	31,657	29,186	(28,219)	32,624	11,515
Total Business-Type Activities Long-term Liabilities	**$ 275,619**	**$ 32,962**	**$ (43,758)**	**$ 264,823**	**$ 23,047**

Compensated Absences consist of the following:

	Beginning Balance	Additions	Payments & Adjustments	Ending Balance	Due in One Year
Governmental Activities:					
Retirement sick pay payout	$ 28,544	$ 1,060	$ (8,025)	$ 21,579	$ 2,627
Vacation time earned	19,866	7,059	(19,866)	17,059	15,663
Overtime earned	1,332	1,411	(1,332)	1,411	1,300
Holiday pay	2,531	2,136	(2,532)	2,135	1,985
Total Compensated Absences - Governmental Activities	**$ 52,273**	**$ 21,666**	**$ (31,755)**	**$ 42,184**	**$ 21,575**

	Beginning Balance	Additions	Payments & Adjustments	Ending Balance	Due in One Year
Business-type Activities:					
Retirement sick pay payout	$ 6,565	$ 1,020	$ (1,103)	$ 6,482	$ 1,137
Vacation time earned	4,694	4,716	(4,694)	4,716	4,716
Overtime earned	145	89	(145)	89	89
Holiday pay	103	90	(103)	90	90
Total Compensated Absences - Business-type Activities	**$ 11,507**	**$ 5,915**	**$ (6,045)**	**$ 11,377**	**$ 6,032**

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 $ 39,250 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.

Note 8 - Long-term Liabilities

Changes in Long-term Liabilities (Continued)

Risk claims include 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, 2011, the outstanding amount of claims and judgments due within one year totaled $ 1,000.

State and federal laws require the County to perform certain maintenance and monitoring functions 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 $ 1,970 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.

In accordance with GASB Statement No. 49, the County has recorded a long-term liability for its estimated pollution remediation costs. At December 31, 2011, the estimated liability for pollution remediation costs totaled $ 310. These costs are related to cleanup of underground petroleum contamination on County-owned land.

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

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Note 8 - Long-term Liabilities (Continued)

Changes in Long-term Liabilities (Continued)

liquidation of annual pension costs through the General Fund, and allocates the cost to all departments on a prorated basis. Transit accounts for cost and liquidation of Other Post Employment Benefits and pension costs through its fund.

Governmental Activities

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

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

Governmental Activities
General Obligation Debt

Bond Issue	Date of Bonds	Final Maturity Date	Interest Rate	Original Indebted-ness	Principal Outstanding 12/31/11	Interest to Maturity
General Obligation Refunding Bonds, Series 2003A	07/01/03	08/01/17	3.48%	$ 93,515	$ 83,142	$ 8,007
General Obligation Corporate Purpose Bonds, Series 2003A	02/01/03	08/01/18	3.95%	23,520	1,534	560
General Obligation Corporate Purpose Bonds, Series 2004A	02/01/04	08/01/19	3.72%	25,233	15,526	2,940
General Obligation Corporate Purpose Bonds, Series 2005A	11/01/05	12/01/20	4.24%	19,167	15,963	3,904
General Obligation Refunding Bonds, Series 2005B	11/01/05	10/01/15	3.89%	63,025	32,330	3,295
General Obligation Corporate Purpose Bonds, Series 2006A	04/01/06	10/01/21	4.14%	59,675	24,544	6,756
General Obligation Corporate Purpose Bonds, Series 2007A	06/01/07	12/01/22	4.12%	30,776	27,851	7,368
General Obligation Corporate Purpose Bonds, Series 2008A	06/01/08	12/01/23	3.93%	32,422	28,470	8,128
2007 State Trust Fund Loan	09/01/07	03/15/17	5.25%	1,000	736	143
2009 Taxable General Obligation, Series 2009A	04/02/09	12/01/28	6.36%	265,000	244,596	161,468
2009 Taxable Pension Notes, Series 2009B	04/02/09	12/01/13	5.52%	135,000	135,000	14,553
General Obligation Corporate Purpose Bonds, Series 2009C	08/01/09	10/01/24	5.04%	31,980	30,659	12,423

Note 8 - Long-term Liabilities (Continued)

Governmental Activities (Continued)

Governmental Activities

General Obligation Debt

Bond Issue	Date of Bonds	Final Maturity Date	Interest Rate	Original Indebted-ness	Principal Outstanding 12/31/11	Interest to Maturity
General Obligation Refunding Bonds, Series 2009D	08/01/09	10/01/13	2.78%	$ 16,789	$ 3,141	$ 66
General Obligation Corporate Purpose Bonds, Series 2009E	11/15/09	08/01/24	4.87%	24,051	24,051	10,719
General Obligation Promissory Notes, Series 2009F	11/15/09	08/01/19	2.55%	15,610	12,260	1,365
2009 State Trust Fund Loan	12/08/09	03/15/19	4.50%	2,000	1,835	391
Corporate Purpose Bonds, Series 2010A	05/01/10	10/01/25	4.60%	22,725	22,725	9,566
General Obligation Promissory Notes, Series 2010B	05/01/10	10/01/18	2.37%	12,325	11,090	1,154
Corporate Purpose Bonds, Series 2010C	12/21/10	10/01/26	4.78%	27,362	27,362	13,391
General Obligation Promissory Notes, Series 2010D	12/21/10	10/01/20	2.82%	9,770	9,770	1,643
General Obligation Refunding Bonds, Series 2011A	03/15/11	10/01/18	5.04%	31,757	31,757	5,733
Total Governmental Activities - General Obligation Debt					**$ 784,342**	**$ 273,573**

Premium	5,399
Discount	(262)
Loss	(3,085)
Total Governmental Activities - General Obligation Debt, Net	$ 786,394
Bonds and Notes Payable – General Obligation (Current Liabilities)	63,506
Bonds and Notes Payable – General Obligation (Non-Current Liabilities)	722,888
Total Debt per Statement of Net Assets - Governmental Activities	$ 786,394

The ratio of the aggregate indebtedness of all taxing authorities located within the County to equalized value of the taxable property was approximately 5.97% including 1.340% related to direct County indebtedness at December 31, 2011.

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

Note 8 - Long-term Liabilities (Continued)

Governmental Activities (Continued)

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, 2011 under Wisconsin Statutes, the County could borrow an additional $ 2,246,813.

At December 31, 2011, the weighted average interest rate of general obligation bonds and notes outstanding was 5.03%.

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

December 31,	Principal	Interest	Total Debt Service Requirements
2012	$ 63,506	$ 39,542	$ 103,048
2013	200,810	36,457	237,267
2014	62,585	26,533	89,118
2015	46,819	24,015	70,834
2016	45,397	22,042	67,439
2017-2021	184,437	82,056	266,493
2022-2026	138,104	38,502	176,606
2027-2028	42,684	4,426	47,110
Total Debt Service	**$784,342**	**$273,573**	**$ 1,057,915**

On March 15, 2011, the County issued $35,095 of General Obligation Refunding Bonds, series 2011A to advance refund $12,500 of outstanding General Obligation Bonds, series 2001A, $15,150 of outstanding General Obligation Bonds, series 2002A and $10,425 of outstanding General Obligation Bonds, series 2003A. Net proceeds of $39,692 (par amount of bond issue of $35,095, plus premium of $4,614, less issue costs and underwriter's discount of $267) along with $90 of funds on hand were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the outstanding bonds. As a result, the outstanding bonds are considered defeased and the liability for those bonds has been removed from these financial statements.

The cash flow requirements on the refunded bonds prior to the advance refunding was $46,038 from 2012 through 2018. The cash flow requirements on

Note 8 - Long-term Liabilities (Continued)

Governmental Activities (Continued)

the refunding bonds are $42,313, a savings of $3,725. The advance refunding resulted in an economic gain (difference between the present values of the debt service payment of the old and new debt) of $3,573.

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 $ 199,884 of revenue bonds issued in previous years. Proceeds from the revenue bonds provided financing for capital improvements. The bonds are payable solely from net revenues and deposits made to the Coverage Fund, and are payable through December 1, 2034. The Coverage Fund is equal to 25% of the highest annual revenue bond debt service amount. Net revenues plus Coverage Fund assets are required to cover a minimum of 125% of annual debt service for the revenue bonds. Principal and interest paid for the current year and net revenues plus Coverage Fund assets were $18,345 and $30,752, respectively, resulting in net revenues plus Coverage Fund assets of 164% of annual debt service for 2011. The total principal and interest remaining to be paid on the bonds is $296,786. The principal and interest payment of $18,345 represents 21% of operating revenues.

Business-type Activities
General Obligation and Revenue Bond Debt

Bond Issue	Date of bonds	Final Maturity Date	Interest Rate	Original Indebtedness	Principal Outstanding 12/31/11	Interest to Maturity
General Airport Revenue Bonds, Series 2003A	01/01/03	12/01/22	4.88%	$ 7,125	$ 4,125	$ 1,309
General Obligation Corporate Purpose Bonds, Series 2003A	02/01/03	08/01/18	3.95%	2,430	191	70
General Obligation Refunding Bonds, Series 2003A	07/01/03	08/01/17	3.48%	6,510	5,788	557
General Obligation Corporate Purpose Bonds, Series 2004A	02/01/04	08/01/19	3.72%	1,717	1,144	217
General Airport Revenue Bonds, Series 2004A	03/31/04	12/01/20	4.47%	37,360	30,655	15,077
General Obligation Corporate Purpose Bonds, Series 2005A	11/01/05	12/01/20	4.24%	950	712	174
General Obligation Refunding Bonds, Series 2005B	11/01/05	10/01/15	3.89%	3,350	1,815	185

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 Indebted-Ness	Principal Outstanding 12/31/11	Interest to Maturity
General Airport Revenue Bonds, Series 2005A	12/22/05	12/01/30	4.90%	$ 29,010	28,345	17,550
Airport Refunding Bonds, Series 2005B	12/22/05	12/01/14	3.65%	7,755	2,900	235
General Obligation Corporate Purpose Bonds, Series 2006A	04/01/06	10/01/21	4.14%	819	736	203
Airport Refunding Bonds, Series 2006B	10/01/06	12/01/15	4.08%	5,020	1,430	178
General Airport Revenue Bonds, Series 2006A	11/16/06	12/01/31	4.60%	25,665	23,025	13,755
General Obligation Corporate Purpose Bonds, Series 2007A	06/01/07	12/01/22	4.12%	203	189	50
General Airport Revenue Bonds, Series 2007A	11/15/07	12/01/32	4.60%	13,445	12,225	7,377
General Obligation Corporate Purpose Bonds, Series 2008A	06/01/08	12/01/23	3.93%	185	185	54
General Purpose Bonds, Series 2009C	08/01/09	10/01/24	5.04%	636	636	311
General Obligation Refunding Bonds, Series 2009D	08/01/09	10/01/16	2.00%	461	154	3
General Obligation Corporate Purpose Bonds, Series 2009E	11/15/09	08/01/24	4.87%	6,314	6,314	2,814
General Airport Revenue Bonds, Series 2009A	12/21/09	12/01/32	4.90%	12,690	12,690	8,315
General Airport Revenue Bonds, Series 2009B	12/21/09	12/01/14	3.20%	2,350	1,380	98
Airport Revenue Bonds, Series 2010A	10/14/10	12/01/34	4.30%	31,570	31,570	21,920
Airport Revenue Refunding Bonds, Series 2010B	10/14/10	12/01/23	3.75%	51,590	47,684	14,941
Taxable General Obligation Corporate Purpose Bonds, Series 2010C	12/21/10	10/01/26	4.78%	10,803	10,803	5,287
General Obligation Refunding Bonds, Series 2011A	03/15/11	10/01/18	5.04%	3,338	3,338	603
Total Business-Type - General Obligation Debt					**$ 228,034**	**$ 111,283**

Note 8 - Long-term Liabilities (Continued)

Business-type Activities (continued)

Premium	6,483
Discount	(2,183)
Loss	(135)
Total Business-Type - General Obligation Debt, Net	$ 232,199

Bonds and Notes Payable – General Obligation (Current Liabilities)	$ 3,022
Bonds and Notes Payable – Revenue (Current Liabilities)	8,510
Bonds and Notes Payable – General Obligation (Non-Current Liabilities)	29,293
Bonds and Notes Payable – Revenue (Non-Current Liabilities)	191,374
Total Debt per Statement of Net Assets – Business-Type Activities	$ 232,199

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

December 31,	Principal	Interest	Total Debt Service Requirements
2012	$ 11,532	$ 10,829	$ 22,361
2013	12,209	10,249	22,458
2014	12,253	9,715	21,968
2015	12,185	9,170	21,355
2016	11,943	8,620	20,563
2017-2021	61,388	34,484	95,872
2022-2026	56,239	19,674	75,913
2027-2031	41,680	7,764	49,444
2032-2034	8,605	778	9,383
Total Debt Service	**$ 228,034**	**$ 111,283**	**$ 339,317**

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, 2011, $10,425 of bonds outstanding is considered defeased.

Note 8 - Long-term Liabilities (Continued)

Debt Issued on Behalf of Other Entities / Conduit Debt

In 2003, the County guaranteed $ 14,400 of loans for a local corporation. The loans are secured by mortgages and a cash trust of $ 5,944 on certain buildings. In July 2010 Milwaukee County agreed to transfer the credit assistance agreement to a subsidiary of the parent corporation.

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 total of the 2004 and 2007 redevelopment lease notes outstanding as of December 31, 2011 was $ 16,700 and $ 6,200 respectively.

Note 9 - Net Assets

Governmental Activities

Restricted net assets consist of the following:

Governmental Activities		
2013 Appropriations	$	5,539
2012 Appropriations		8
Debt Service		11,577
General Fund Commitments		9,021
Capital Projects Commitments		10,047
Department of Family Care - State Restricted		12,182
Department of Family Care - Excess Reserves		12,910
Delinquent Property Tax		14,826
Investment Market Value in Excess of Book Value		1,850
Housing		1,369
Health and Safety		136
Zoo		874
Parks		1,027
Persons with Disabilities		115
Behavioral Health Division		7,169
Fleet and Facilities Divisions		5,781
Airport- PFC and Debt		27,199
Total Net Assets - Restricted – Governmental Activities	**$**	**121,630**

Note 9 - Net Assets (Continued)

Business-type Activities

Restricted net assets consist of the following:

Business-type Activities		
Debt Service	$	15,161
Capital Asset Needs		8,039
Total Net Assets - Restricted - Business-type Activities	**$**	**23,200**

Discretely Presented Component Units

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

Temporarily Restricted		
Restricted for Programming Events - Marcus Center for the Performing Arts, Inc.	$	57
Restricted for the Research Development Fund - Milwaukee County Research Park, Inc.		305
Restricted for the Building Account - Milwaukee County War Memorial, Inc.		2
Total	**$**	**364**

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

Temporarily Restricted		
Exhibits and Museum Renovations	$	654
Educational Lecture Costs		107
Purchase and Maintenance of Collections		293
Restricted for time		158
Capital Campaign - Debt		1,818
Endowment Fund:		
Purchase and Maintenance of Collections		673
Internship Programs		44
Total Temporarily Restricted Assets	**$**	**3,747**
Permanently Restricted		
Operations	$	2,511
Special Exhibits		1,237
Starr Adventure and Internship		71
Total Permanently Restricted Assets	**$**	**3,819**

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 Statues, 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 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, 2011 was $ 14,912.

The County has recognized $ 14,912 of claims liabilities in the Risk Management Fund. Changes in the balances of claim liabilities during the past two years are as follows:

	Year Ended 12/31/2011	Year Ended 12/31/2010
Beginning of year Liability	$ 14,077	$ 10,894
Current Year Claims and Changes in Estimates	9,859	9,862
Claims Payments	(9,024)	(6,679)
End of Year Liability	**$ 14,912**	**$ 14,077**

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Note 10 - Risk Management (continued)

The claims liability for the Transit System at December 31, 2011 was $ 10,786. The Transit System has recognized $ 10,786 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 12/31/2011	Year ended 12/31/2010
Beginning of year Liability	$ 11,700	$ 8,590
Current Year Claims and Changes in Estimates	1,026	5,218
Claims Payments	(1,940)	(2,108)
End of Year Liability	**$ 10,786**	**$ 11,700**

Note 11 - Related Party Transactions

Milwaukee County provides funds required for the operation of the War Memorial Center, Charles Allis/ Villa Terrance 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 2011 were $ 3,028, of which $1,280 was transferred to the Marcus Center for the Performing Arts for its operations. Interest earned on the investment of excess 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 $ 1 were made to the Memorial during 2011.

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

Note 11 - Related Party Transactions (Continued)

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

An amendment to the Agreement provides for base annual operating support of $ 3,502 per year for 10 years beginning in calendar year 2008 through 2017. In addition, the County committed to a minimum of $ 4 million in capital expenditures over a period of five years, from 2008 to 2012 for infrastructure and deferred maintenance projects. Total payments to MPM, Inc. for the year ended August 31, 2011 was $ 3,502.

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 16 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, to manage and sublease the Technology Innovation Center (TIC), through September 30, 2013 with one additional five-year extension option. The rentable space now comprises most of the basement and the entire first through fifth floors of the building. The rent due to Milwaukee County is based on space actually occupied by tenants and requires 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

There are no subsequent events to report at this time.

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.

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 2012, the commitment is $ 335

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, 2011.

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Note 14 - Other Post-employment Benefits

Countywide Program (excluding Transit System)

Description and Provisions

The County administers a single-employer defined benefit healthcare and life insurance plans for retired employees. The plans provide health and life insurance 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, except for certain union groups, which have a later cut off date for this benefit. 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 (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, 2011.

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, except for certain union groups who have a later cut off date, are responsible for the full cost of the life insurance premiums upon retirement.

Note 14 - Other Post-employment Benefits (Continued)

Countywide Program (excluding Transit System Continued)

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 through the General Fund. The County pays 100 percent of the health insurance premium for employees with 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. The following schedules provide the components of the County's 2011, 2010, and 2009 OPEB costs:

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

	2011	2010	2009
Normal Cost	$ 12,370	$ 12,370	$ 18,392
Amortization of Unfunded Actuarial Accrued Liability	106,442	106,442	112,360
Annual Required Contribution (ARC)	118,812	118,812	130,752
Interest on Net OPEB Obligation	12,673	10,232	6,541
Adjustment to the ARC	(28,698)	(23,171)	(14,811)
Annual OPEB Cost	**$ 102,787**	**$ 105,873**	**$ 122,482**

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Note 14 - Other Post-employment Benefits (Continued)

Countywide Program (excluding Transit System Continued)

Annual OPEB Cost and Net OPEB Obligation – Continued

Schedule of Employer Contributions
for the Year Ending December 31,

	2011	2010	2009
Premiums Paid on Behalf of Retirees	$ 62,372	$ 66,500	$ 62,579
Less: Retiree Contributions	(4,150)	(1,310)	(1,628)
Net Employer Contribution	**$ 58,222**	**$ 65,190**	**$ 60,951**
Percent of Annual OPEB Cost Contributed by Employer	**56.6%**	**61.6%**	**49.8%**

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

	2011	2010	2009
Net OPEB Obligation - January 1,	$ 211,224	$ 170,541	$ 109,010
Annual OPEB Cost	102,787	105,873	122,482
Less: Net Employer Contributions	(58,222)	(65,190)	(60,951)
Net OPEB Obligation - December 31,	**$ 255,789**	**$ 211,224**	**$ 170,541**

Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the County's OPEB plan was not funded. The actuarial accrued liability for benefits was $1,465,159, and there was no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $ 1,465,159. The annual payroll of active employees covered by the plan was $ 97,620, and the ratio of UAAL to covered payroll was 15.0 to 1. The schedule of funding progress, presented as Required Supplementary Information, following the notes to the financial statements, presents multiyear trend information.

Actuarial Assumptions and Methods

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

Note 14 - Other Post-employment Benefits (Continued)

Countywide Program (excluding Transit System Continued)

Actuarial Assumptions and Methods - Continued

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

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

Valuation Date	January 1, 2010
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Payments
Remaining Amortization Period	30 Years, Closed
Asset Valuation Method	Not Applicable
Actuarial Assumptions:	
Investment Rate of Return	6.0%
Healthcare Cost Trend:	
Less than 65 Years of Age	9.0% Grading Down to 5% at 1% Per Year
65 Years of Age and Older	9.0% Grading Down to 5% 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 3.0% to 10.0% Based Upon Current Age and Employment Category

Contributions Required and Contributions Made

The County does not have a formal funding policy for OPEB plans. It funds the costs for retiree health insurance and life insurance premiums on an annual pay-as-you-go basis using property tax levy.

Note 14 - Other Post-employment Benefits (Continued)

Contributions Required and Contributions Made (Continued)

As of December 31, 2011, the County had 5,879 of retirees enrolled in a health plan. The 2011 expenditures for retiree healthcare costs were $ 61,461. The County's 2011 expenditures also included reimbursement of Medicare Part B premiums for health plan retirees of $ 6,129. The total health plan expenditures were offset by $ 3,839 in contributions from retirees and federal reimbursement for post-retirement health costs. The retiree contributions were $ 1,314 for certain retirees who were responsible for the partial or full health benefit premium cost.

As of December 31, 2011, the County had 5,140 retirees enrolled in the group life insurance plan. The 2011 expenditures for the group life insurance plan were $ 911. The total life insurance expenditures were offset by $ 311 in retiree contributions for certain retirees who were responsible for the partial or full health benefit premium cost.

Transit System Program

Description and Provisions – Transit System Program

Milwaukee Transport Services, Inc. (the "Transit System") provides single-employer defined benefit healthcare and life insurance benefits for eligible retired employees and eligible surviving spouses. The retiree healthcare and life insurance benefits are provided pursuant to the general labor agreement between the 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 retired before April 1, 2007 with ten (10) or more years of service are eligible for 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. Effective January 1, 2012, any participant whose combined age and years of service equal less than 75 will pay an additional monthly contribution of 20% over regular retiree contributions, and if number is between 75 but less than 80, participant will pay an additional contribution of 12% over regular retiree contributions, New Participants, after April 1, 2007, who join the Preferred Provider Option (PPO), will pay a 50% contribution rate for the PPO. Surviving spouses eligible for Medicare may continue healthcare coverage under the plan provided the surviving spouse pays 100 percent of the healthcare

Transit System Program (Continued)

Description and Provisions – Transit System Program (Continued)

insurance premium. For surviving spouses not eligible for Medicare and dependent children, the Transit 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.

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 of life insurance for employees who retired 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 - Transit System Program

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. The Transit System does not issue a publicly available report that includes the financial statements for the trust on OPEB.

Annual OPEB Cost and Net OPEB Obligation - Transit System Program

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)

Funding Policy - Transit System Program (Continued)

The following schedule provides the components of the Transit System's 2011, 2010, and 2009 OPEB costs:

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

	2011	2010	2009
Normal Cost	$ 3,979	$ 3,893	$ 4,942
Amortization of Unfunded Actuarial Accrued Liability	14,945	14,729	12,092
Annual Required Contribution (ARC)	18,924	18,622	17,034
Interest on Net OPEB Obligation	-	(1)	(194)
Adjustment to the ARC	-	1	(12)
Annual OPEB Cost	**$ 18,924**	**$ 18,622**	**$ 16,828**

Schedule of Employer Contributions
For the Year Ending December 31,

	2011	2010	2009
Premiums Paid on Behalf of Retirees	$ 12,338	$ 14,306	$ 11,844
Contribution to OPEB Trust	9,000	3,000	3,500
Less: Retiree and Survivor Contribution	(1,399)	(1,526)	(1,529)
Less: Medicare Part D*	-	-	(407)
Net Employer Contribution	**$ 19,939**	**$ 15,780**	**$ 13,408**
Percent of Annual OPEB Cost Contributed by Employer	**105.4%**	**84.7%**	**79.7%**

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

	2011	2010	2009
Net OPEB Obligation - January 1,	$ 1,237	$ (10)	$ (3,430)
Annual OPEB Cost	18,924	18,622	16,828
Less: Net Employer Contributions	(19,939)	(15,780)	(13,408)
Medicare Part D reclassified to revenue*	-	(1,595)	-
Net OPEB Obligation - December 31,	**$ 222**	**$ 1,237**	**$ (10)**

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

Note 14 - Other Post-employment Benefits (Continued)

Transit System Program (Continued)

Funding Policy - Transit System Program (Continued)

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

Funded Status and Funding Progress - Transit System Program

As of January 1, 2012, the most recent actuarial valuation date, the Transit System's OPEB plan was partially funded. The actuarial accrued liability for benefits was $ 245,991, and the actuarial value of assets was $ 34,603, resulting in an unfunded actuarial accrued liability (UAAL) of $ 211,388. The annual payroll of active employees covered by the plan was $ 46,695, and the ratio of UAAL to the covered payroll was 4.53 to 1.

Actuarial Assumptions and Methods - Transit System Program

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

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

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Note 14 - Other Post-employment Benefits (Continued)

Transit System Program (Continued)

Actuarial Assumptions and Methods - Transit System Program (continued)

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

Valuation Date	January 1, 2012
Actuarial Cost Method	Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25 Years
Asset Valuation Method	Market
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Healthcare Cost Trend:	
Healthcare	8.0% Grading Down to 5.0% at 0.5% Per Year
Prescription Drugs	8.0% Grading Down to 5.0% at 0.5% Per Year
Mortality	1983 Group Annuity Mortality Table
Disability	Not Applicable
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

Contributions Required and Contributions Made - Transit System Program

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, 2011, the Transit System had 981 retirees and survivors enrolled in the HMO and PPO healthcare plans. The 2011 expenditures for the HMO and PPO healthcare plans were $ 12,061. 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.

As of December 31, 2011, the Transit System had 946 retirees enrolled in the life insurance plan. The 2011 expenditures for the life insurance plan were $ 277. There were no retiree contributions towards the life insurance plan.

Note 15 - Employee Retirement Systems and Pension Plans

Countywide Program (excluding Transit System)

<u>**Plan Description and Provisions**</u>

The Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System") is a single-employer defined benefit plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Under Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinances of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board of ERS (the "Board").

The Board consists of nine members – three members appointed by the County Executive (subject to confirmation by the County Board of Supervisors), three employee members elected by active employee members, two members appointed by the County Board chairperson and one retiree member elected by retirees. The Board created two (2) committees to assist in the administration of the Board's duties. The Investment Committee reviews the investment portfolio on a monthly basis, endorses strategies and submits investment recommendations to the full Board. The Audit Committee reviews legal issues, Ordinance adherence and submits recommendations to the full Board regarding the annual audit and the Annual Report of the Pension Board.

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

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

Countywide Program (excluding Transit System Continued)

Plan Description and Provisions (Continued)

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

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

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

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

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

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

Countywide Program (excluding Transit System Continued)

Plan Description and Provisions (Continued)

A member who becomes eligible for normal retirement, but continues to work may elect a Protective Survivorship Option ("PSO") designating a person to receive a pension (100% or 50% option) in the event of their death while in active service. The PSO election must be filed in writing on an approved form. In the absence of an election, a surviving spouse will be paid a 100% survivorship pension.

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 9th 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 Retirement System. Assets of the OBRA system are commingled for investment purposes with the assets of the Retirement System. The assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA and all assets have been commingled. The Retirement System and OBRA are considered a single plan for financial reporting purposes.

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 revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred.

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

Summary of Significant Accounting Policies - Pension Fund (Continued)

The required schedules of funding progress, immediately following the notes to the financial statements, will present multiyear trend information. The trend information will show whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Expenses – ERS Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses totaled $1,549 in 2011.

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

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

Security Lending – Section 201.24 (9.1) of the General Ordinances of Milwaukee County and Board policies permit ERS to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. ERS participates in such a security-lending program through its custodian, the Bank of New York Mellon, acting as ERS's securities lending agent. ERS requires collateral from the borrower in the form of cash or securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times.

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

Countywide Program (excluding Transit System Continued)

Summary of Significant Accounting Policies - Pension Fund (Continued)

The securities lending program guidelines attempt to preserve capital while earning a moderate rate of return. Earnings from securities lending, after all fees are paid, are split on a percentage basis with the custodian. For 2011 the net investment income realized from security lending was $154.

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

Securities loaned and the collateral held as of December 31, 2011 were as follows:

Fair Value of Securities Loaned:	$	64,599
Fair Value of Collateral:	$	66,492
Percent Collateral to Securities Loaned:		102.93%

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

The collateral received from securities lending transactions includes cash of $58,499 and U.S. Treasury securities of $7,993 for the year ended December 31, 2011. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral. The non-cash collateral in the amount of $7,993 for the year ended December 31, 2011 is controlled by the custodian and, correspondingly, is not reflected in the financial statements.

At year-end, the Retirement System has no credit risk exposure to borrowers because the amounts the Retirement System owes the borrowers exceed the amounts the borrowers owe the Retirement System. The contract with the Retirement System's custodian requires it to indemnify the Retirement System if a borrower fails to return the securities (and if the collateral is inadequate to

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

Countywide Program (excluding Transit System (Continued)

Summary of Significant Accounting Policies - Pension Fund (Continued)

replace the securities lent) or fails to pay the Retirement System for income distributions by the securities' issuers while the securities are on loan.

Financial Instruments With Off-Balance Sheet Risks – A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value. All contracts are short-term in duration and mature within 90 days. Financial instruments with off-balance sheet risk held were zero as of December 31, 2011.

ERS invests in financial futures contracts in order to improve the performance of the fund. The Retirement System purchases contracts that approximate the amount of cash held by US equity investment managers and cash used to pay benefits and expenses. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price. The market values of the futures contracts vary from the original contract price. A gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio. All contracts are short-term in duration and mature within 90 days.

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

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

Countywide Program (excluding Transit System Continued)

Contributions Required and Contributions Made

		December 31, 2011
Cash Held:		
U.S. Equity Managers	$	13,545
Cash Used to Pay Benefits and Expenses		65,486
Total Cash Held		79,031
Futures Purchased:		
S&P 500 (U.S. Equity)	$	38,393
Barclays AGG (Fixed Income)		26,437
MSCI EAFE (International Equity)		11,909
Total Futures Purchased		76,739
Futures Below Cash	$	(2,292)
Market Value	$	1,004

2011 Changes in Plan Provisions or Actuarial Assumptions since Prior Year:

- During 2011, the multiplier was reduced from 2.0% to 1.6% for elected officials, the bargaining unit of American Federation of State, County and Local Municipal Employees (AFSCME DC-48) and certain smaller represented bargaining units.
- During 2011, the retirement age for AFSCME DC-48 and certain smaller represented bargaining units new hires were increased from 60 to 64.

The Retirement System's funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Aggregate Entry Age Normal method of funding. The Retirement System also uses the level percentage of payroll method to amortize the unfunded liability over a 30-year period. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

The County makes contributions to the Retirement System based upon the Annual Required Contribution ("ARC") and legal requirements, at the discretion of the County Board. An actuary hired by the Pension Board establishes the ARC. Data used in the determination of the ARC is based upon the prior fiscal

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

Countywide Program (excluding Transit System Continued)

Contributions Required and Contributions Made (Continued)

year's demographics. The actual contribution made to the pension plans is set during the County's budget process and may differ from the ARC as a result of changes in plan provisions implemented subsequent to establishment of the ARC and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget.

Three year Trend Information for the ERS and OBRA are as follows:

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
ERS	12/31/11	$ 22,508	140.1%	$ (413,315)
	12/31/10	22,570	145.7%	(404,328)
	12/31/09	23,803	1922.2%	(395,607)
OBRA				
	12/31/11	$ 815	248.1%	$ (1,254)
	12/31/10	712	110.4%	-
	12/31/09	655	100.8%	-

County contributions to ERS totaling $ 31,589, $ 32,894 and $ 457,789 were recorded in 2011, 2010, and 2009, respectively. The 2011, 2010 and 2009 contribution was $4,736, $ 5,344 and $ 427,434, respectively, above the Funding Contribution Amount ("FCA"). The 2011 and 2010 actual contributions are above the FCA due to contributions being based on budgeted estimates without adjustment for subsequent changes in actuarial assumptions. The 2009 contribution was well above the FCA due to a one-time contribution from pension obligation bonds of $ 397.8 million and settlement of a lawsuit of $ 29.0 million. In 2011, employees began making contributions toward the annual pension cost. The 2011 County Contribution of $31,589 includes employee contributions of $3,313 for the year.

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, 2011, 2010 and 2009 was $ 2,444, $ 5,520 and $ 5,069, respectively, leaving net assets available less than the actuarial accrued liability of ($ 1,209), ($ 4,117), and ($ 4,030), respectively.

Countywide Program (excluding Transit System Continued)

Contributions Required and Contributions Made (Continued)

The County made contributions to the OBRA system totaling $ 2,022, $ 786, and $ 661 in 2011, 2010, and 2009, respectively. The Funding Contribution Amount for 2011, 2010, and 2009 was $ 807, $ 716, and $ 661. The 2011 contribution exceeded the FCA due to additional proceeds needed for payouts that occurred in 2011.

The County maintains a Net Pension Asset, due to a contribution of $397,000 in 2009 from the issuance of Pension Obligation Bonds. The following is an accounting of the Net Pension Asset for 2011.

		ERS
Valuation Date		January 1, 2012
Annual Required Contribution (ARC)	$	29,621
Interest on Net Pension Asset		(32,346)
Adjustment to ARC		25,233
Annual Pension Cost (APC)	$	22,508
Pension Contribution Made	$	31,589
Less Annual Pension Cost (APC)		22,508
Less other adjustments		94
Increase in Net Pension Asset		8,987
Net Pension Asset Beginning of Year		404,328
Net Pension Asset End of Year	$	413,315

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

Countywide Program (excluding Transit System Continued)

Funded Status and Actuarial Information

The Retirement System engages an independent actuarial firm to perform an annual actuarial valuation. The funded status of the Retirement System as of January 1, 2012, the most recent actuarial valuation date, is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability-AAL (b)	Funded Ratio (a/b)	Unfunded AAL-UAAL (b-a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
ERS	$ 1,836,543	$ 2,059,554	89.2%	$ 223,011	$ 190,748	116.9%
OBRA	$ 1,235	$ 2,444	50.5%	$ 1,209	$ 8,936	13.5%

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

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

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

Countywide Program (excluding Transit System Continued)

Funded Status and Actuarial Information (Continued)

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

	ERS	OBRA
Valuation Date	January 1, 2012	January 1, 2012
Actuarial Cost Method	Aggregate Entry Age Normal	Unprojected Unit Credit
Asset Valuation Method	5-year Smoothed Market	Market
Amortization Methods:		
Contribution Variance	Level Dollar, Closed	Level Dollar, Closed
Administrative Expenses	Level Dollar, Closed	Level Dollar, Closed
All Other Unfunded Liability	Level Percent of Payroll, Closed	Level Percent of Payroll, Closed
Remaining Amortization Periods:		
Contribution Variance	5 Years	5 Years
Administrative Expenses	10 Years	10 Years
All Other Unfunded Liability	30 Years	30 Years
Actuarial Assumptions:		
Investment Rate of Return	8.0%	8.0%
Rate of Salary Increases	3.50%	5.00%
Post-retirement Benefit Increases	2.0%, simple	2.0%, simple
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%

Transit System Program

Plan Description and Provisions-Transit System Program

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

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

Transit System Program (Continued)

Plan Description and Provisions-Transit System Program (Continued)

Participants become fully vested after five (5) years of continuous credited service. Participants are eligible for normal retirement benefits at age 62 with five years of credited service or a combination of age plus credited service total 85 or more.

Participants are eligible for reduced retirement benefits at age 57 with five years of credited service. Effective April 1, 1998, participants who have completed twenty-five or more years of credited service are eligible for normal retirement benefits. Participants may elect to receive their pension benefits in the form of a joint and survivor annuity. The Plan also provided for death and disability benefits.

Under the terms of the Plan, a participant, upon normal retirement, is entitled to receive a monthly benefit of 2% (1.77% for participants retiring between April 1, 2001 and March 31, 2002, 1.82% for participants retiring between April 1, 2002 and March 31, 2003 and 1.87% for participants retiring between April 1, 2003 and March 31, 2004 and 2% for participants retiring after April 1, 2004) of his/her average monthly earnings during the three highest earnings years times the number of years of credited service after March 31,1966, plus $ 90 times the numbers of years of credited service prior to April 1, 1966. The total number of years of credited service cannot exceed thirty-five (35). A minimum monthly benefit of $ 250 is provided for all retirees with at least ten (10) years of credited service.

Upon termination of employment before five years of credited service, participants will receive a refund equal to their own employee contributions and interest income at a rate of approximately 2%. Information concerning the Plan including vesting, benefits and termination provisions may be obtained from the summary plan booklet distributed by Milwaukee Transport Services, Inc.

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

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

Transit System Program (Continued)

Summary of Significant Accounting Policies - Transit System Program

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

GASB Statement No. 50- The Plan implemented provisions of GASB Statement No. 50- Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27. This statement requires that information about the funded status of the pension plan as of the most recent actuarial valuation be disclosed in notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in the valuations on which reported information about Annual Required Contributions ("ARC") and the funded status and progress are based. The schedules of funding progress present multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

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

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

Transit System Program (Continued)

Contributions Required and Contributions Made - Transit System Program

Employees covered under the Plan contribute an amount equal to 15% (25% after to January 1, 2012) of the actuarially determined contribution necessary to fund the Plan. Milwaukee Transport Services, Inc. contributes an amount equal to 85% (75% after to January 1, 2012) of the actuarially determined contribution necessary to fund the Plan.

In 2011 and 2010, Milwaukee Transport Services, Inc, was required to make monthly pension contributions payments to the Plan equal to 20.35% and 18.11% respectively, of the gross amount of wages or salaries paid to each employee covered under the Plan. The employer and employee portion was 85% and 15%, respectively, of the gross amount of wages. Employees were required to contribute 3.05% in 2011 and 2.72% in 2010 of their gross wages or salaries.

Three year Trend Information for the Milwaukee Transport Employees' Pension Plan is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	$ 9,867	100.0%	$ -
12/31/10	9,939	100.0%	-
12/31/09	9,190	100.0%	-

Contributions are designated to fund current service costs as well as to fund, over approximately 30 years, the estimated accrued benefit costs arising from qualifying service that occurred prior to the establishment of the Plan or subsequent Plan amendments. Interest on employee contributions is accumulated at a rate of 2% per year. The Annual Required Contributions for Employer portion of the Transport Employees' Pension Plan were $ 9,867, $ 9,939, and $9,190 for 2011, 2010 and 2009 respectively. The Annual Required Contribution for the employee portion of the Transport Employees' Pension Plan were $ 1,741 and $ 1,754 for 2011 and 2010, respectively.

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

Transit System Program (Continued)

Funded Status and Actuarial Information - Transit System Program

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

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

	Transit
Valuation Date	January 1, 2012
Actuarial Cost Method	Frozen Initial Liability Method
Asset Valuation Method	Fair Market Value
Amortization Methods:	
All Other Unfunded Liability	Level Dollar Basis over a period of thirty years (30)
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Rate of Salary Increases	3.75%
Post-retirement Benefit Increases	2.0%, simple
Mortality-Healthy Pensioners	RP-2000 Generational Mortality Table
Mortality-Disabled Pensioners	RP-2000 Disabled Mortality Table
Inflation Rate	3.0%

The Transport Employees' Pension Plan engages an independent actuarial firm to perform an annual actuarial valuation. The funded status of the Plan as of January 1, 2012, the most recent actuarial valuation date, is as follows:

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
1/1/12	$ 352,553	$ 442,809	79.6%	$ 90,256	$ 55,615	162.3%

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

Transit System Program (Continued)

Funded Status and Actuarial Information - Transit System Program

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

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

Note 16 - Pending Governmental Accounting Standards

GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, will be effective for the County beginning the year ending December 31, 2012. This statement addresses issues related to service concession arrangements (SCA's), which are a type of public-private or public-public partnership. The standard addresses SCAs in which there is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The statement also includes required disclosures about the SCAs.

GASB Statement No. 61, The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34, will be effective for the County beginning the year ending December 31, 2013. This statement modifies certain requirements for inclusion of component units, amends criteria for blending, and clarifies the reporting of equity interests in legally separate entities.

Note 16 - Pending Governmental Accounting Standards (continued)

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA pronouncements, will be effective for the County beginning the year ending December 31, 2012. This statement incorporates into GASB's authoritative literature certain accounting and financial reporting guidance included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure, which do not conflict with or contradict GASB pronouncements.

GASB State No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, will be effective for the County beginning they year ending December 31, 2012. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 64, Derivative instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53, effective for periods beginning after June 15, 2011, clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.

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

REQUIRED SUPPLEMENTARY INFORMATION

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.

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

Other Postemployment Benefits (OPEB)

Countywide Program
The County administers single-employer defined benefit healthcare and life insurance plans for retired employees. The plan provides health and life insurance 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
(Unaudited)
Schedule 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)
Retirement System							
	1/1/12	$ 1,836,543	$ 2,059,554	89.17%	$ 223,011	$ 190,748	116.91%
	1/1/11	1,929,428	2,091,927	92.23%	162,499	221,647	73.31%
	1/1/10	1,956,444	2,097,332	93.28%	140,888	237,040	59.44%
	1/1/09*	1,968,518	2,057,377	95.68%	88,859	233,820	38.00%
	1/1/08	1,627,288	2,024,923	80.36%	397,635	227,364	174.89%
	1/1/07	1,525,532	1,931,220	78.99%	405,688	223,005	181.92%
	1/1/06	1,454,302	1,909,321	76.17%	455,019	225,722	201.58%
	1/1/05	1,424,918	1,782,884	79.90%	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%
OBRA							
	1/1/12	$ 1,235	$ 2,444	50.54%	$ 1,209	$ 8,936	13.53%
	1/1/11	1,402	5,520	25.40%	4,117	8,936	46.07%
	1/1/10	1,039	5,069	20.50%	4,030	6,901	58.40%
	1/1/09	860	4,452	19.32%	3,592	8,498	42.27%
	1/1/08	1,355	4,077	33.24%	2,722	8,284	32.86%
	1/1/07	1,261	3,843	32.80%	2,582	7,057	36.60%
	1/1/06	1,090	3,530	30.90%	2,440	8,353	29.20%
	1/1/05	944	2,872	32.90%	1,928	8,406	22.90%
	1/1/04	790	2,535	31.15%	1,745	8,397	20.80%
	1/1/03	674	2,049	32.90%	1,376	8,596	16.00%

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

Note: Analysis of the dollar amounts of plan assets, actuarial accrued liability (AAL), and unfunded (overfunded) actuarial accrued liability (UAAL) in isolation can be misleading. Expressing plan net assets as a percentage of the AAL provides one indication of the Retirement System's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retirement System. Trends in the AAL and annual covered payroll are both affected by inflation. Expressing the UAAL as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids the analysis of the Retirement System's progress in accumulating sufficient assets to pay benefits when due. Generally, the lower this percentage is, the stronger the Retirement System.

County of Milwaukee
Required Supplementary Information
(Unaudited)
Schedule of Employer Contributions - Pension Plan
For the Year Ended December 31,
(In Thousands of Dollars)

	Fiscal Year	Annual Required Contribution (ARC)	Contribution	Percentage of ARC Contributed
Retirement System				
	2011	$ 29,621	$ 31,589	106.64%
	2010	29,529	32,894	111.40%
	2009	30,356	457,789	1508.07%
	2008	53,064	34,841	65.66%
	2007	52,395	49,289	94.07%
	2006	52,638	27,435	52.12%
	2005	37,438	35,415	94.60%
	2004	33,248	35,249	106.02%
	2003	23,131	33,981	146.91%
	2002	7,536	2,580	34.24%
OBRA				
	2011	$ 807	$ 2,022	250.56%
	2010	716	786	109.78%
	2009	661	661	100.00%
	2008	558	522	93.55%
	2007	486	529	108.85%
	2006	499	462	92.59%
	2005	386	365	94.56%
	2004	338	348	102.96%
	2003	280	280	100.00%
	2002	275	275	100.00%

County of Milwaukee
Required Supplementary Information
(Unaudited)
Schedule 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
County-wide Program							
	1/1/2010	$ -	$ 1,465,159	0.0%	$ 1,465,159	$ 97,620	1500.9%
	1/1/2008	-	1,546,458	0.0%	1,546,458	118,977	1299.8%
	1/1/2006	-	1,313,632	0.0%	1,313,632	99,327	1322.5%
Transit System Program							
	1/1/2012	$ 34,603	$ 245,991	14.1%	$ 211,388	$ 46,695	452.7%
	1/1/2011	24,840	243,077	10.2%	218,237	50,958	428.3%
	1/1/2010	19,676	209,963	9.4%	190,287	57,356	331.8%
	1/1/2009	12,678	201,686	6.3%	189,008	63,921	295.7%

County of Milwaukee
Required Supplementary Information
(Unaudited)
Schedule of Employer Contributions - OPEB
For the Year Ended December 31,
(In Thousands of Dollars)

County-Wide Program

Fiscal Year	Annual Required Contribution	Net Employer Contribution	Employer Percentage Contributed
2011	$ 118,812	$ 58,222	49.0%
2010	118,812	65,190	54.9%
2009	130,752	60,951	46.6%

Transit System Program

Fiscal Year	Annual Required Contribution	Net Employer Contribution	Employer Percentage Contributed
2011	$ 18,924	$ 19,939	105.4%
2010	18,622	14,804	79.5%
2009	17,034	13,407	78.7%

County of Milwaukee
Required Supplementary Information
(Unaudited)
Schedule of Funding Progress - Transit Pension Plan
(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
Transit System							
	1/1/12	$ 352,553	$ 442,809	79.6%	$ 90,256	$ 55,615	162.3%
	1/1/11	352,396	410,915	85.8%	58,519	57,300	102.1%
	1/1/10	318,883	378,311	84.3%	59,427	60,000	99.0%
	1/1/09	321,519	384,833	83.5%	63,314	61,000	103.8%
	1/1/08	351,688	375,684	93.6%	23,995	62,000	38.7%
	1/1/07	327,134	354,337	92.3%	27,203	62,000	43.9%
	1/1/06	308,489	334,648	92.2%	26,159	63,750	41.0%
	1/1/05	293,281	312,184	93.9%	18,802	63,350	29.7%
	1/1/04	254,519	284,683	89.4%	30,164	64,500	46.8%
	1/1/03	242,635	269,635	90.0%	27,000	64,700	41.7%

County of Milwaukee
Required Supplementary Information
(Unaudited)
Schedule of Employer Contributions - Transit Pension Plan
For the Year Ended December 31,
(In Thousands of Dollars)

	Fiscal Year	Annual Required Contribution (ARC)	Contribution	Percentage of ARC Contributed
Transit System				
	2011	$ 9,867	$ 9,867	100.00%
	2010	9,939	9,939	100.00%
	2009	9,190	9,190	100.00%
	2008	7,243	7,243	100.00%
	2007	7,429	7,429	100.00%
	2006	7,251	7,251	100.00%
	2005	7,316	7,316	100.00%
	2004	7,391	7,391	100.00%
	2003	6,555	6,555	100.00%
	2002	5,134	5,134	100.00%

SUPPLEMENTARY INFORMATION

Combining and Individual Fund Financial Statements and Schedules

BUDGETARY COMPARISON SCHEDULES

COUNTY OF MILWAUKEE
Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2011
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Intergovernmental	$ 281,048	$ 297,079	$ 279,289	$ (17,790)
Property Taxes	272,538	272,538	273,297	759
Sales Taxes	64,426	64,426	63,968	(458)
Charges for Services	373,863	392,322	391,496	(826)
Fines and Forfeits	3,447	3,447	2,932	(515)
Licenses and Permits	547	547	453	(94)
Investment Income and Rents	9,789	9,789	9,545	(244)
Other	45,006	46,414	41,201	(5,213)
Total Revenues	1,050,664	1,086,562	1,062,181	(24,381)
Expenditures:				
Current:				
County Board	6,313	6,295	5,839	456
Department of Audit	2,528	2,508	2,443	65
Veterans Service	348	332	284	48
Community Development Business Partners	944	1,100	900	200
Procurement	676	690	666	24
Employee Benefits	2,653	2,572	2,168	404
Labor Relations	487	506	447	59
Office for Persons with Disabilities	853	1,012	1,001	11
County Executive	1,110	1,103	1,008	95
Civil Service Commission	40	40	50	(10)
Personnel Review Board	220	217	196	21
Corporation Counsel	1,581	1,551	1,430	121
Department of Human Resources	1,923	1,798	1,557	241
Department of Administrative Services	4,110	4,087	3,866	221
Other Executive and Staff	2,044	3,061	1,478	1,583
Legislative, Executive and Staff	25,830	26,872	23,333	3,539
County-funded State Court Services	33,880	34,118	32,771	1,347
Child Support Enforcement	19,646	19,641	18,084	1,557
Alternatives to Incarceration	4,587	5,157	4,717	440
Courts and Judiciary	58,113	58,916	55,572	3,344
Election Commission	611	827	828	(1)
County Treasurer	1,586	1,572	1,134	438
County Clerk	741	734	705	29
Register of Deeds	4,626	4,680	4,581	99
General Governmental Services	7,564	7,813	7,248	565
Sheriff	145,354	150,034	146,333	3,701
District Attorney	17,887	17,976	17,114	862
Medical Examiner	4,348	4,444	4,382	62
Public Safety	167,589	172,454	167,829	4,625

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, 2011
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Highway Maintenance	$ 13,844	$ 14,310	$ 14,245	$ 65
Fleet / Facilities Services	29,402	33,821	30,833	2,988
Administration	1,911	2,009	1,615	394
Public Works and Highways	45,157	50,140	46,693	3,447
Department on Aging	18,508	18,689	17,794	895
Family Care	263,565	277,158	273,644	3,514
DHHS - Behavioral Health Division	186,758	194,511	193,358	1,153
Department of Human Services	130,984	137,844	116,679	21,165
Human Services	599,815	628,202	601,475	26,727
Department of Parks	40,063	40,453	37,721	2,732
Zoological Department	24,193	24,443	22,105	2,338
UW Extension Service	250	254	241	13
Other Cultural Organizations	697	719	754	(35)
Parks, Recreation and Culture	65,203	65,869	60,821	5,048
Total Expenditures	$ 969,271	$ 1,010,266	$ 962,971	$ 47,295
Excess (Deficiency) of Revenues Over (Under) Expenditures	81,393	76,296	99,210	22,914
Other Financing Sources (Uses):				
Transfers In	-	-	7,816	7,816
Transfers Out	(79,006)	(73,909)	(82,061)	(8,152)
Transfers To Component Units	(6,531)	(6,531)	(6,531)	-
Total Other Financing Sources (Uses)	(85,537)	(80,440)	(80,776)	(336)
Net Change in Fund Balance	(4,144)	(4,144)	18,434	22,578
Fund Balances -- Beginning	45,175	45,175	45,175	-
Fund Balances -- Ending	$ 41,031	$ 41,031	$ 63,609	$ 22,578

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, 2011
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Intergovernmental Revenue	$ -	$ -	$ 1,945	$ 1,945
Other	14,658	14,658	11,354	(3,304)
Total Revenues	14,658	14,658	13,299	(1,359)
Expenditures:				
Debt Service:				
Principal Retirement	61,626	61,626	61,626	-
Interest and Other Charges	34,925	34,925	36,894	(1,969)
Total Expenditures	96,551	96,551	98,520	(1,969)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(81,893)	(81,893)	(85,221)	(3,328)
Other Financing Sources (Uses):				
General Obligation Bonds Issued	-	-	31,757	31,757
Premium on Debt Issued	-	-	4,176	4,176
Payment to Refunded Bond Escrow Agent	-	-	(35,756)	(35,756)
Transfers In	75,999	75,999	89,289	13,290
Total Other Financing Sources (Uses)	75,999	75,999	89,466	13,467
Net Change in Fund Balance	(5,894)	(5,894)	4,245	10,139
Fund Balances - Beginning	7,332	7,332	7,332	-
Fund Balances - Ending	$ 1,438	$ 1,438	$ 11,577	$ 10,139

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, 2011
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Intergovernmental	$ 41	$ 33,623	$ 37,542	$ 3,919
Sales Tax	380	1,946	380	(1,566)
Investment Income and Rents	-	191	800	609
Other	6,874	925	347	(578)
Total Revenues	7,295	36,685	39,069	2,384
Expenditures:				
Capital Outlay	12,343	122,637	117,939	4,698
Total Expenditures	12,343	122,637	117,939	4,698
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,048)	(85,952)	(78,870)	7,082
Other Financing Sources (Uses):				
General Obligation Bonds Issued	5,008	8,865	-	(8,865)
Transfers In	40	-	6,956	6,956
Transfers Out	-	-	(3,820)	(3,820)
Total Other Financing Sources (Uses)	5,048	8,865	3,136	(5,729)
Net Change in Fund Balance	-	(77,087)	(75,734)	1,353
Fund Balances - Beginning	98,216	98,216	98,216	-
Fund Balances - Ending	$ 98,216	$ 21,129	$ 22,482	$ 1,353

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, 2011
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Operating Revenues:				
Rentals and Other Service Fees	$ 70,450	$ 75,398	$ 70,996	$ (4,402)
Admissions and Concessions	10,108	10,108	16,244	6,136
Total Charges for Services	80,558	85,506	87,240	1,734
Other Revenues	15	15	14	(1)
Total Operating Revenues	80,573	85,521	87,254	1,733
Operating Expenses:				
Personnel Services	24,701	24,577	25,301	(724)
Contractual Services	20,200	22,870	21,543	1,327
Intra-County Services	10,312	10,312	9,977	335
Commodities	4,672	5,906	5,578	328
Depreciation and Amortization	15,045	15,045	18,915	(3,870)
Maintenance	767	1,657	2,529	(872)
Other	806	960	183	777
Total Operating Expenses	76,503	81,327	84,026	(2,699)
Operating Income (Loss)	4,070	4,194	3,228	(966)
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	75	75	159	84
Investment Income	1,050	1,050	313	(737)
Interest Expense	(9,872)	(9,872)	(10,194)	(322)
Total Nonoperating Revenues (Expenses)	(8,747)	(8,747)	(9,722)	(975)
Income (Loss) Before Transfers	(4,677)	(4,553)	(6,494)	(1,941)
Add Depreciation on Capital Assets Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants	4,677	4,677	35,767	31,090
Transfers Out	-	(124)	(2,150)	(2,026)
Change in Net Assets	$ -	$ -	$ 27,123	$ 27,123

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, 2011
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Operating Revenues:				
Rentals and Other Service Fees	$ 100	$ 100	$ 120	$ 20
Transit Fares	57,642	57,642	52,403	(5,239)
Total Charges for Services	57,742	57,742	52,523	(5,219)
Other Revenues	5,709	5,709	4,083	(1,626)
Total Operating Revenues	63,451	63,451	56,606	(6,845)
Operating Expenses:				
Personnel Services	115,594	115,594	112,624	2,970
Contractual Services	35,253	35,255	26,513	8,742
Intra-County Services	1,187	1,187	1,304	(117)
Commodities	15,046	15,046	15,875	(829)
Depreciation and Amortization	12,516	12,516	15,108	(2,592)
Maintenance	223	1,185	2,172	(987)
Other	1,049	1,049	2,259	(1,210)
Total Operating Expenses	180,868	181,832	175,855	5,977
Operating Income (Loss)	(117,417)	(118,381)	(119,249)	(868)
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	91,975	91,975	89,670	(2,305)
Interest Expense	(1,254)	(1,254)	(1,380)	(126)
Total Nonoperating Revenues (Expenses)	90,721	90,721	88,290	(2,431)
Income (Loss) Before Transfers	(26,696)	(27,660)	(30,959)	(3,299)
Add Depreciation on Capital Assets Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants	10,727	10,727	15,816	5,089
Transfers In	15,969	16,933	17,926	993
Transfers Out	-	-	(244)	(244)
Change in Net Assets	$ -	$ -	$ 2,539	$ 2,539

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The Special Revenue Funds are used to account for endowments, bequests and restricted donations, where the principal may be expended in the course of their designated operations. The specific purpose of each Special Revenue Fund is as follows:

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

Parks - Enhancement of the Todd Wehr Nature Center and restoration of the Trimborn Farm as a historic park.

Persons with Disabilities - Special projects to help free disabled persons from environmental and attitudinal barriers.

Behavioral Health Division - Mental health research, patient activities and special events, and compensated absence payouts for BHD retirees.

Public Works (DTPW)- Compensated absence payouts for retirees from the Fleet and Facilities divisions.

Airport PFC (Passenger Facility Charge) –Federal Aviation Administration (FAA) approved capital projects at the Airport.

Health and Safety – Countywide safety training and new employee screenings.

COUNTY OF MILWAUKEE
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011
(In Thousands)

	Special Revenue Funds							
	Zoo	Parks	Persons with Disabilities	Behavioral Health Division	Airport	Health and Safety	DTPW	Total Nonmajor Governmental Funds
ASSETS								
Cash and Investments	$ 1,053	$ 1,026	$ 115	$ 7,169	$ -	$ 136	$ 5,781	$ 15,280
Cash and Investments -- Restricted	-	-	-	-	27,199	-	-	27,199
Receivables -- Other	-	1	-	-	-	-	-	1
Total Assets	$ 1,053	$ 1,027	$ 115	$ 7,169	$ 27,199	$ 136	$ 5,781	$ 42,480
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	$ 179	$ -	$ -	$ -	$ -	$ -	$ -	$ 179
Total Liabilities	179	-	-	-	-	-	-	179
Fund Balances:								
Restricted	874	1,027	115	7,169	27,199	136	5,781	42,301
Total Fund Balances	874	1,027	115	7,169	27,199	136	5,781	42,301
Total Liabilities and Fund Balances	$ 1,053	$ 1,027	$ 115	$ 7,169	$ 27,199	$ 136	$ 5,781	$ 42,480

COUNTY OF MILWAUKEE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011
(In Thousands)

	Special Revenue Funds							
	Zoo	Parks	Persons with Disabilities	Behavioral Health Division	Airport	Health and Safety	DTPW	Total Nonmajor Governmental Funds
Revenues:								
Charges for Services	$ 645	$ 45	$ -	$ -	$ 12,952	$ -	$ -	$ 13,642
Investment Income and Rents	21	-	-	-	364	-	-	385
Other	192	52	-	1	-	-	-	245
Total Revenues	858	97	-	1	13,316	-	-	14,272
Expenditures:								
Current:								
Public Works and Highways	-	-	-	-	13,038	-	402	13,440
Human Services	-	-	6	1,192	-	-	-	1,198
Parks, Recreation and Culture	695	-	-	-	-	-	-	695
Total Expenditures	695	-	6	1,192	13,038	-	402	15,333
Excess (Deficiency) of Revenues Over (Under) Expenditures	163	97	(6)	(1,191)	278	-	(402)	(1,061)
Net Changes in Fund Balance	163	97	(6)	(1,191)	278	-	(402)	(1,061)
Fund Balances -- Beginning	711	930	121	8,360	26,921	136	6,183	43,362
Fund Balances -- Ending	$ 874	$ 1,027	$ 115	$ 7,169	$ 27,199	$ 136	$ 5,781	$ 42,301

INTERNAL SERVICE FUNDS

Internal Service Funds
The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the County, or to other governmental entities, on a cost-reimbursement basis. The specific purpose of each Internal Service Fund is listed below.

Information Management Services – This fund is used to account for electronic data processing, graphics and telecommunication services provided to County departments.

Public Works Services – This fund is used to account for various services provided to other County departments including:

> **Professional Services** – provides engineering, architectural and administrative services.
>
> **Water Utility** – maintains the water distribution system that is located on the Milwaukee County Grounds.

Risk Management – This fund accounts for risk financing, loss control and insurance-related activities for the County and its employees.

COUNTY OF MILWAUKEE
Combining Balance Sheet
Internal Service Funds
December 31, 2011
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
Assets				
Current Assets:				
Cash and Investments	$ 7,273	$ 6,288	$ 13,277	$ 26,838
Accounts Receivable (Net of Allowances for Uncollectible Accounts)	1	223	587	811
Due From Other Governments	-	29	-	29
Prepaid Items	131	-	2,007	2,138
Total Current Assets	7,405	6,540	15,871	29,816
Capital Assets:				
Construction in Progress	1,484	-	-	1,484
Land Improvements	-	3,284	-	3,284
Building and Improvements	1,523	2,160	-	3,683
Furniture, Machinery and Equipment	36,700	2,071	7	38,778
Total Capital Assets	39,707	7,515	7	47,229
Less Accumulated Depreciation	(32,672)	(4,928)	(7)	(37,607)
Net Capital Assets	7,035	2,587	-	9,622
Total Assets	$ 14,440	$ 9,127	$ 15,871	$ 39,438
Liabilities				
Current Liabilities:				
Accounts Payable	$ 989	$ 174	$ 117	$ 1,280
Accrued Interest	118	6	-	124
Unearned Revenues	-	1	-	1
Bonds and Notes Payable - General Obligation	1,774	58	-	1,832
Compensated Absenses	505	495	47	1,047
Risk Claims	-	-	10,665	10,665
Total Current Liabilities	3,386	734	10,829	14,949
Long-Term Liabilities:				
Bonds and Notes Payable - General Obligation	10,356	1,597	-	11,953
Compensated Absences	538	689	53	1,280
Risk Claims	-	-	4,247	4,247
Other Post Employment Benefits	4,128	3,567	531	8,226
Total Long-Term Liabilities	15,022	5,853	4,831	25,706
Total Liabilities	18,408	6,587	15,660	40,655
Net Assets (Liabilities)				
Unrestricted	1,127	1,608	211	2,946
Invested in Capital Assets, Net of Related Debt	(5,095)	932	-	(4,163)
Total Net Assets (Liabilities)	(3,968)	2,540	211	(1,217)
Total Liabilities and Net Assets (Liabilities)	$ 14,440	$ 9,127	$ 15,871	$ 39,438

COUNTY OF MILWAUKEE
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For The Year Ended December 31, 2011
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
Operating Revenues:				
Charges for Services	$ 15,885	$ 10,257	$ 7,363	$ 33,505
Other	159	277	127	563
Total Operating Revenues	16,044	10,534	7,490	34,068
Operating Expenses:				
Personnel Services	7,024	5,750	582	13,356
Contractual Services	6,103	1,537	70	7,710
Intra-County Services	247	2,096	124	2,467
Commodities	621	49	2	672
Depreciation and Amortization	1,589	258	1	1,848
Maintenance	-	432	-	432
Insurance and Claims	-	-	7,102	7,102
Total Operating Expenses	15,584	10,122	7,881	33,587
Operating Income (Loss)	460	412	(391)	481
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	1,096	228	-	1,324
Interest Expense	(572)	(68)	-	(640)
Total Nonoperating Revenues (Expenses)	524	160	-	684
Income (Loss) Before Contributions and Transfers	984	572	(391)	1,165
Capital Contributions	1,472	-	-	1,472
Transfers In	473	228	439	1,140
Transfers Out	(984)	(619)	-	(1,603)
Change in Net Assets	1,945	181	48	2,174
Net Assets (Liabilities) -- Beginning	(5,913)	2,359	163	(3,391)
Net Assets (Liabilities) -- Ending	$ (3,968)	$ 2,540	$ 211	$ (1,217)

COUNTY OF MILWAUKEE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2011
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
Cash Flows Provided (Used) by Operating Activities:				
Receipts from Customers and Users	$ 126	$ 5,192	$ 2,224	$ 7,542
Receipts from Interfund Services	15,885	5,323	7,574	28,782
Payments to Suppliers	(6,282)	(2,108)	(7,059)	(15,449)
Payments to Employees	(6,504)	(5,469)	(482)	(12,455)
Payments for Interfund Services Used	(347)	(2,096)	-	(2,443)
Net Cash Flows Provided (Used) by Operating Activities	2,878	842	2,257	5,977
Cash Flows Provided (Used) by Noncapital Financing Activities:				
Intergovernmental Revenues	1,096	498	-	1,594
Transfers From Other Funds	473	228	439	1,140
Transfers (To) Other Funds	(984)	(619)	-	(1,603)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	585	107	439	1,131
Cash Flows Provided (Used) by Capital and Related Financing Activities:				
Capital Contributions	1,472	-	-	1,472
Proceeds from Long-Term Debt	83	-	-	83
Principal Payment on Long-Term Debt	(1,887)	(31)	-	(1,918)
Interest Paid on Long-Term Debt	(558)	(67)	-	(625)
Acquisition of Capital Assets	(1,485)	(41)	-	(1,526)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(2,375)	(139)	-	(2,514)
Net Increase (Decrease) in Cash and Cash Equivalents	1,088	810	2,696	4,594
Cash and Cash Equivalents at Beginning of Year	6,185	5,478	10,581	22,244
Cash and Cash Equivalents at End of Year	$ 7,273	$ 6,288	$ 13,277	$ 26,838

Reconciliation of Operating Income (Loss) to
Net Cash Provided (Used) by Operating Activities

	Information Management Services	Public Works Services	Risk Management	Total
Operating Income (Loss)	$ 460	$ 412	$ (391)	$ 481
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	1,589	258	1	1,848
(Increase) Decrease in Assets:				
Accounts Receivable	-	(19)	1,597	1,578
Inventories	-	-	-	-
Prepaid Items	(33)	-	109	76
Increase (Decrease) in Liabilities:				
Accounts Payable	342	(90)	6	258
Accrued Liabilities	(57)	(1)	-	(58)
Risk Claims	-	-	835	835
Other Post Retirement Benefits	724	450	98	1,272
Compensated Absences	(147)	(168)	2	(313)
Total Adjustments	2,418	430	2,648	5,496
Net Cash Flows Provided (Used) by Operating Activities	$ 2,878	$ 842	$ 2,257	$ 5,977

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, 2011
(In Thousands)

	January 1, 2011	Additions	Deductions	December 31, 2011
CIVIL COURT ORDERED AGENCY FUND FOR FAMILY SUPPORT/PAYMENTS				
Cash and Investments	$ 28,716	$ 61,088	$ 72,356	$ 17,448
Total Assets	$ 28,716	$ 61,088	$ 72,356	$ 17,448
Agency Deposits	$ 28,716	$ 50,755	$ 62,023	$ 17,448
Total Liabilities	$ 28,716	$ 50,755	$ 62,023	$ 17,448
OTHER AGENCY FUNDS				
Cash and Investments	$ 4,494	$ 127,923	$ 125,829	$ 6,588
Other Receivables	1,218	32,169	33,387	-
Total Assets	$ 5,712	$ 160,092	$ 159,216	$ 6,588
Accounts Payable	$ 327	$ 4,885	$ 5,004	$ 208
Agency Deposits	5,384	38,926	37,930	6,380
Total Liabilities	$ 5,711	$ 43,811	$ 42,934	$ 6,588
SUMMARY				
Cash and Investments	$ 33,210	$ 189,011	$ 198,185	$ 24,036
Other Receivables	1,218	32,169	33,387	-
Total Assets	$ 34,428	$ 221,180	$ 231,572	$ 24,036
Accounts Payable	$ 327	$ 4,885	$ 5,004	$ 208
Agency Deposits	34,100	89,681	99,953	23,828
Total Liabilities	$ 34,427	$ 94,566	$ 104,957	$ 24,036

OTHER SUPPLEMENTARY INFORMATION

Milwaukee County Family Care
Financial Statements

COUNTY OF MILWAUKEE
Statements of Net Assets
Milwaukee County Family Care
December 31, 2011
With Comparative Amounts for December 31, 2010
(In Thousands)

	2011	2010
Assets		
Cash	$ 34,036	$ 102,094
Restricted Cash	11,432	11,432
Due from State - Prior Year Capitation	5,198	7,488
Member Receivable - Cost Share/Room & Board	1,742	2,257
Allowance for Member Receivable	(890)	(1,512)
Provider Receivable - Audits	322	405
Deposit Solvency Insurance	750	750
Security deposits	6	9
Inventory - Taxi Tickets	52	8
Accounts Receivable - Other	23	74
Advances to Third-Party Claims Administrator	11	
Total Assets	$ 52,682	$ 123,005
Liabilities		
Accounts Payable	$ 1,364	$ 2,608
Accrued Payroll	175	
Accrued Vacation/Sick Leave Liability	747	936
Member Cost - Incurred but not Reported	24,146	24,254
Due to State - Unearned Capitation	1,159	658
Deferred Capitation Revenue	-	79,134
Total Liabilities	27,591	107,590
Net Assets		
Restricted For:		
Working Capital Reserve	7,824	7,824
Restricted Reserve	3,608	3,608
Solvency & Risk Reserve	750	750
Unrestricted - Designated For		
Surplus Reserve	12,552	2,694
Capital Carryover Reserve	357	539
Total Net Assets	25,091	15,415
Total Liabilities and Net Assets	$ 52,682	$ 123,005

COUNTY OF MILWAUKEE
Statements of Revenues, Expenses and Changes in Net Assets
Milwaukee County Family Care
For the Year Ended December 31, 2011
With Comparative Amounts for Year Ended December 31, 2010
(In Thousands)

	2011	2010
Operating Revenues:		
State/Fed Capitated Member Payment	$ 253,367	$ 236,364
Member Cost Share/ Room & Board	29,495	27,981
State Grants	28	50
Other Revenues	430	367
Total Operating Revenues	283,320	264,762
Operating Expenses:		
Direct - Member Service Costs	260,875	243,974
Indirect - Salaries and Fringe Benefits	6,823	7,185
Indirect - Outside Services	4,529	4,533
Indirect - Commondities and Supplies	205	233
Indirect - Inter-Dept Service Charges	1,212	3,890
Total Operating Expenses	273,644	259,815
Change in Net Assets	9,676	4,947
Net Assets -- Beginning	15,415	10,468
Net Assets -- Ending	$ 25,091	$ 15,415

COUNTY OF MILWAUKEE
Statements of Cash Flows
Milwaukee County Family Care
For the Year Ended December 31, 2011
With Comparative Amounts for Year Ended December 31, 2010
(In Thousands)

	2011	2010
Cash Flows Provided (Used) by Operating Activities:		
Receipts from Customers and Users	$ 206,503	$ 338,398
Receipts from Interfund Services	-	-
Payments to Suppliers	(266,337)	(240,848)
Payments to Employees	(7,012)	(6,670)
Payments for Interfund Services Used	(1,212)	(3,890)
Net Cash Flows Provided (Used) by Operating Activities	(68,058)	86,990
Net Increase (Decrease) in Cash and Cash Equivalents	(68,058)	86,990
Cash and Cash Equivalents at Beginning of Year	113,526	26,536
Cash and Cash Equivalents at End of Year	$ 45,468	$ 113,526
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	$ -	$ -
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income	$ 9,676	$ 4,947
Adjustments to Reconcile Operating Income to Net Cash Flows Provided (Used) by Operating Activities:		
(Increase) Decrease in Assets:		
Due from State - Prior Year Capitation	2,290	(5,858)
Member Receivable - Cost Share/Room & Board	515	38
Allowance for Member Receivable	(622)	99
Provider Receivable - Audits	83	189
Deposit Solvency Insurance	-	(750)
Security deposits	3	6
Inventory - Taxi Tickets	(44)	1
Accounts Receivable - Other	51	35
Advances to Third-Party Claims Administrator	(11)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,244)	118
Accrued Payroll	175	-
Accrued Vacation/Sick Leave Liability	(189)	515
Member Cost - Incurred but not Reported	(108)	8,445
Due to State - Unearned Capitation	501	72
Deferred Capitation Revenue	(79,134)	79,133
Total Adjustments	(77,734)	82,043
Net Cash Flows Provided (Used) by Operating Activities	$ (68,058)	$ 86,990

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APPENDIX B

[PROPOSED FORM OF OPINION OF BOND COUNSEL]

(To Be Dated the Date of Issuance)

Milwaukee County, Wisconsin
County Courthouse
901 North 9th Street
Milwaukee, Wisconsin 53233

Re: Milwaukee County, Wisconsin
$99,300,000 Taxable General Obligation Pension Refunding Bonds, Series 2013B

The Taxable General Obligation Pension Refunding Bonds, Series 2013B (the *"Bonds"*) of Milwaukee County, Wisconsin (the *"County"*) are in fully registered form; are dated the date hereof; are issued in the aggregate principal amount of $99,300,000; 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 at the interest rates per annum, payable on June 1 and December 1 of each year, commencing on December 1, 2013, as follows:

YEAR	PRINCIPAL AMOUNT	INTEREST RATE
2014	$9,225,000	0.577%
2015	9,215,000	0.727
2016	9,305,000	1.282
2017	9,440,000	1.826
2018	9,640,000	2.126
2019	9,865,000	2.612
2020	10,145,000	2.812
2021	10,455,000	3.139
2022	10,810,000	3.339
2023	11,200,000	3.539

The Bonds are not subject to redemption prior to maturity at the option of the County.

We have examined the documents which we deem pertinent to the validity of the Bonds, including the certified record evidencing the authorization of the Bonds by the County Board of Supervisors of the County. On the basis of such examination, we are of the opinion that the

Bonds 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 Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion; 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 Bond prescribed for said issue is proper.

It is also our opinion that, under present law, the interest on the Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the Bonds 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 Bonds. The owners of the Bonds should consult their own tax advisors concerning the tax consequences of ownership of the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds or any other information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the County and others with respect to certain material facts solely within the respective knowledge of the County and such other persons. 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,

CLJarik/ljk

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 Refunding Bonds, Series 2013B, dated the date hereof, in the aggregate principal amount of $99,300,000 (the *"Bonds"*). The Bonds are being issued pursuant to an Initial Resolution adopted by the Governing Body (as hereinafter defined) of the Issuer on March 1, 2013, and an Authorizing Resolution adopted by the Governing Body of the Issuer on March 1, 2013 (collectively, the *"Resolutions"*) and delivered to RBC Capital Markets, LLC, on its own behalf and on behalf of others (the *"Purchaser"*), on the date of this Disclosure Certificate. Pursuant to the Resolutions, 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 Bonds in order to assist the Participating Underwriters (as hereinafter defined), within the meaning of the Rule (as defined herein), in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to owners of the Bonds shall include beneficial owners of the Bonds. This Disclosure Certificate constitutes the written undertaking required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, 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 (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"EMMA" means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

"Final Official Statement" means the final official statement dated June 19, 2013, delivered in connection with the Bonds, which is available from the Municipal Securities Rulemaking Board (MSRB).

"Fiscal Year" means the fiscal year of the Issuer.

"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 Bonds.

"Issuer Contact" means the Capital Finance Manager of the Issuer who can be contacted at the Office of the Comptroller, Milwaukee County Courthouse, Room 301, 901 North Ninth Street, Milwaukee, Wisconsin 53233, telephone: (414) 278-4396, facsimile: (414) 223-1245.

"MSRB" means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, Virginia 22314.

"Participating Underwriter" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds (including the Purchaser) required to comply with the Rule in connection with the primary offering of the Bonds.

"Reportable Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"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.

Section 3. Provision of Annual Report and Audited Financial Statements. (a) The Issuer shall, not later than 270 days after the end of each Fiscal Year, commencing with the year that ended December 31, 2012, provide EMMA 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 a Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to EMMA when and if available.

(b) If the Issuer is unable or fails to provide to EMMA an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to EMMA.

(c) MSRB Rule G-32 currently requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

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:

DEBT STRUCTURE - General Obligation Debt by Issue
FINANCIAL INFORMATION - Equalized Values Last Five Years
FINANCIAL INFORMATION - Property Tax Levies and Collections Last Five Years
FINANCIAL INFORMATION - Property Tax Rates for County Levies
FINANCIAL INFORMATION - Five-Year Summary of Revenues, Expenditures and Change in Fund Balance — General Fund

Any or all of the items listed above may be incorporated by reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA 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. Each filing made pursuant to this Disclosure Certificate shall contain the CUSIP numbers of the Bonds.

Section 5. Reportable Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax-exempt status of the securities;

7. Modification to rights of security holders, if material;

8. Securities calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever a Reportable Event occurs, the Issuer shall promptly file (not in excess of ten (10) days after the occurrence of the Reportable Event) a notice of such occurrence with EMMA. Notwithstanding the foregoing, notice of Reportable 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 Bonds pursuant to the Resolutions.

(c) 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 EMMA. MSRB Rule G-32 currently requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

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 Resolutions 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 Resolutions 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 EMMA 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 Bonds. The provisions of this Disclosure Certificate may be amended without the consent of the owners of the Bonds, but only upon the delivery by the Issuer to EMMA 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.

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Report disclosure or Reportable Events disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Disclosure Certificate.

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 the occurrence of a Reportable 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 Reportable 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 the occurrence of a Reportable 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 reportable events, except as otherwise described in the Final Official Statement.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds or under the Resolutions 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 the beneficial owners from time to time of the Bonds, 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 27th day of June, 2013.

____
Chairwoman of the County Board

____
County Clerk

Approved as to Form:

____
Corporation Counsel

Countersigned:

____
County Executive

Reviewed By: ______________________________
Cindy Van Pelt
Risk Manager

____
Comptroller

Date: June 27, 2013

MILWAUKEE COUNTY, WISCONSIN • TAXABLE GENERAL OBLIGATION PENSION REFUNDING BONDS, SERIES 2013B

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