

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**COUNTY OF MILWAUKEE**

**WISCONSIN**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

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

**COUNTY OF MILWAUKEE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Fiscal Year Ended December 31, 2006**

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## **INTRODUCTORY SECTION**

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



OFFICE OF COUNTY EXECUTIVE

# *Milwaukee County*

SCOTT WALKER • COUNTY EXECUTIVE

July 20, 2007

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

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

### **CAFR Overview**

The Comprehensive Annual Financial Report (CAFR) of Milwaukee County, Wisconsin (the County) for the year ended December 31, 2006 is hereby submitted for your information. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of Milwaukee County, Wisconsin. All disclosures necessary to enable the reader to gain an understanding of Milwaukee County, Wisconsin activities have been included.

The CAFR is presented in three sections:

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

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

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

## Governmental Accounting Standards Board Statement No. 34 Overview

The County has prepared the Financial Section to meet the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34). The Financial Section and the financial statements included in this section are significantly different from the financial statements prepared by the County for 2001 and previous fiscal years. GASB 34 established a new reporting model that the County has reported in three parts in the Financial Section. The fourth part is not required by GASB 34 but provides useful information about the non-major funds of Milwaukee County.

- 1) **Management's Discussion and Analysis** - This is a narrative report providing financial information about the County. Readers of this report are encouraged to read Management's Discussion and Analysis (MD&A), in conjunction with this Letter of Transmittal. The MD&A provides basic financial information about the County and an overview of the County's activities.
  
- 2) **Basic Financial Statements**
  - a) **Government-Wide Financial Statements** - government-wide financial statements, consisting of a statement of net assets and a statement of activities, provide a comprehensive financial picture of the County, split between governmental activities and business-type activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, where all assets, liabilities, revenues, and expenses of the County are reported. Internal service funds are combined with governmental activities for presentation purposes.
  
  - b) **Fund Financial Statements** - report on the major individual governmental, proprietary, and fiduciary funds of the County. Budgetary comparisons are also provided to allow the reader to see the original adopted budget, the revised adopted budget, and the actual expenditures and revenues for the County's general fund. The governmental funds are prepared and presented on the modified accrual basis of accounting. The proprietary funds are prepared on an accrual basis of accounting. With the governmental funds having a different basis of accounting between the government-wide financial statements and the fund financial statements, a schedule is provided that reconciles these accounting differences. The reconciliation provides a bridge between governmental activities on the statement of net assets with the governmental funds on the balance sheet and the governmental funds net change in fund

balances on the statement of activities with the governmental funds statement of revenues, expenditures and changes in fund balances. The proprietary funds statement reports on each of the enterprise funds and includes a separate column that combines all internal service funds.

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

## **Component Units**

This Comprehensive Annual Financial Report (CAFR) includes the funds of the primary government and the following discrete component units: the War Memorial Center, the Milwaukee Public Museum, Inc., the Marcus Center for the Performing Arts, the Private Industry Council of Milwaukee County, and the Milwaukee County Research Park Corporation. As of January 2006, the Marcus Center for the Performing Arts was granted tax –exempt status by the Internal Revenue Service and the Wisconsin Department of Revenue. Therefore, the Marcus Center operates separately from the War Memorial Center and is listed as a discrete component unit. Discretely presented component units are more distinctly separate from the primary government and are therefore reported in a separate column in the government-wide financial statements. These entities are included because generally accepted accounting principles require that organizations for which the County is financially accountable be reported with the primary government (the County) as the reporting entity.

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

Milwaukee County is located in southeastern Wisconsin on the Lake Michigan shoreline. The County covers an area of approximately 242 square miles and consists of ten cities and nine villages. The Michigan Territorial Government incorporated Milwaukee County in 1835. In 1837 the Wisconsin Territorial Legislature divided

Milwaukee County and reduced its size. Nine years later the County was divided again into its present size.

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

The County Board determines County policy and directs the activities of County government by the adoption of ordinances and resolutions, under authority vested in it by State Statutes. At its annual meeting in November of each year, the Board adopts the next calendar year's budget. It meets on a 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 County operates two airports, a mass transit system, a behavioral health facility, a correctional facility, a sheriff's department, a civil and criminal court system, a zoo, a botanical garden, a nature center, several marinas, a number of golf courses and swimming pools, beaches, bike trails, and park areas.

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

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

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

Milwaukee County's location on the Great Lakes, near the nation's geographic and population centers, 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. In addition to the rail freight service provided by the Union Pacific and Canadian Pacific /Soo Line railroads, passenger rail service is available from Amtrak. National and inter-city bus lines also serve Milwaukee. Milwaukee also remains a

major Great Lakes and world port. During 2006, the Port of Milwaukee handled 3.5 million metric tons of cargo. Major commodities included in this tonnage were coal, salt, grain and cement.

One of Milwaukee's strengths is a highly diversified economic system. Although the County remains a major manufacturing center, other sectors of the economy have become increasingly important. The finance, insurance and real estate trade, electrical, electronic machines and equipment sectors have shown consistent growth. Milwaukee also ranks as one of the nation's leading centers for advertising, printing, publishing and graphic arts and is home to one of the country's major breweries. The newest industry in Milwaukee is electronic commerce. Milwaukee has become one of the nation's centers for financial transaction processing. In fact, Milwaukee area manufacturing firms are innovative leaders in a variety of dynamic markets, including energy management and robotic and medical imaging equipment. The County leads the nation in the production of industrial controls, x-ray apparatus, steel foundries, mining machinery, hoists, industrial cranes, monorails, speed changers, drives and gears. Food and paper products are also produced in significant quantities.

According to the first quarter business outlook survey by the Metropolitan Milwaukee Association of Commerce (MMAC), "Milwaukee area businesses see continuing gains in key growth indicator for 2007. Based on a survey of 112 Milwaukee area firms, 78 percent forecast sales increases for 2007, sixty-five percent predict profit gains, and fifty-nine percent expect employment growth for their local operations." The results of the MMAC's Business Outlook Survey suggest ongoing improvement in the metro area economic environment.

The average annual unemployment rate for Milwaukee County through December 2006 was 5.7 percent compared to a national average rate of 4.6 percent. This is the second consecutive year that the County experienced a decrease in the unemployment rate.

According to the Wisconsin Department of Administration, Milwaukee County's estimated population for 2006 is 915,097, which is a 0.02 percent decrease from the 2005 population estimate.

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

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

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

## Governmental Activities

- 1) **Legislative, Executive, and Staff** consists of the following areas, the County Board, Office of Community Business Development Partners, and Department of Audit, the County Executive, the Department of Administrative Services-Fiscal Affairs, Economic and Community Development, Office of Persons with Disabilities, Veterans Service, the Civil Service Commissions, the Personnel Review Board, Human Resources, Procurement and Corporation Counsel. The internal service funds of Risk Management and Information Management Services Division are also under the Department of Administrative Services for management purposes. These funds are consolidated into the governmental activities in the Government-wide Financial Statements and are included in the proprietary funds in the Fund Financial Statements.
- 2) **Courts and Judiciary** consists of the County Funded State Court Services Division, which includes 47 judges and 25 court commissioners. It is the first administrative district of the State Court System. The Family Court Commissioner Division is the legal extension of the Family Court Branch of the Circuit Court. This area conducts formal hearings related to marriages and family related matters. It includes the Family Court Mediation Services Unit and Child Support Enforcement Unit. The Register in Probate Division maintains the records and files of all probate proceedings, plus provides support to the courts on probate matters. The Clerk of Circuit Courts maintains the records, books and files of the courts. State and non-tax revenues support approximately 26.9 percent of the cost of the Courts function. The balance of the costs is funded with County tax levy dollars. The Department of Child Support provides services to locate parents, establishes paternity, enforces and establishes child support and medical support orders, which is all under Title IV-D of the Social Security Act.
- 3) **General Governmental Services** consists of the separately elected positions of the County Treasurer, Register of Deeds, and County Clerk and their associated staff and related costs. The Election Commission is also included in this category.
- 4) **Public Safety** consists of the Office of the Sheriff, District Attorney, Medical Examiner and House of Correction. The Sheriff is a separately elected position within Milwaukee County. The 2006 budget for the House of Correction and Sheriff's Office continues an inmate population control "cap proposal" for the Milwaukee County detention population. The "cap proposal" attempts to cap the population at the Criminal Justice Facility and transfer any overflow to the House of Correction, which is able to open and close sleeping/housing units on a more flexible basis. Besides providing detention services, the Office of the Sheriff provides bailiff services, security

at the Airport and County Parks, plus expressway patrol in Milwaukee Country.

- 5) **Public Works and Highways** in the General Fund consists of the Highway Division and Administrative Divisions of the Department of Transportation and Public Works.

The Public Works Fleet Management; Architectural, Engineering and Environmental Services; Transportation; and Facilities Management Divisions are part of the Internal Services Funds of the County. These funds are consolidated into the governmental activities in the Government-wide Financial Statements and are included in the proprietary funds in the Fund Financial Statements. The combination of Parks and Public Works maintenance and operations was discontinued in 2006.

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

The Department on Aging provides support services to older adults in the County, through community based agencies and the State of Wisconsin's Family Care Program. Under Family Care, the Department on Aging, as the Care Management Organization (CMO), coordinates all long-term care services for eligible elders in Milwaukee County, including home and community based services as well as institutional services. Family Care replaces the state's numerous long-term support programs with a single integrated long-term care program.

The majority of the CMO Program revenue is a capitated payment from the State. Forty percent of client service costs of the CMO are controlled by Medicaid rate rules, while the remaining 60%, which is not covered by Medicaid rates, is based on set rates established by the department or by contracts with providers. At the end of 2006 the program had approximately 6,257 clients.

The Department of Health and Human Services provides a wide range of services to children and adults through age 60. The department includes the Economic Support Division that assists eligible people in obtaining food stamps, Medical Assistance (Title 19) and child day care benefits. The Delinquency and Court Services Division administers a Juvenile Detention Center and the post-dispositional placement resources for adjudicated delinquents. This division has been working on alternative methods of incarceration for adjudicated youths, including a wrap-around program. This reduces corrections costs and provides a better opportunity for at-risk youth. The Disabilities Service Division provides assistance to adults with special needs including persons with physical and developmental

disabilities. To better serve these clients a resource center format similar to the Family Care program in the Department of Aging was created. The Management Services Division provides contract administration, accounting and business support to the other divisions.

The County Health Programs (CHP) is comprised of three areas of service: Administration, Emergency Medical Services (EMS) Program, and General Assistance Medical Program (GAMP). EMS is responsible for managing all EMS-related functions in Milwaukee County. GAMP is the County's health care financing/delivery system for medically indigent persons residing within Milwaukee County. The GAMP program's 2006 budget maintains the same funding level as the 2005 budget. This was possible because of agreements reached with local hospitals. GAMP affiliated hospital systems have agreed to pay for salary and fringe benefits that relate to GAMP eligibility workers, as well as reimburse the program for home health care services provided to GAMP clients. In addition, the hospitals will provide funding for crisis respite beds at the County DHHS-Behavioral Health Division.

- 7) **Parks, Recreation and Culture** includes the Parks Department, Zoological Department, Milwaukee County UW-Extension and funding for the Milwaukee Public Museum. The Parks Department administers and operates the Milwaukee County Park System that spans 15,000 acres and encompasses 150 parks and parkways. The Parks include 15 golf courses, pools, beaches, pavilions, marinas, and athletic fields. Funding for Keep Greater Milwaukee Beautiful is continued in 2006. This is a non-profit volunteer group that organizes community clean-up events to maintain beautification of the parks.

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

- 1) The **Airports** are an enterprise fund that is classified as a business-type activity in the Government-wide financial statements. Milwaukee County operates two airports: General Mitchell International Airport (GMIA) and Lawrence J. Timmerman Airport. User fees support both of these airports. Airport administrative, maintenance and operational cost reimbursement are guaranteed through contractual agreements with the major carriers serving GMIA. Growth in flights and passenger traffic from GMIA, over a number of years, led to the need for additional parking at the Airport. Milwaukee County issued \$ 83.6 million of revenue bonds in 2000 for the building of an addition to the existing parking structure. These were the first revenue bonds issued by the County. The parking revenues were estimated to be sufficient to pay the bonds, but the bonds were also supported by the signatory airline lease agreements. In 2004 the County issued \$ 37.3 million in revenue bonds to fund the improvements to the C and D concourses, finish the parking structure, repair the Bus/Limousine

Queue area and remodel the E concourse stem. In 2005 the County issued \$26.6 million in revenue bonds to continue to fund improvements to the C and D concourses, and the Cessna Apron addition.

In 2006 the County issued \$23.9 million in revenue bonds to continue to fund improvements to the C and E concourses, and remodel GMIA baggage claim area. Security measures put in place after the events of September 11, 2001 will continue for the foreseeable future. The 2006 budget totals \$ 7.7 million for Sheriff and other security services. This represents 12.8% of the 2006 airports budget.

- 2) The **Milwaukee County Transit/Paratransit System** is an enterprise fund activity that is managed by Milwaukee Transport Services, Inc.; a private, non-profit corporation. For the Transit System, the corporation uses facilities and equipment owned and provided by the County to transport passengers by bus to various locations within the County. The Paratransit system is also operated by Milwaukee Transport Services. The Paratransit system provides transportation using private vendors for passengers who meet the paratransit eligibility requirements. The County's Department of Transportation and Public Works (DTPW) oversees and administers federal and state grants for the transit system. DTPW- Transportation assists with the acquisition of capital equipment and facilities.
- 3) The Department of Human Services - **Behavioral Health Division (BHD)** is also an enterprise fund. BHD provides care and treatment to mentally ill and developmentally disabled persons through contracts with community agencies, outpatient care, day treatment services and inpatient care. As part of the 2005 budget, the County along with four major local hospital systems jointly agreed to fund the acquisition and staffing of two new eight-bed Crisis Respite facilities. The hospitals have committed total funding of \$ 2.7 million Countywide for 2006. These facilities offer an alternative to inpatient hospitalization for individuals at risk of experiencing major psychiatric crisis. As such, they are expected to significantly reduce the pressure on BHD's psychiatric crisis services and inpatient units, plus provide another important option to serve Milwaukee County residents who are in need of psychiatric crisis services.

### **Other Activities and Issues**

- 1) **Benefit Issues** In response to the concerns raised about the increased level of benefits that were granted to employees and elected officials in 2001, the County Board voted in February 2002 to change certain benefits. This included the level of payout at retirement for earned sick leave benefits. Prior to the change all employees were entitled to full payout at retirement of earned sick leave benefits. In February 2002 the County changed the "earned retirement benefits" for non-represented employees

by reverting to the previous pay out maximum of 400 hours plus 16 hours for each additional 100 hours or part thereof. Union contracts could not be reopened so the change only effected non-represented positions.

We reported during 2002 that the County faced several lawsuits by non-represented employees in order to reinstate their benefits. Lawsuits were also filed by other employee groups and by retirees during 2002 in order to either protect their interest in benefits or be accorded some of the same benefits. One lawsuit was filed to reinstate wage increases for non-represented employees; however, the trial court granted the County's motion for summary judgment and dismissed this lawsuit.

A lawsuit, filed in 2002, was pending in State court against the County seeking to have changes made in the sick payout benefit for non-represented employees invalidated, in addition to have employees reinstated who retired as a result of the 2002 Sick Pay Change. This lawsuit requests both compensatory and punitive damages. A preliminary decision was delivered in 2004. This decision was in favor of the County, but was appealed. The appeal provided for some reinstatement of benefits to current and former employees. A final decision was reached in early 2007, and as a result the future financial impact can be determined. Funds were set-aside in the 2005 and 2006 financial statements to cover the cost of any cash payout settlement.

The benefit enhancements and accelerated retirement rate have caused a severe strain on the County's budget. In 2001 and 2002, the County was contributing \$2.65 million and \$2.58 million respectively, to the Employee Retirement System (ERS). For 2004 and 2005, the County contributed \$35.1 million and \$37.8 million, respectively to ERS. For 2006, an actuarial report issued in June 2005 recommended a contribution of \$45.9 million, based on an 8.0% rate of return on investments. This is an increase over prior year contributions, and is due to the change in the rate of return on investments from 8.5% to 8.0% plus a revised estimate of cost of benefits. The County only funded \$ 27.4 million of this required contribution for 2006.

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

## **E) FINANCIAL INFORMATION**

### **Internal Accounting Controls**

County management is responsible for establishing and maintaining an internal control structure designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgements by management.

Milwaukee County's internal control structure is supported by written policies and procedures and is continually reviewed, evaluated and modified to meet current needs. This internal control structure is strengthened by the Milwaukee County Department of Audit. Under Milwaukee County Ordinances and Wisconsin Statutes, the Department of Audit is an extension of the legislative branch of Milwaukee County and provides the County Board of Supervisors with constant overview and independent review of County operations. The Department of Audit is responsible not only for the examination of financial statements but also for reviews of internal accounting, administrative controls, compliance with applicable laws and regulations, economic efficiency of operations, and effectiveness in achieving program results. The Department of Audit's audits are performed in accordance with generally accepted government auditing standards.

### **Budgetary Process**

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

adopts a final budget, subject to any vetoes by the County Executive, and levies taxes based upon equalized property values.

### **Budgetary Controls**

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

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

Encumbered appropriations are carried forward at the end of the year by means of encumbrance reserves. These reserves are restored to departmental appropriation accounts in the following year. Expenditures are then recorded when the services or materials are received.

At the end of the year, any unencumbered appropriations and the associated unrecorded revenue that is still available for capital projects may be "carried over" to the subsequent year. A report of unappropriated budget dollars and unrecorded revenues are reported to the County Board by capital project number. The County Board and County Executive will then review the report and make any modifications to "capital carry-over" requests for capital projects. The result will be the establishment of a carryover reserve for capital projects. Similar to encumbrance reserves, these reserves are restored to the departmental appropriation account and revenue budget in the following year.

### **County Tax Rate Limit**

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

The property tax rate established for general County operating purposes and special administrative levies as part of the 1993 adopted budget was approximately \$4.08 per \$1,000 of equalized value. 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. For 2006, the operating tax rate was approximately \$ 3.39 per \$ 1,000 of equalized value.

The County adopted a debt levy rate of approximately \$ 1.42 per \$ 1,000 of equalized value as part of the 1993 budget. The conditions under which the debt service rate may be increased include: 1) a referendum is held that approves the debt issuance; 2) the County Board of Supervisors adopts a resolution that sets forth its reasonable expectation that the issuance of the debt will not cause the County to increase the debt levy rate; 3) the issuance of the debt was authorized by an initial resolution adopted prior to the effective date of the rate limit; 4) the debt is issued for certain specified purposes, including financing regional projects under Section 67.05 (7)(f); 5) the debt is issued to fund or refund outstanding municipal obligations; or 6) the County Board of Supervisors adopts an initial resolution authorizing the issuance of the debt by a vote of at least three-fourths of the members-elect of the County Board. In conformance with the conditions outlined above, the County levied a debt levy rate of \$ 0.85 per \$ 1,000 of equalized value for the 2006 budget.

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

### **Debt Administration**

The County Board and County Executive monitor all anticipated borrowing plans of the County on a continuing basis. In 1994, Milwaukee County revised existing policies and established new policies that directly and indirectly affected its borrowing practices. Some of the changes included the development of guidelines for maximum debt burdens, modifications to the procedures for accepting competitive bids, and the maximum length of maturity.

Wisconsin Statutes limit the County's direct general obligation borrowing to an amount equivalent to 5% of the equalized valuation of taxable property. At December 31, 2006, the County had \$ 456.6 million of general obligation debt compared to a debt limit of \$3,180 million. County debt as a percent of the limit is 14.4%. The equalized value of property was \$63.6 billion as of that same date.

Approximately 88.3 percent of the County's general purpose obligations will be retired within ten years. County general purpose obligations do not include revenue bonds issued by the County with respect to the airports. For 2006, total debt of the County, which includes general purpose and Airport revenue bond obligations, was \$ 634.6 million. As of December 31, 2006, approximately \$ 216.5 million or 34.1 percent of the County's outstanding general purpose and revenue debt is for the Airports. Pursuant to the lease agreements with the airlines, signatory airlines are obligated to

pay all principal and accrued interest payments on debt issued on behalf of the Airports.

Milwaukee County has maintained its ratings from Fitch IBCA, Moody's Investors Service, and Standard & Poor's Corporation on general obligation bond issues. Any explanations of the significance of ratings may be obtained from the rating agencies.

<u>Fitch IBCA</u>	<u>Moody's Investors Service</u>	<u>Standard &amp; Poor's</u>
AA	Aa3	AA

In September 2003, the County authorized, but did not issue, general obligation promissory notes in the principal amount of \$14.22 million pursuant to the Credit Assistance agreement with a local company. These promissory notes would be issued in the event that the company defaults on Industrial Revenue Bonds issued within the last ten years to construct maintenance facilities for the company. In return for the credit assistance, the County obtained a mortgage on these maintenance facilities and \$4.9 million of debt reserves. Community Development Block Grant funds, for economic development, from the State of Wisconsin provided \$4.0 million of the reserve funds. These reserve funds accrue interest and are now at a balance of \$5.4 million.

In 2004, the County provided a guarantee totaling \$ 1.0 million of the \$ 3.2 million loan of a non-profit corporation, for the purchase of a building. This guarantee is now at \$ 0.6 million, based on terms of the original agreement.

On April 1, 2006, the County issued \$31.59 million of General Obligation Corporate Purpose Bonds. These bonds were used for various capital improvement projects of the County including highways and bridges, parks improvements, building improvements and the replacement of buses and other vehicles.

### **Cash Management and Investment Policies**

Milwaukee County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The County may purchase investment securities at prevailing market rates as allowed by Wisconsin State Statutes (S.66.0603(1m)) and Milwaukee County Ordinance. To the extent possible, the County attempts to match its investments with anticipated cash flow requirements. In the absence of individual security maturity limitations specified in the State Statutes, the County does not directly invest in securities maturing more than ten years from the date of purchase. County policy requires that direct investment in public depository securities is further limited to a maximum investment, per institution of \$500,000 at one time, unless an acceptable form of collateral, surety, or other guarantee exists assuring the principal repayment to the County. The County's

investment policy limits the use of reverse repurchase agreements to transactions with commercial banks located in the State of Wisconsin to a period of time no longer than 14 days. The County enters into reverse repurchase agreements for cash flow purposes only.

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

## **Risk Management**

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

## **Pension Trust Fund Operations**

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

## **F) OTHER INFORMATION**

### **Independent Audit**

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

The selection of the independent audit firm was developed by a committee composed of representatives from the Department of Audit, County Controller's office, and two representatives from at-large departments. A request for proposal was submitted to all eligible firms. The firms who wanted to propose on the County audit submitted bids that were reviewed and ranked by the committee. The County Board and County Executive then approved the contract of the successful bidder.

The audit was performed to provide reasonable assurance that the financial statements are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2006 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of the CAFR.

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

### **Certificate of Achievement**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the year ended December 31, 2005. This was the twenty-seventh consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

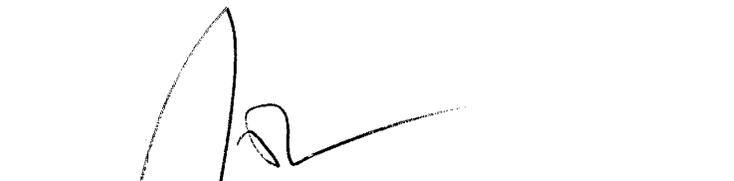
## Acknowledgements

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Department of Administrative Services, Fiscal Affairs Division, the assistance of personnel in the various departments and through the competent service of the independent public accountants as well as the Department of Audit. We would like to express our appreciation to all persons who assisted in its preparation.

Respectfully submitted,



Cynthia Archer, Fiscal and Budget Administrator  
Department of Administrative Services



Scott Walker  
County Executive

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Milwaukee  
Wisconsin

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

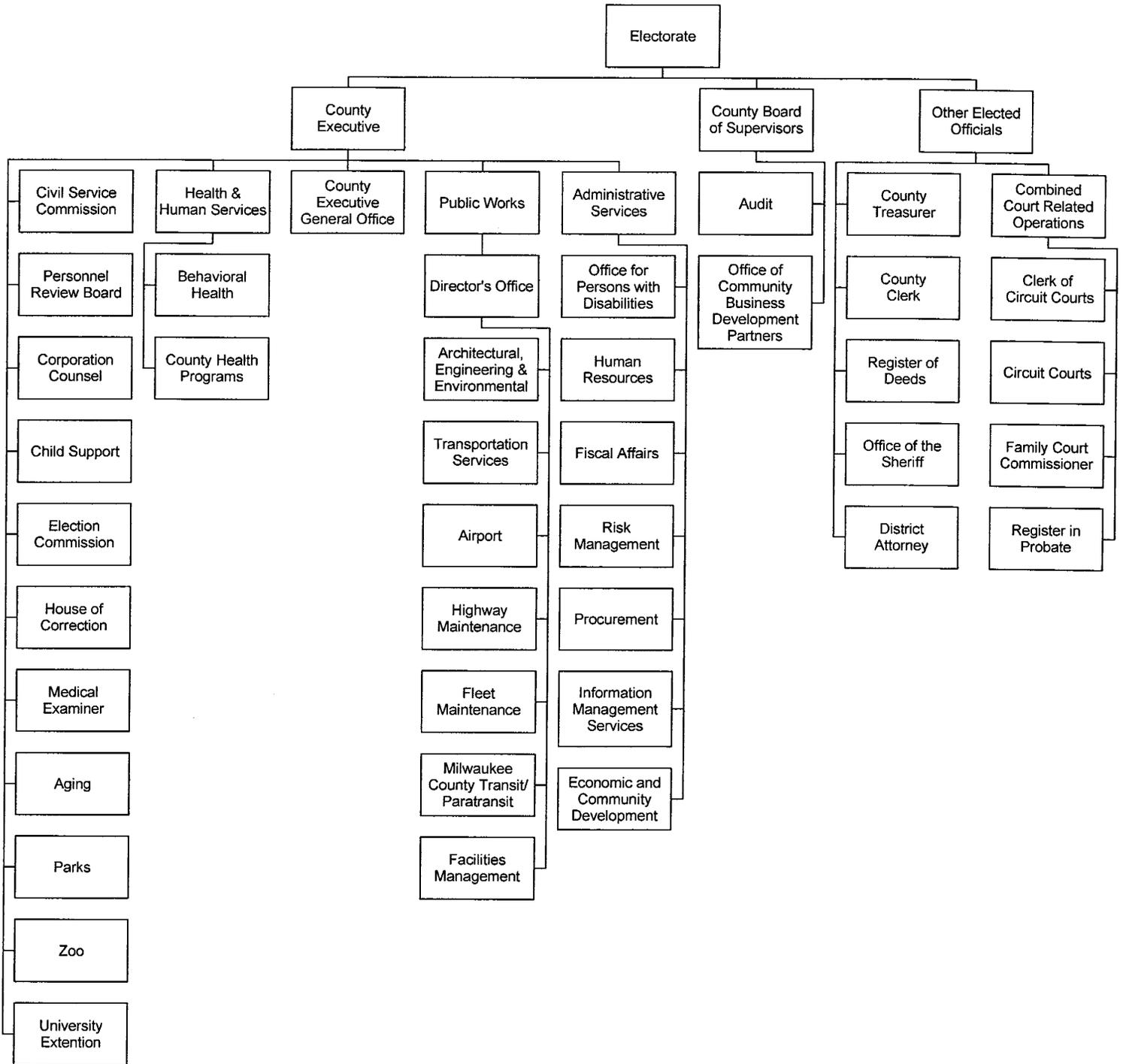
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# County of Milwaukee Organization Chart



**COUNTY OF MILWAUKEE**

**LIST OF PRINCIPAL OFFICIALS**

**ELECTED**

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

**Supervisors and Their District by Number**

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

**APPOINTED**

**Departments**

**Title**

Human Services	Director	Rob Henken
Mental Health Division	Administrator	Jim Hill
Circuit Courts	Chief Judge	Kitty K. Brennan
Corporation Counsel	Corporation Counsel	William Domina
Administration	Director	Linda Seemeyer
Audit	Director	Jerome Heer
Labor Relations	Director	Vacant
Human Resources	Director	Vacant
Transportation and Public Works	Director	George A. Torres
Family Court Commissioner	Commissioner	Michael J. Bruch

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

**APPOINTED Continued**

**Departments**

**Title**

House of Correction	Superintendent	Ronald Malone
Medical Examiner	Medical Examiner	Dr. Jeffrey Jentzen
Parks, Recreation, and Culture	Parks Director	Susan Black
Register in Probate	Register in Probate	Robert R. Knoll
Zoological Department	Director	Charles Wikenhauser

## **FINANCIAL SECTION**

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



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Milwaukee, Wisconsin, as of and for the year ended December 31, 2006, 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, the Private Industry Council of Milwaukee County Inc., A Workforce Development Board and the Milwaukee County Research Park Corporation, which represent 51 percent and 62 percent, respectively, of the assets and the operating revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Milwaukee County War Memorial Center, Inc., the Marcus Center for the Performing Arts, the Private Industry Council of Milwaukee County Inc., A Workforce Development Board 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. The financial statements of the Milwaukee Public Museum, Inc., the Milwaukee County War Memorial Center, Inc., the Marcus Center for the Performing Arts and the Milwaukee County Research Park Corporation were not audited in accordance with *Government Auditing Standards*.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Milwaukee, Wisconsin, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have issued our report dated July 20, 2007 on our consideration of the County of Milwaukee's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and schedules of funding progress and employer contributions – Employees' Retirement System on pages 26 through 46 and pages 129 through 130, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we and the other auditors did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Milwaukee's basic financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

*Vinstow, Krause + Company, LLP*

Milwaukee, Wisconsin  
July 20, 2007

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

This section of the County of Milwaukee's comprehensive annual financial report provides a narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2006. 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 \$ 454,638 on a government-wide basis as of December 31, 2006. The unrestricted net assets of the County were a negative \$ 10,698.
- For the fiscal year, program and general revenues of the County's governmental activities amounted to \$ 912,834. Expenses amounted to \$ 907,890 (includes operating transfers out of \$ 61,764).
- For the fiscal year, revenues of the County's business-type activities were \$ 339,043, and expenses were \$ 398,937. The DHHS-Behavioral Health Division and the Transit System are budgeted to receive and then are provided annually operating transfers from the General Fund to offset the shortfall between revenues and expenses. Operating transfers to these funds were \$ 61,764 for 2006.

#### **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, 2006, the County's governmental funds reported combined ending fund balances of \$88,840, as compared to \$ 71,468 for the year ended December 31, 2005.

# FINANCIAL HIGHLIGHTS (Continued)

## Highlights for Fund Financial Statements (Continued)

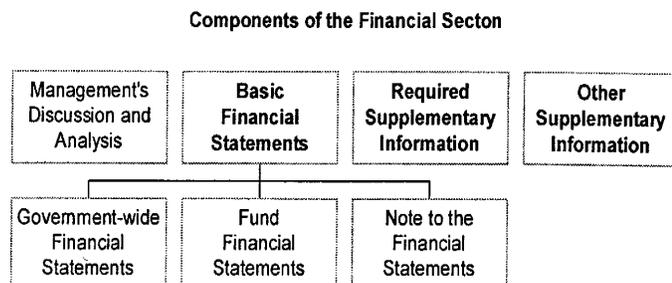
- At the end of the 2006 fiscal year, unreserved fund balance for the General Fund was \$5,942 or 0.7% of total General Fund expenditures. At the end of the 2005 fiscal year the unreserved fund balance of the General Fund was \$ 4,404.
- The County's enterprise funds had combined net assets of \$215,627, as of December 31, 2006, compared to \$213,757, as of December 31, 2005.

## General Financial Highlights

- In April 2006, the County issued \$ 31,595 of General Obligation Bonds to finance various capital needs.
- In November 2006, the Airport, an enterprise fund of the County, issued \$ 25,665 of revenue bonds for improvements to two concourses at General Mitchell International Airport. The Airport also issued \$5,020 of Airport Revenue Refunding Bonds to refund certain general obligations bonds.

# OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

### Government-wide Financial Statements

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

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

The second statement- *the statement of activities*- presents information showing how the County's net assets changed during 2006. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for not only current uses of cash flow but also for items that will result in cash flows in a future fiscal period (e.g. uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of Milwaukee County that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The governmental activities of Milwaukee County include legislative, executive and staff, general government, courts and judiciary services, public safety, public works and highways, human services, and parks, recreation and culture. The business-type activities of Milwaukee County include the Airports, DHHS-Behavioral Health Division, 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, the Marcus Center for Performing Arts, and the Private Industry Council of Milwaukee County are the County's discretely presented component units.

# OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

## Government-wide Financial Statements (Continued)

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

The government-wide financial statements can be found on pages 48-49 of this report.

## Fund Financial Statements

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

### ***Governmental funds***

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

The County maintains 9 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.

# OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

## Fund Financial Statements (Continued)

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

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

The governmental fund financial statements can be found on pages 50-54 of this report.

### ***Proprietary funds***

The County maintains two different types of proprietary funds: enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities of the Airports, DHHS-Behavioral Health Division, 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, DHHS-Behavioral Health Division 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 55-57 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

# **OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

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

### ***Fiduciary funds (Continued)***

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 58-59 of this report.

### ***Notes to the Financial Statements***

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

The notes can be found on pages 62-127 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 to its employees.

Required supplementary information can be found on pages 128-130 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 131-148 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Milwaukee County, assets exceeded liabilities by \$ 454,638 at the close of the fiscal year. The County's increase in net assets for this fiscal year amounts to \$ 6,814.

### County of Milwaukee, Wisconsin Net Assets

	Governmental Activities		Business-type Activities		Primary Government Total	
	2006	2005	2006	2005	2006	2005
	Current and Other Assets	\$ 480,869	\$ 449,346	\$ 139,036	\$ 136,295	\$ 619,905
Long-Term Assets	4,442	5,541	-	-	4,442	5,541
Capital Assets	633,651	632,613	363,310	350,629	996,961	983,242
Total Assets	1,118,962	1,087,500	502,346	486,924	1,621,308	1,574,424
Current Liabilities	436,512	420,512	59,033	59,783	495,545	480,295
Long-term Liabilities	443,439	432,921	227,686	213,384	671,125	646,305
Total Liabilities	879,951	853,433	286,719	273,167	1,166,670	1,126,600
Net Assets:						
Invested in Capital Assets, Net of Related Debt	215,539	239,957	194,022	174,016	409,561	413,973
Restricted	39,594	38,415	16,181	13,742	55,775	52,157
Unrestricted	(16,122)	(44,305)	5,424	25,999	(10,698)	(18,306)
Total Net Assets	\$ 239,011	\$ 234,067	\$ 215,627	\$ 213,757	\$ 454,638	\$ 447,824

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## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The largest portion of the County's net assets (90.2%) reflects its investment in capital assets (e.g. land, land improvements, buildings, vehicles, equipment and infrastructure, net of depreciation and amortization) less the outstanding debt that was used to acquire those assets. For 2006, the balance of capital assets net of related debt was \$ 409.5 million. 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.

The restricted net assets portion represents resources that are subject to external restriction on how they may be used. Restricted net assets of \$ 55.8 million of the County's net assets represent resources that are subject to external restrictions some of which include debt service, airport 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 \$ 10.7 million as of the end of 2006.

### Composition of Net Assets of the Primary Government As of December 31, 2006

	Primary Government	
	2006	2005
<b>Net Assets:</b>		
Invested in Capital Assets,		
Net of Related Debt	\$ 409,561	\$ 413,973
Restricted	55,775	52,157
Unrestricted	(10,698)	(18,306)
<b>Total Net Assets</b>	<b>\$ 454,638</b>	<b>\$ 447,824</b>

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# GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

## Statement of Activities

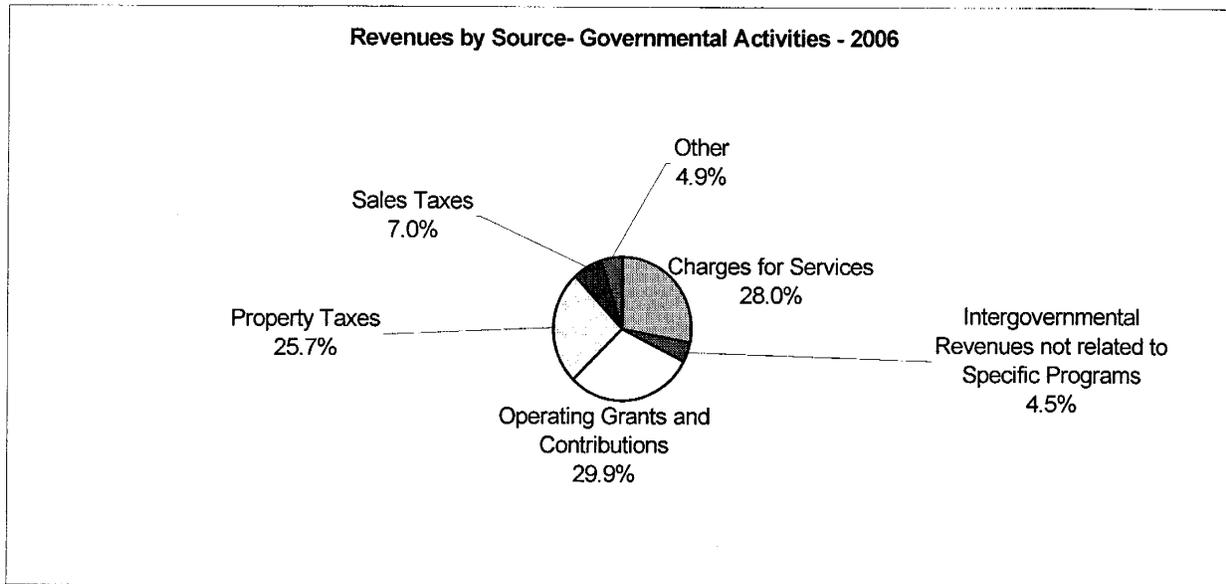
The following table provides the summary of the changes in net assets for the primary government for the fiscal years ended December 31, 2006 and 2005:

**County of Milwaukee, Wisconsin  
Summary of Changes in Net Assets**

	Governmental Activities		Business-type Activities		Primary Government Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 255,925	\$ 243,880	\$ 178,553	\$ 163,226	\$ 434,478	\$ 407,106
Operating Grants and Contributions	272,604	270,785	148,513	140,581	421,117	411,366
Capital Grants and Contributions	-	3,410	10,248	7,127	10,248	10,537
General Revenues:						
Property Taxes	234,317	228,628	-	-	234,317	228,628
Sales Taxes	63,654	62,673	-	-	63,654	62,673
Investment Income and Rents	12,185	4,839	1,698	1,001	13,883	5,840
Intergovernmental Revenues						
Not Related to Specific Programs	41,332	40,242	-	-	41,332	40,242
Gain on Sale of Capital Assets	93	93	31	31	124	124
Other-Revenue	32,724	33,730	-	-	32,724	33,730
<b>Total Revenues</b>	<b>912,834</b>	<b>888,280</b>	<b>339,043</b>	<b>311,966</b>	<b>1,251,877</b>	<b>1,200,246</b>
<b>Expenses:</b>						
Legislative, Executive, and Staff	65,242	70,546	-	-	65,242	70,546
Courts and Judiciary	58,432	56,517	-	-	58,432	56,517
General Governmental Services	9,884	8,152	-	-	9,884	8,152
Public Safety	146,410	138,885	-	-	146,410	138,885
Public Works and Highways	59,141	88,133	-	-	59,141	88,133
Human Services	398,245	363,558	-	-	398,245	363,558
Parks, Recreation, and Culture	72,361	69,150	-	-	72,361	69,150
Other	19,891	19,222	-	-	19,891	19,222
Interest	16,520	17,497	-	-	16,520	17,497
Airport	-	-	64,254	58,894	64,254	58,894
DHHS-Behavioral Health	-	-	171,064	157,233	171,064	157,233
Transit	-	-	163,619	157,623	163,619	157,623
<b>Total Expenses</b>	<b>846,126</b>	<b>831,660</b>	<b>398,937</b>	<b>373,750</b>	<b>1,245,063</b>	<b>1,205,410</b>
<b>Change in Net Assets Before Transfers</b>	<b>66,708</b>	<b>56,620</b>	<b>(59,894)</b>	<b>(61,784)</b>	<b>6,814</b>	<b>(5,164)</b>
Transfers	(61,764)	(52,809)	61,764	52,809	-	-
<b>Change in Net Assets</b>	<b>4,944</b>	<b>3,811</b>	<b>1,870</b>	<b>(8,975)</b>	<b>6,814</b>	<b>(5,164)</b>
<b>Net Assets- Beginning of the Year</b>	<b>234,067</b>	<b>230,256</b>	<b>213,757</b>	<b>222,732</b>	<b>447,824</b>	<b>452,988</b>
<b>Net Assets- End of the Year</b>	<b>\$ 239,011</b>	<b>\$ 234,067</b>	<b>\$ 215,627</b>	<b>\$ 213,757</b>	<b>\$ 454,638</b>	<b>\$ 447,824</b>

# GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

## Governmental Activities



Revenues for the County's governmental activities were \$ 912,834 for the fiscal year 2006, representing an increase of \$ 24,554 over fiscal year 2005. Sources of revenue for 2006 as a percentage of total revenues are shown above. Taxes, both property and sales constitute the largest source of County revenues, amounting to \$ 297,971 for fiscal year 2006, an increase of \$ 6,670 over the fiscal year 2005. Real property taxes of \$ 234,317 represent over 78.6% of total taxes, but only 25.6% of all revenues combined. Sales taxes provided tax revenue of \$ 63,654, or 7.0% of all revenues combined. Governmental activities investment revenue is a combination of investment income and rent income. 2006 investment and rent income of \$ 12,185 increased \$ 7,346 over fiscal year 2005, which is an increase of 151.8 %. Investment income increased \$ 7,007, which represents 95.3% of the total investment and rent income growth. A change in the County's investment strategy and increased interest rates account for the increase in investment income.

Some of the cost of governmental activities was paid for by those who directly benefited from the programs, as a charge for services of \$ 255,925, while other governmental activities were paid for by government and non-profit organizations as operating and capital grants, and contributions of \$ 272,604.

Charges for services increased to \$ 255,925 in 2006, an increase of \$ 12,045 over the 2005 fiscal year. This increase in charges for services represent enrollment growth and thus more collections from the new enrollees in the State of Wisconsin family care program in the Department on Aging. Department on Aging Care Management Organization (CMO) brought membership obligation invoicing and collections inhouse,

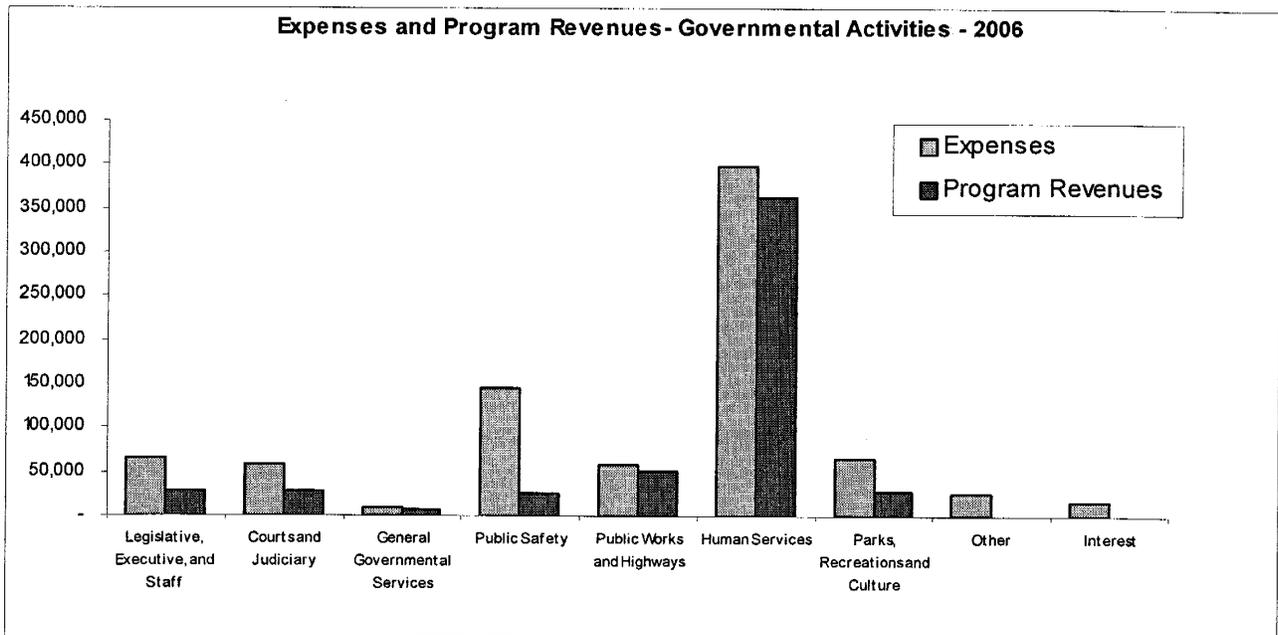
# GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

## Governmental Activities (Continued)

which also improved collections. Operating grants and contributions continue to support the majority of the social services with \$ 272,604 of governmental activity funding. This revenue increased by \$ 1,819 over the 2005 fiscal year.

Total cost of all of the County's governmental activities for the fiscal year 2006 was \$ 846,126, representing an increase of \$ 14,466 over 2005 activity. As the chart indicates below, human services continue to be the County's largest program. Human services cost was \$ 398,245, an increase of \$ 34,687 over the prior year, due primarily to the continued growth of family care program, in the Department on Aging. This program was established for the elderly in place of normal Medicare funding. The net tax contribution for human services was \$ 35,758.

Public safety represents the second largest expense totaling \$ 146,410 for the operation of correctional facilities, pre-trial holding facilities, county sheriff services, and the district attorney. Public safety expenses increased by \$ 7,525 compared to prior year expenses. The net tax levy cost for public safety for 2006 was \$ 121,271.



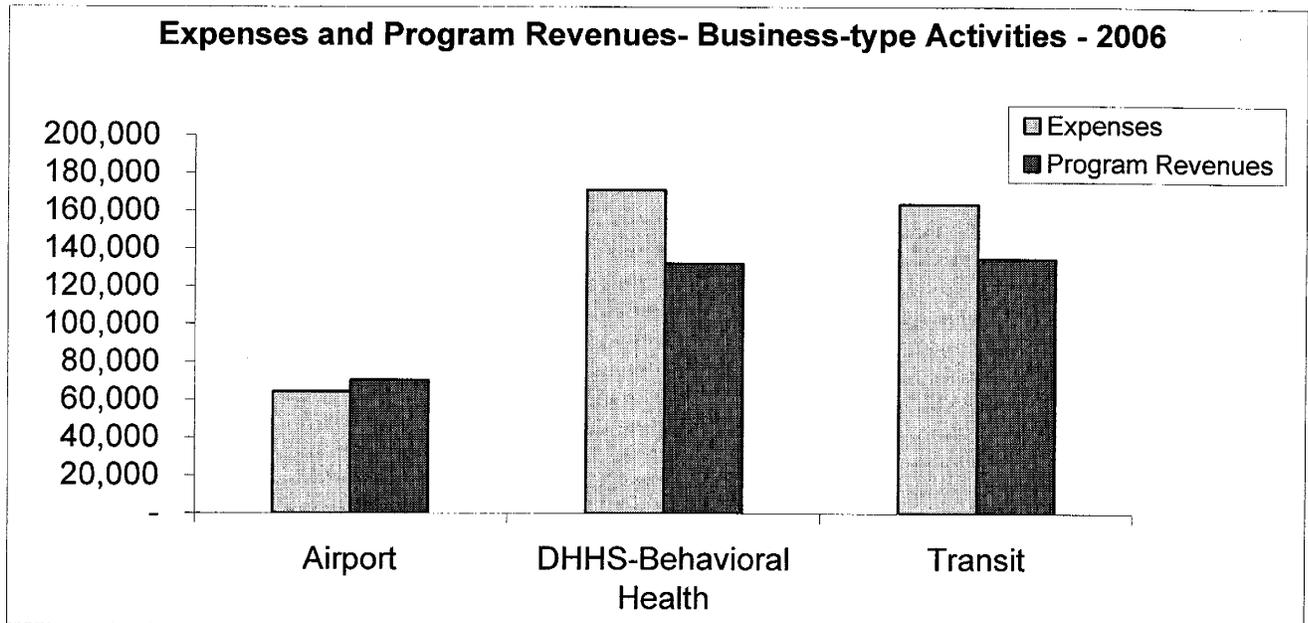
## Business-type activities

The Airports recover 96% of all costs of operation from fees charged to airlines for use of the airports, including fees received from ancillary services of the airports. Operating transfers are negligible for the Airports. The DHHS-Behavioral Health Division, and

# GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

## Business-type activities (Continued)

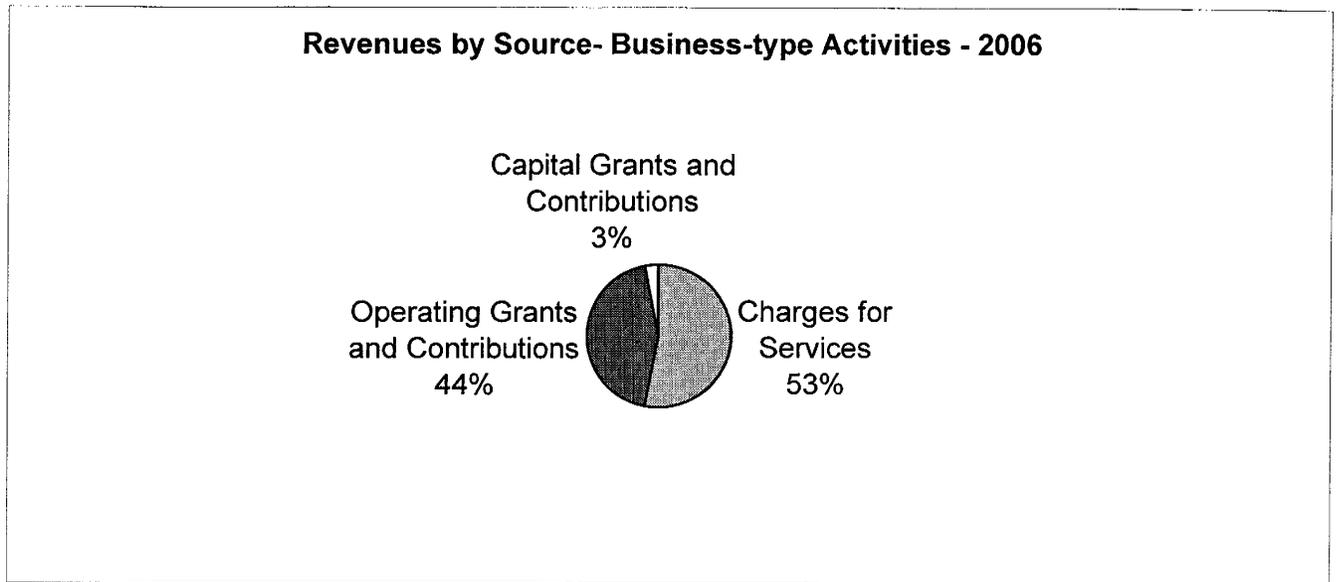
Transit System require operating transfers from the governmental activities funds for support of their operation. Total governmental activity operating support through operating transfers for DHHS-Behavioral Health and the Transit System was \$ 38,705 and \$19,532, respectively, for fiscal year 2006. Total state and federal grants, and contributions for the Transit System was \$ 79,162 for 2006. This is an increase of \$29 over the 2005 fiscal year. Direct support from users of the Transit System was \$45,705 or 28% of total expenses. The Transit System uses federal grant funds to purchase capital assets, plus pay for maintenance parts and tires. State funding is available to cover general operating costs, but this grant funding has been fixed in recent years. Operating grants and contributions, and charges for services for the DHHS-Behavioral Health Division was \$ 69,135, and \$ 50,881, respectively.



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# GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

## Business-type activities (Continued)



## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

### Governmental funds.

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

As of December 31, 2006, the County's governmental funds reported combined ending fund balances of \$ 88,840. Approximately 6.7% of this amount or \$ 5,942 constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has been committed. The reserved fund balance consists of \$ 1,156 for inventories, \$ 30,604 for encumbrances, \$ 5,573 for debt service, \$ 4,664 for 2007 appropriations, \$ 4,901 for 2008 appropriations, and \$ 36,000 for endowments, bequests, restricted donations, and restricted user fees. Restricted user fees (public facilities charges) (PFC)) are fees collected by Airlines that are restricted for revenue

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (Continued)**

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

bond debt and or future capital needs of the Airports. These fees are recorded in the non-major governmental funds. The general, debt service, and capital projects funds are reported as major funds.

The general fund is the chief operating fund of the County. At December 31, 2006, unreserved fund balance of the general fund was \$ 5,942 while total fund balance reached \$ 39,280. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 0.82% of total fund expenditures, while total fund balance represents 5.4% of that same amount.

The fund balance of the County's general fund increased by, \$15,246 during the 2006 fiscal year. Cost saving measures, an increase in the reserve for encumbrances, and the application of 2006 tax levy to offset a prior year deficit led to this increase.

The debt service fund has a total fund balance of \$ 5,573 all of which is reserved for the payment of debt service. The net increase in the debt service reserve for the current year was \$ 2,594. The reserve was used in 2006, for debt service interest costs, but was replenished with bond premium, of \$2,121 from 2006 general obligation bond issue plus a \$ 2,000 transfer from general fund reserves.

The capital projects fund has a total fund balance of \$ 7,987 all of which is reserved for commitments made on capital projects in progress. The net decrease in fund balance during the current year in the capital projects fund was \$ 468. The fund balance decreased due to the County's continuing goal of completing projects sooner, and due to lower capital funding in recent years.

### **Proprietary funds.**

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

Unrestricted net assets of the three major funds, which include the Airports, DHHS-Behavioral Health Division, and the Transit System at the end of the year, were \$ 5,424. Total net assets of these same three major funds were \$215,627 as of the end of 2006 and \$ 213,757 as of the end of 2005. The total growth/(decline) in net assets for Airports, DHHS-Behavioral Health Division, and the Transit System funds were \$ 11,376, \$ (306), and \$ (9,200), respectively.

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# GENERAL FUND BUDGETARY HIGHLIGHTS

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Net Assets - Budgetary**  
**Basis**  
**For the Year Ending December 31, 2006**  
**(In Thousands)**

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>Revenues and Other Sources</u></b>				
Taxes	\$298,506	\$298,506	\$297,221	\$ (1,285)
Intergovernmental Revenue	289,253	305,545	292,298	(13,247)
Charges for Services	213,074	216,353	228,898	12,545
Other	53,696	53,694	46,648	(7,046)
<b>Total</b>	<b>\$854,529</b>	<b>\$874,098</b>	<b>\$865,065</b>	<b>\$ (9,033)</b>
<b><u>Expenditures and Other Uses</u></b>				
Expenditures	\$728,450	\$747,720	\$724,546	\$23,174
Transfers	126,079	126,378	137,015	(10,637)
<b>Total</b>	<b>\$854,529</b>	<b>\$874,098</b>	<b>\$861,561</b>	<b>\$12,537</b>
<b>Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,504</b>	<b>\$ 3,504</b>

As shown above, revenues and other financing sources exceeded expenditures and other financing uses by \$ 3.5 million in the General Fund for the year ended December 31, 2006. This is a variance from budget of \$ 3.5 million. 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 by the inclusion of encumbrances of \$ 10.2 million in expenditures offset by the inclusion of a negative contribution from reserves for 2006 appropriations of (\$ 1.6) million.

Actual General Fund revenues were less than budgeted revenues by \$ 9.0 million during fiscal year 2006. These decreases in revenues are due to lower inter-governmental revenue of \$ 13.2 million, lower sales tax revenue of \$ 1.2 million and lower other revenue of \$7.0 million offset by an increase in charges for services of \$12.5 million. The reduction in intergovernmental revenue is primarily from the Courts-Children's Division (\$ 1.0 million), Department of Administrative Services-Economic and Community Development (\$6.9 million), and Human Services (\$ 5.3 million). The lower revenue in Courts-Children's Division is a result of lower than anticipated referrals from the courts. Courts federally matched cost reimbursement revenue is reduced due to lower than expected expenditures. The lower revenue in Human Services of \$5.3 million is due to; budgeted grant revenues of \$ 4.8 million to be earned by the Wraparound program, which was never approved. The lower revenue in all of these departments was offset by reduced expenditures in these same departments.

## GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

The County has experienced negative growth in sales tax revenue collections three of the last four years. The trend of negative growth continued in 2006 with lower revenue from sales tax of \$1.2 million as compared to budget.

Actual General Fund expenditures were lower than amended budget expenditures by \$23.1 million. This variance is mainly due to departments that receive outside revenues lowering their costs to offset reduced revenues. Reduced expenditures are primarily associated with grant expenditures, and personnel costs including fringe benefits.

There are three basic reasons for increases between the original budget and the amended budget: fund transfer requests from departments, carryover of capital outlay and the associated revenue from the prior year, and carryover of encumbrances from the prior year. The encumbrance carryover process is automatic each year, and is authorized by Wisconsin State statute and Milwaukee County ordinance. The carryover of capital outlay and the associated revenue is also authorized by State statute and is approved by the County Board on a preliminary basis in March and finalized in April. During the fiscal year, the County Board receives fund transfer requests from departments. These transfer requests are reviewed and approved by the County Board.

The difference between the original budget revenue of \$ 854,529 and the final budget revenue of \$ 874,098 for an increase of \$ 19,569 include the following:

- \$ 5,391 of the associated revenue is from operating department's carryovers, and general carryover of operating grants from the prior year.
- \$ 14,178 are revenue fund transfer requests, from departments, the most significant of which are briefly summarized as follows:
  - The Department of Child Support revenue increased by \$ 2,200, of which \$ 1,392 is from the State of Wisconsin Department of Workforce Development-Special Improvement Fund for Child Support Enforcement. No local match was required to receive these funds.
  - Revenue for Office of the Sheriff increased by \$ 2,244 of which \$ 497 was from the State of Wisconsin Office of Justice Assistance - Homeland Security Program, and \$ 516 was from the State of Wisconsin and Federal Urban Area Security Initiative.
  - The Department of Health and Human Services reflects a revenue increase of \$ 5,550 of which \$ 1,763 is from the Community Options Program-Waiver (COP-W) and Children's Long Term Support Waiver Program grants. \$ 1,400 is from the Department of Health and Human Services Medical Assistance Transportation Program. The State Department of Health & Family Services funds these programs through a contract with Milwaukee County.

## GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

- The Department of Parks had a revenue increase of \$ 3,066 to transfer and establish the Parks Service Division, from Facilities Management back to the Department of Parks.
- The remaining \$ 1,118 was primarily from State and Federal grant revenue reimbursement increases for Veterans Service, County Board – Office of Community Business Development Partners, Department of Administrative Services-Persons with Disabilities, Combined Court Related Operations, House of Correction, District Attorney, Highway Maintenance, Department on Aging, and University Extension Services.

The difference between the original budget expenditure of \$ 728,450 (before transfers) and the final budget expenditure of \$ 747,720 (before transfers) for an increased appropriation of \$ 19,270 include the following:

- \$ 5,601 are net expenditure appropriation carryovers, associated with capital outlay and encumbrances, from the prior year.
- \$ 13,669 are fund expenditure transfer requests, from departments, the most significant of which are briefly summarized as follows:
  - The Department of Child Support expenditures increase of \$ 2,275 of which \$ 1,322 was from the State of Wisconsin Department of Workforce Development-Special Improvement Fund for Child Support Enforcement to establish expenditure authority for personal services, commodities, and major maintenance and equipment.
  - Sheriff's had additional expenditure authority of \$ 2,961. \$ 497 was from the Milwaukee County Homeland Security/Equipment grant, which provided equipment to the County and municipalities located within the County. \$ 516 was from the Urban Area Security Initiative to upgrade the County's 800 MHz radio system.
  - \$5,093 was to align the Department of Health and Human Services 2006 Adopted Budget with the actual 2006 State/County Contract for the provision of various human services.
  - The Department of Parks expenditures increased by \$ 4,297 of which \$ 3,050 was to establish operating expenditure authority for Parks maintenance, that was transferred from Facilities Management to the Department of Parks.

Transfers also represent the net budgeted funds to be provided by the General Fund to breakeven the remaining governmental fund departments, proprietary fund

## GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

departments, and component units (original budget of \$ 126,079 and amended budget of \$ 126,378). The net contribution actually made by the General Fund to other funds was \$ 137,015. The General Fund collects all of the property tax and sales tax revenues of the County, which was \$ 297,971 for 2006. Intergovernmental revenues not related to a specific program were \$ 41,332. These revenues are then transferred at the end of the year to the other governmental funds and the proprietary funds to offset any shortfalls between revenues and expenditures. Any gains in these same funds are returned to the General Fund, except for the Airport, who is required to maintain any gains or losses as part of its lease agreements and revenue bond agreements. The change in transfers between the original budget and the amended budget is due to the net changes in carryovers and encumbrances between years, and any net transfers made from the general fund to proprietary fund departments.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Milwaukee County's investment in capital assets for its governmental and business-type activities as of December 31, 2006 amounts to \$ 996,961 (net of accumulated depreciation of \$ 867,925). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery, vehicles and equipment, and infrastructure. All infrastructure assets of the County are included in this report. The total increase in the County's investment in capital assets for the current fiscal year is 1.40% (a 0.16% increase in governmental activities and a 3.62% increase for business-type activities). Major capital asset events in the current year included the following:

- Continuation of roadway-related projects include, reconstruction of a portion of North Port Washington Road and construction to West Rawson Avenue for a combined cost of \$ 3,490.
- The Airport continued several capital projects, including the D Concourse improvements to increase the area for airline activities, the E Concourse stem remodeling, the Cessna Apron addition, and the outer taxiway extension. The cost of these projects for 2006 are \$2,476, \$1,567, \$2,287 and \$4,656, respectively. All four of these projects are funded with Airport revenue bonds and passenger facility charge (PFC) revenues. Revenue bonds for these projects were issued in 2006.
- Other Airport capital improvements include enhancements to the security system, and an upgrade to the electrical system for a cost of \$1,290.
- Park's continued various infrastructure improvements for a cost of \$ 4,302.
- The South Shore breakwater shoreline protection bike trail construction cost was \$2,182 for 2006.
- Milwaukee County War Memorial HVAC replacement cost was \$ 1,869.
- Continuation of upgrading the County's fleet equipment for a cost of \$ 1,743.

# CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

## Capital Assets (Continued)

- \$2,512 was spent on the Transit bus replacement program.
- The Courthouse annex demolition and parking lot construction renovation cost was \$8,739.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2006	2005	2006	2005	2006	2005
Land	\$ 59,520	\$ 59,520	\$ 22,441	\$ 22,441	\$ 81,961	\$ 81,961
Land Improvements	88,439	88,414	43,316	43,244	131,755	131,658
Building and Improvements	302,143	291,233	125,477	137,057	427,620	428,290
Furniture, Vehicles & Equipment	46,081	43,053	68,300	77,277	114,381	120,330
Infrastructure	77,313	77,572	-	-	77,313	77,572
Construction in Progress	60,155	72,821	103,776	70,610	163,931	143,431
<b>Total</b>	<b>\$ 633,651</b>	<b>\$ 632,613</b>	<b>\$ 363,310</b>	<b>\$ 350,629</b>	<b>\$ 996,961</b>	<b>\$ 983,242</b>

Additional information on the County's capital assets can be found in Note 5 on pages 96-101 of this report.

## Long-term debt

At December 31, 2006, the County had total debt outstanding of \$ 634,622. Of this amount, \$ 456,597 comprised of general obligation bonds and \$ 178,025 of airport revenue bonds.

### Milwaukee County's Outstanding Debt General Obligation and Revenues Bonds

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$ 418,112	\$ 420,674	\$ 38,485	\$ 53,049	\$ 456,597	\$ 473,723
Revenue Bonds	-	-	178,025	152,855	178,025	152,855
<b>Totals</b>	<b>\$ 418,112</b>	<b>\$ 420,674</b>	<b>\$ 216,510</b>	<b>\$ 205,904</b>	<b>\$ 634,622</b>	<b>\$ 626,578</b>

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

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

The County's total debt increased by \$ 8.04 million during the year ended December 31, 2006. This increase is a combination of a net increase in revenue bonds of \$ 25,170 and a net decrease in general obligation bonds of \$17,126. Revenue bond proceeds, from newly issued revenue bonds, exceeded the principal payments on the revenue bonds. In addition, revenue bonds totaling \$ 5.0 million were issued to replace outstanding general obligation bonds. General obligation bond principal payments exceeded the proceeds received from newly issued general obligation bonds therefore general obligation debt decreased. Airport revenue bond refunding of general obligation bond debt for 2005 of \$ 7,775 and for 2006 of \$ 5,020 were issued to refund Airport general obligation debt. The refunding was completed in 2006, which reduced outstanding general obligation bonds.

New general obligation bonds were issued for \$ 31,595 to finance the following capital projects: highways and bridges \$ 1,435; transit bus replacement and improvement, DHHS building renovation and improvement, and parking lot construction, and general government buildings and related improvements for \$ 30,105; and parks, recreational, and cultural facilities \$ 55. New airport revenue bonds were issued in November 2006 for \$ 25,665 to finance the C Concourse expansion for \$ 12,595, the E Concourse stem remodeling for \$ 9,320, the Inline Baggage screening design for \$ 1,670, the North Fixed Base Operator Apron reconstruction for \$ 233, the Cessna Apron addition for \$66, and debt service reserve deposit of \$2,320 plus capitalized interest of \$ 452.

Additional information on the County's long-term debt can be found in Note 8 on pages 102-112 of this report.

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

- Milwaukee County unemployment rate decreased for 2006 to 5.7%, the national average unemployment rate decreased to 4.6%.
- Equalized value of taxable property increased to \$ 63.6 billion in 2006 from \$ 56.7 billion in 2005.

During the 2006 fiscal year, the County had a net excess of revenues over expenditures of \$ 4,901 after considering net revenue from operations and changes in reserve balances. This excess is identified on the governmental funds balance sheet as a Reserved for 2008 Appropriations, and will be added to the revenue of the 2008 budget.

### **Request for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, Milwaukee County Court House, 901 North 9<sup>th</sup> Street, Room 308, Milwaukee, WI 53233.

## **BASIC FINANCIAL STATEMENTS**

COUNTY OF MILWAUKEE  
Statement of Net Assets  
December 31, 2006  
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 118,691	\$ 59,633	\$ 178,324	\$ 4,638
Cash and Investments -- Restricted	39,423	45,824	85,247	-
Receivables:				
Accounts (Net of Allowances for Doubtful Accounts)	1,873	21,973	23,846	2,211
Property Taxes:				
Current Levy	241,882	-	241,882	-
Delinquent	9,296	-	9,296	-
Accrued Interest and Dividends	4,702	-	4,702	-
Notes	1,117	-	1,117	-
Other	10,612	2,877	13,489	-
Due From Other Governments	50,977	4,290	55,267	-
Inventories	1,814	3,904	5,718	87
Prepaid Items	482	309	791	252
Other Assets	-	226	226	-
Total Current Assets	<u>480,869</u>	<u>139,036</u>	<u>619,905</u>	<u>7,188</u>
Noncurrent Assets:				
Long-term Investments	-	-	-	3,866
Contributions Receivable	-	-	-	628
Notes Receivable	4,019	-	4,019	-
Deferred Charges	423	-	423	-
Other Assets	-	-	-	1,050
Capital Assets (Net)				
Land	59,520	22,441	81,961	170
Construction in Progress	60,155	103,776	163,931	1,412
Land Improvements	197,469	127,123	324,592	-
Buildings and Improvements	579,825	296,963	876,788	41,391
Machinery, Vehicles and Equipment	116,878	168,688	285,566	9,635
Infrastructure	132,048	-	132,048	-
Less: Accumulated Depreciation	<u>(512,244)</u>	<u>(355,681)</u>	<u>(867,925)</u>	<u>(17,934)</u>
Total Capital Assets (Net)	<u>633,651</u>	<u>363,310</u>	<u>996,961</u>	<u>34,674</u>
Total Noncurrent Assets	<u>638,093</u>	<u>363,310</u>	<u>1,001,403</u>	<u>40,218</u>
Total Assets	<u>\$ 1,118,962</u>	<u>\$ 502,346</u>	<u>\$ 1,621,308</u>	<u>\$ 47,406</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 51,699	\$ 11,609	\$ 63,308	\$ 2,072
Accrued Liabilities	39,936	3,632	43,568	1,365
Accrued Interest Payable	6,157	1,316	7,473	69
Accrued Pension Payable	27,862	-	27,862	-
Due to Other Governments	1,084	46	1,130	-
Unearned Revenues	244,017	11,810	255,827	1,176
Bonds and Notes Payable	35,696	10,332	46,028	835
Net Pension Obligation	5,127	-	5,127	-
Unfunded Claims and Judgments	750	-	750	-
Landfill Postclosure Costs	261	-	261	-
Compensated Absences Payable	18,306	10,623	28,929	-
Risk Claims	5,616	7,216	12,832	-
Other Current Liabilities	1	2,449	2,450	841
Total Current Liabilities	<u>436,512</u>	<u>59,033</u>	<u>495,545</u>	<u>6,358</u>
Noncurrent Liabilities:				
Bonds and Notes Payable	382,416	35,559	417,975	26,581
Bonds and Notes Payable -- Revenue Bonds	-	170,619	170,619	-
Net Pension Obligation	20,509	-	20,509	-
Unfunded Claims and Judgments	9,250	-	9,250	-
Landfill Postclosure Costs	4,610	-	4,610	-
Compensated Absences Payable	23,822	14,265	38,087	-
Capital Leases	-	-	-	92
Risk Claims	2,832	7,243	10,075	-
Accrued Pension and Postretirement Benefits	-	-	-	8,771
Total Noncurrent Liabilities	<u>443,439</u>	<u>227,686</u>	<u>671,125</u>	<u>35,444</u>
Total Liabilities	<u>879,951</u>	<u>286,719</u>	<u>1,166,670</u>	<u>41,802</u>
<b>NET ASSETS</b>				
Unrestricted (Deficit)	(16,122)	5,424	(10,698)	(6,634)
Restricted for:				
Debt Service	3,594	12,061	15,655	-
Capital Asset Needs	-	4,120	4,120	-
Airport PFC	34,128	-	34,128	-
Other	1,872	-	1,872	4,865
Invested in Capital Assets, Net of Related Debt	215,539	194,022	409,561	7,373
Total Net Assets	<u>239,011</u>	<u>215,627</u>	<u>454,638</u>	<u>5,604</u>
Total Liabilities and Net Assets	<u>\$ 1,118,962</u>	<u>\$ 502,346</u>	<u>\$ 1,621,308</u>	<u>\$ 47,406</u>

**COUNTY OF MILWAUKEE**  
**Statement of Activities**  
**For The Year Ended December 31, 2006**  
(In Thousands)

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Business-Type Activities	Total	
			Operating Grants and Contributions	Capital Grants and Contributions				
<b>Primary Government:</b>								
Legislative, Executive and Staff	\$ (65,242)	\$ 8,839	\$ 19,125	\$ -	\$ (37,278)	\$ -	\$ (37,278)	-
Courts and Judiciary	(58,432)	3,597	24,249	-	(30,586)	-	(30,586)	-
General Governmental Services	(9,884)	6,314	121	-	(3,449)	-	(3,449)	-
Public Safety	(146,410)	5,233	19,906	-	(121,271)	-	(121,271)	-
Public Works and Highways	(59,141)	25,707	24,976	-	(8,458)	-	(8,458)	-
Human Services	(398,245)	179,628	182,859	-	(35,758)	-	(35,758)	-
Parks, Recreation and Culture	(72,361)	26,607	1,368	-	(44,386)	-	(44,386)	-
Other	(19,891)	-	-	-	(19,891)	-	(19,891)	-
Interest	(16,520)	-	-	-	(16,520)	-	(16,520)	-
Total Governmental Activities	(846,126)	255,925	272,604	-	(317,597)	-	(317,597)	-
<b>Business-Type Activities:</b>								
Airport	(64,254)	61,744	216	8,445	-	6,151	6,151	-
DHHS-Behavioral Health	(171,064)	62,873	69,135	45	-	(39,011)	(39,011)	-
Transit	(163,619)	53,936	79,162	1,758	-	(28,763)	(28,763)	-
Total Business-Type Activities	(398,937)	178,553	148,513	10,248	-	(61,623)	(61,623)	-
<b>Total Primary Government</b>	<b>\$ (1,245,063)</b>	<b>\$ 434,478</b>	<b>\$ 421,117</b>	<b>\$ 10,248</b>	<b>(317,597)</b>	<b>(61,623)</b>	<b>(379,220)</b>	<b>-</b>
<b>Component Units:</b>								
Museum	\$ (17,277)	\$ 10,759	\$ 3,634	\$ -	\$ -	\$ -	\$ -	(2,884)
War Memorial Center	(2,792)	438	1,677	-	-	-	-	(677)
Marcus Center	(7,520)	3,131	1,280	-	-	-	-	(3,109)
Private Industry Council	(11,733)	214	11,517	-	-	-	-	(2)
Research Park Corporation	(3,239)	170	-	-	-	-	-	(3,069)
Total Component Units	(42,561)	14,712	18,108	-	-	-	-	(9,741)
<b>General Revenues:</b>								
Property Taxes					234,317	-	234,317	-
Sales Taxes					63,654	-	63,654	-
Intergovernmental Revenues Not Related to Specific Program					41,332	-	41,332	-
Investment Income					12,185	1,698	13,883	4,478
Gain on Sale of Capital Assets					93	31	124	-
Other -- Revenue					32,724	-	32,724	5,156
Transfers					(61,764)	61,764	-	-
Total General Revenues and Transfers					322,541	63,493	386,034	9,634
<b>Change in Net Assets</b>					<b>4,944</b>	<b>1,870</b>	<b>6,814</b>	<b>(107)</b>
<b>Net Assets -- Beginning (as restated)</b>					<b>234,067</b>	<b>213,757</b>	<b>447,824</b>	<b>5,711</b>
<b>Net Assets -- Ending</b>					<b>\$ 239,011</b>	<b>\$ 215,627</b>	<b>\$ 454,638</b>	<b>\$ 5,604</b>

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

COUNTY OF MILWAUKEE  
Balance Sheet  
Governmental Funds  
December 31, 2006  
(In Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Investments	\$ 76,496	\$ 6,243	\$ 15,452	\$ 1,909	\$ 100,100
Cash and Investments -- Restricted	5,295	-	-	34,128	39,423
Receivables:					
Accounts (Net of Allowances for Doubtful Accounts)	1,132	-	-	-	1,132
Property Taxes:					
Current Levy	241,882	-	-	-	241,882
Delinquent	9,296	-	-	-	9,296
Accrued Interest	4,702	-	-	-	4,702
Notes Receivable	1,537	3,599	-	-	5,136
Other	10,503	-	109	-	10,612
Due From Other Governments	49,149	-	1,567	-	50,716
Inventories	1,156	-	-	-	1,156
Prepaid Items	289	-	-	54	343
<b>Total Assets</b>	<u>\$ 401,437</u>	<u>\$ 9,842</u>	<u>\$ 17,128</u>	<u>\$ 36,091</u>	<u>\$ 464,498</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ 41,256	\$ 101	\$ 9,141	\$ 90	\$ 50,588
Accrued Liabilities	39,310	569	-	-	39,879
Accrued Single-Employer Pension Payable	27,862	-	-	-	27,862
Other Liabilities	-	-	-	1	1
Due to Other Governments	1,084	-	-	-	1,084
Deferred Revenues	252,645	3,599	-	-	256,244
<b>Total Liabilities</b>	<u>362,157</u>	<u>4,269</u>	<u>9,141</u>	<u>91</u>	<u>375,658</u>
Fund Balance:					
Reserved for 2008 Appropriations	4,901	-	-	-	4,901
Reserved for 2007 Appropriations	4,664	-	-	-	4,664
Reserved for Debt Service	-	5,573	-	-	5,573
Reserved for Encumbrances	22,617	-	7,987	-	30,604
Reserved for Inventories	1,156	-	-	-	1,156
Reserved for Health and Safety	-	-	-	70	70
Reserved for Zoo	-	-	-	553	553
Reserved for Parks	-	-	-	711	711
Reserved for Persons with Disabilities	-	-	-	115	115
Reserved for Behavioral Health Division	-	-	-	423	423
Reserved for Airport PFC	-	-	-	34,128	34,128
Unreserved -- Designated for Delinquent Property Tax	5,522	-	-	-	5,522
Unreserved -- Designated for Economic Development	150	-	-	-	150
Unreserved -- Designated for Housing	270	-	-	-	270
<b>Total Fund Balance</b>	<u>39,280</u>	<u>5,573</u>	<u>7,987</u>	<u>36,000</u>	<u>88,840</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 401,437</u>	<u>\$ 9,842</u>	<u>\$ 17,128</u>	<u>\$ 36,091</u>	<u>\$ 464,498</u>

COUNTY OF MILWAUKEE  
 Reconciliation of the Balance Sheet  
 of Governmental Funds  
 to the Statement of Net Assets  
 For the Year Ended December 31, 2006  
 (In Thousands)

Total Fund Balances for Governmental Funds as of 12/31/06 \$ 88,840

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

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

Land	58,138
Land Improvements	187,382
Buildings and Improvements	479,590
Machinery, Vehicles and Equipment	45,195
Infrastructure	132,048
Construction in Progress	55,962
Less: Accumulated Depreciation	(381,207)

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

17,691

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.

12,451

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 Payable	(375,361)
Unamortized Debt Issue Costs	423
Pension Obligations	(25,636)
Compensated Absences -- Long-Term	(36,056)
Landfill Postclosure Costs	(4,871)
Unfunded Claims and Judgments	(10,000)

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

(5,578)

Total Net Assets of Governmental Activities as of 12/31/06

\$ 239,011

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, 2006  
(In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Intergovernmental	\$ 292,298	\$ -	\$ 10,677	\$ -	\$ 302,975
Property Taxes	234,317	-	-	-	234,317
Sales Taxes	62,904	-	750	-	63,654
Investment Income and Rents	13,448	1,066	600	1,174	16,288
Charges for Services	228,898	-	-	725	229,623
Fines and Forfeits	3,616	-	-	-	3,616
Licenses and Permits	634	-	-	-	634
PFC Revenues	-	-	-	10,268	10,268
Other	28,950	5,793	14	150	34,907
Total Revenues	<u>865,065</u>	<u>6,859</u>	<u>12,041</u>	<u>12,317</u>	<u>896,282</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Legislative, Executive and Staff	37,729	-	-	-	37,729
Courts and Judiciary	56,964	-	-	-	56,964
General Governmental Services	7,731	-	-	-	7,731
Public Safety	136,634	-	-	-	136,634
Public Works and Highways	13,850	-	-	-	13,850
Human Services	394,560	-	-	59	394,619
Parks, Recreation and Culture	63,366	-	-	828	64,194
Other	10,002	100	-	5,304	15,406
Capital Outlay	-	-	45,608	-	45,608
<b>Debt Service:</b>					
Principal Retirement	-	28,437	-	-	28,437
Interest	-	15,025	-	-	15,025
Total Expenditures	<u>720,836</u>	<u>43,562</u>	<u>45,608</u>	<u>6,191</u>	<u>816,197</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	<u>144,229</u>	<u>(36,703)</u>	<u>(33,567)</u>	<u>6,126</u>	<u>80,085</u>
<b>Other Financing Sources (Uses):</b>					
General Obligation Bonds Issued	-	-	31,595	-	31,595
Premium on Debt Issued	-	2,121	-	-	2,121
Transfers In	2,670	37,176	2,520	-	42,366
Transfers Out	(131,653)	-	(1,016)	(6,126)	(138,795)
Total Other Financing Sources (Uses)	<u>(128,983)</u>	<u>39,297</u>	<u>33,099</u>	<u>(6,126)</u>	<u>(62,713)</u>
Net Change in Fund Balances	15,246	2,594	(468)	-	17,372
Fund Balances - Beginning	24,034	2,979	8,455	36,000	71,468
Fund Balances - Ending	<u>\$ 39,280</u>	<u>\$ 5,573</u>	<u>\$ 7,987</u>	<u>\$ 36,000</u>	<u>\$ 88,840</u>

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

COUNTY OF MILWAUKEE  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balance  
 of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended December 31, 2006  
 (In Thousands)

Net change in fund balances -- total governmental funds \$ 17,372

**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	45,608
Capital outlay reported as an expenditure in the General Fund	3,582
Items reported as capital outlay that were not capitalized	(1,864)
Depreciation reported in the government-wide statements	(28,667)
Net book value of assets retired	(3,530)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 667

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	(31,595)
Premium on Debt issued	(2,121)
Principal repaid	28,437

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. (3,370)

Principal payments reduce notes receivable on the Statement of Net Assets but are reported as revenues in the funds. (3,409)

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	(569)
Amortization of Bond Costs	(926)
Pension Obligations	(25,636)
Landfill Postclosure Costs	8,908
Compensated Absences	(1,067)
Unfunded Claims and Judgments	3,124

Change in net assets of governmental activities \$ 4,944

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, 2006  
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 289,253	\$ 305,545	\$ 292,298	\$ (13,247)
Property Taxes	233,827	233,827	234,317	490
Charges for Services	213,074	216,353	228,898	12,545
Sales Taxes	64,679	64,679	62,904	(1,775)
Investment Income and Rents	8,433	8,432	13,448	5,016
Fines and Forfeits	3,146	3,146	3,616	470
Licenses and Permits	490	490	634	144
Other	41,627	41,626	28,950	(12,676)
<b>Total Revenues</b>	<u>854,529</u>	<u>874,098</u>	<u>865,065</u>	<u>(9,033)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Legislative, Executive and Staff	39,547	45,979	39,757	6,222
Courts and Judiciary	56,121	59,105	57,543	1,562
General Governmental Services	7,054	9,110	7,748	1,362
Public Safety	137,635	139,613	137,880	1,733
Public Works and Highways	17,518	15,478	13,895	1,583
Human Services	384,537	393,471	397,703	(4,232)
Parks, Recreation and Culture	58,417	62,032	57,181	4,851
Other	27,621	22,932	12,839	10,093
<b>Total Expenditures</b>	<u>728,450</u>	<u>747,720</u>	<u>724,546</u>	<u>23,174</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>126,079</u>	<u>126,378</u>	<u>140,519</u>	<u>14,141</u>
<b>Other Financing Sources (Uses):</b>				
Application of Fund Balance				
Reserved for 2006 Appropriations	(1,573)	(1,573)	(1,573)	-
Transfers In	-	-	2,670	2,670
Transfers Out	(118,047)	(118,346)	(131,653)	(13,307)
Transfers To Component Units	(6,459)	(6,459)	(6,459)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(126,079)</u>	<u>(126,378)</u>	<u>(137,015)</u>	<u>(10,637)</u>
<b>Net Change in Fund Balance</b>	-	-	3,504	3,504
Fund Balances -- Beginning	24,034	24,034	24,034	-
<b>Fund Balances -- Ending</b>	<u>\$ 24,034</u>	<u>\$ 24,034</u>	<u>\$ 27,538</u>	<u>\$ 3,504</u>

COUNTY OF MILWAUKEE  
Balance Sheet  
Proprietary Funds  
December 31, 2006  
(In Thousands)

	Business-Type Activities -- Enterprise Funds				Governmental Activities -- Internal Service Funds
	Airports	DHHS Behavioral Health	Transit System	Total	
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Investments	\$ 27,993	\$ 3,901	\$ 27,739	\$ 59,633	\$ 18,591
Cash and Investments -- Restricted	45,824	-	-	45,824	-
<b>Receivables:</b>					
Accounts (Net of Allowances for Uncollectible Accounts and Contractual Adjustments)	7,870	13,826	277	21,973	741
Other	79	-	2,798	2,877	-
Due From Other Governments	-	-	4,290	4,290	261
Inventories	-	471	3,433	3,904	658
Prepaid Items	-	-	309	309	139
Other Assets	-	-	226	226	-
<b>Total Current Assets</b>	<b>81,766</b>	<b>18,198</b>	<b>39,072</b>	<b>139,036</b>	<b>20,390</b>
<b>Capital Assets:</b>					
Land	19,669	-	2,772	22,441	1,382
Construction in Progress	98,461	754	4,561	103,776	4,193
Land Improvements	119,228	1,634	6,261	127,123	10,087
Building and Improvements	199,695	37,528	59,740	296,963	100,235
Furniture, Vehicles and Equipment	7,078	5,094	156,516	168,688	71,683
<b>Total Capital Assets</b>	<b>444,131</b>	<b>45,010</b>	<b>229,850</b>	<b>718,991</b>	<b>187,580</b>
Less Accumulated Depreciation	(194,822)	(35,227)	(125,632)	(355,681)	(131,037)
<b>Net Capital Assets</b>	<b>249,309</b>	<b>9,783</b>	<b>104,218</b>	<b>363,310</b>	<b>56,543</b>
<b>Total Assets</b>	<b>\$ 331,075</b>	<b>\$ 27,981</b>	<b>\$ 143,290</b>	<b>\$ 502,346</b>	<b>\$ 76,933</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$ 2,010	\$ 6,440	\$ 3,159	\$ 11,609	\$ 1,111
Accrued Liabilities	912	237	3,799	4,948	636
Due To Other Governments	-	46	-	46	-
Unearned Revenues	9,309	113	2,388	11,810	224
Bonds Payable-Current Portion	8,623	390	1,319	10,332	5,020
Compensated Absences	871	3,836	5,916	10,623	1,701
Risk Claims	-	-	7,216	7,216	5,616
Other Liabilities	215	259	1,975	2,449	-
<b>Total Current Liabilities</b>	<b>21,940</b>	<b>11,321</b>	<b>25,772</b>	<b>59,033</b>	<b>14,308</b>
<b>Long-Term Liabilities:</b>					
Bonds Payable -- Long-Term	6,176	6,318	23,065	35,559	37,731
Bonds Payable -- Revenue Bonds	170,619	-	-	170,619	-
Compensated Absences	1,749	6,016	6,500	14,265	4,371
Risk Claims	-	-	7,243	7,243	2,832
<b>Total Long-Term Liabilities</b>	<b>178,544</b>	<b>12,334</b>	<b>36,808</b>	<b>227,686</b>	<b>44,934</b>
<b>Total Liabilities</b>	<b>200,484</b>	<b>23,655</b>	<b>62,580</b>	<b>286,719</b>	<b>59,242</b>
<b>Net Assets</b>					
Unrestricted	3,297	1,251	876	5,424	3,899
<b>Restricted for:</b>					
Debt Service	12,061	-	-	12,061	-
Capital Asset Needs	4,120	-	-	4,120	-
Invested in Capital Assets, Net of Related Debt	111,113	3,075	79,834	194,022	13,792
<b>Total Net Assets</b>	<b>130,591</b>	<b>4,326</b>	<b>80,710</b>	<b>215,627</b>	<b>17,691</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 331,075</b>	<b>\$ 27,981</b>	<b>\$ 143,290</b>	<b>\$ 502,346</b>	<b>\$ 76,933</b>

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

COUNTY OF MILWAUKEE  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2006  
(In Thousands)

	Business-Type Activities -- Enterprise Funds				Governmental Activities -- Internal Service Funds
	Airports	DHHS Behavioral Health	Transit System	Total	
Operating Revenues:					
Charges for Services:					
Patient Service Revenues, Net of Provision for Uncollectible Accounts and Contractual Allowances	\$ -	\$ 50,773	\$ -	\$ 50,773	\$ -
Net Patient Service Revenues	-	50,773	-	50,773	-
Rentals and Other Service Fees	50,323	102	139	50,564	34,729
Admissions and Concessions	11,406	6	-	11,412	-
Transit Fares	-	-	45,705	45,705	-
Total Charges for Services	61,729	50,881	45,844	158,454	34,729
Other Revenues	15	11,992	8,123	20,130	818
Total Operating Revenues	61,744	62,873	53,967	178,584	35,547
Operating Expenses:					
Personnel Services	15,507	73,188	108,223	196,918	35,220
Contractual Services	13,745	8,967	24,143	46,855	10,952
Intra-County Services	9,305	3,613	888	13,806	1,780
Commodities	1,998	7,593	13,061	22,652	3,681
Depreciation and Amortization	14,000	818	12,794	27,612	8,747
Maintenance	1,079	-	492	1,571	1,755
Insurance and Claims	-	-	-	-	5,753
Client Payments	2,222	76,543	2,900	81,665	2,263
Total Operating Expenses	57,856	170,722	162,501	391,079	70,151
Operating Income (Loss)	3,888	(107,849)	(108,534)	(212,495)	(34,604)
Nonoperating Revenues (Expenses):					
Intergovernmental Revenues	216	69,135	79,162	148,513	525
Investment Income	1,698	-	-	1,698	-
Interest Expense	(6,398)	(342)	(1,118)	(7,858)	(1,979)
Total Nonoperating Revenues (Expenses)	(4,484)	68,793	78,044	142,353	(1,454)
Income (Loss) Before Contributions and Transfers	(596)	(39,056)	(30,490)	(70,142)	(36,058)
Capital Contributions	8,445	45	1,758	10,248	(1,977)
Transfers In	6,588	39,056	19,995	65,639	36,167
Transfers Out	(3,061)	(351)	(463)	(3,875)	(1,502)
Changes in Net Assets	11,376	(306)	(9,200)	1,870	(3,370)
Net Assets -- Beginning	119,215	4,632	89,910	213,757	21,061
Net Assets -- Ending	<u>\$ 130,591</u>	<u>\$ 4,326</u>	<u>\$ 80,710</u>	<u>\$ 215,627</u>	<u>\$ 17,691</u>

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

COUNTY OF MILWAUKEE  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2006  
(In Thousands)

	Business-Type Activities -- Enterprise Funds				Governmental Activities -- Internal Service Funds
	Airports	DHHS Behavioral Health	Transit System	Total	
<b>Cash Flows Provided (Used) by Operating Activities:</b>					
Receipts from Customers and Users	\$ 62,676	\$ 60,482	\$ 54,390	\$ 177,548	\$ 5,395
Receipts from Interfund Services	-	-	-	-	29,886
Payments to Suppliers	(18,426)	(94,330)	(40,343)	(153,099)	(24,570)
Payments to Employees	(15,260)	(73,030)	(106,974)	(195,264)	(35,309)
Payments for Interfund Services Used	(9,305)	(3,613)	(888)	(13,806)	(2,546)
Net Cash Flows Provided (Used) by Operating Activities	<u>19,685</u>	<u>(110,491)</u>	<u>(93,815)</u>	<u>(184,621)</u>	<u>(27,144)</u>
<b>Cash Flows Provided (Used) by Noncapital Financing Activities:</b>					
Intergovernmental Revenues	216	69,135	79,162	148,513	525
Transfers From Other Funds	6,588	39,056	19,995	65,639	36,167
Transfers (To) Other Funds	(3,061)	(351)	(463)	(3,875)	(1,502)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>3,743</u>	<u>107,840</u>	<u>98,694</u>	<u>210,277</u>	<u>35,190</u>
<b>Cash Flows Provided (Used) by Capital and Related Financing Activities:</b>					
Proceeds from Bonds	26,216	1,363	875	28,454	8,095
Capital Contributions	8,445	45	1,758	10,248	-
Principal Payment on Bonds	(16,497)	(316)	(1,154)	(17,967)	(8,390)
Interest Paid on Bonds	(6,296)	(348)	(1,095)	(7,739)	(2,037)
Acquisition of Capital Assets	(36,284)	(752)	(3,257)	(40,293)	(5,064)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(24,416)</u>	<u>(8)</u>	<u>(2,873)</u>	<u>(27,297)</u>	<u>(7,396)</u>
<b>Cash Flows Provided (Used) by Investing Activities:</b>					
Investment Income	1,698	-	-	1,698	-
Net Cash Flows Provided (Used) by Investing Activities	<u>1,698</u>	<u>-</u>	<u>-</u>	<u>1,698</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	710	(2,659)	2,006	57	650
Cash and Cash Equivalents at Beginning of Year	73,107	6,560	25,733	105,400	17,941
Cash and Cash Equivalents at End of Year	<u>\$ 73,817</u>	<u>\$ 3,901</u>	<u>\$ 27,739</u>	<u>\$ 105,457</u>	<u>\$ 18,591</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	\$ 3,888	\$ (107,849)	\$ (108,534)	\$ (212,495)	\$ (34,604)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:					
Depreciation and Amortization	14,000	818	12,794	27,612	8,747
(Increase) Decrease in Assets:					
Accounts Receivable	223	(2,391)	(111)	(2,279)	(209)
Other Receivables	(79)	-	(469)	(548)	-
Due From Other Governments	-	-	563	563	19
Inventories	-	(86)	(393)	(479)	19
Prepaid Items	-	-	38	38	(40)
Other Assets	-	-	21	21	-
Increase (Decrease) in Liabilities:					
Accounts Payable	618	2,163	(402)	2,379	(285)
Accrued Liabilities	(10)	(225)	99	(136)	(13)
Due To Other Governments	-	(3,020)	-	(3,020)	-
Unearned Revenues	631	-	419	1,050	(36)
Compensated Absences	257	383	(1,668)	(1,028)	(76)
Risk Claims	-	-	2,818	2,818	(666)
Other Liabilities	157	(284)	1,010	883	-
Total Adjustments	<u>15,797</u>	<u>(2,642)</u>	<u>14,719</u>	<u>27,874</u>	<u>7,460</u>
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 19,685</u>	<u>\$ (110,491)</u>	<u>\$ (93,815)</u>	<u>\$ (184,621)</u>	<u>\$ (27,144)</u>
<b>Noncash investing, financing, and related activities:</b>					
Capital assets contributed from/(to) the general government	<u>\$ (2,572)</u>	<u>\$ (1,120)</u>	<u>\$ 14</u>	<u>\$ (3,678)</u>	<u>(3,124)</u>

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, 2006  
 (In Thousands)

	Pension Trust Fund	Agency Funds
<b><u>Assets</u></b>		
Cash and Investments:		
US Government Securities	\$ 54,586	\$ -
Notes and Bonds	491,901	-
Federal Agency and Mortgage	52,817	-
Real Estate Investments Trust	78,466	-
Common and Preferred Stocks	874,670	-
Venture Capital Investments	23,302	-
Deposits	17,664	26,116
Total Cash and Investments	1,593,406	26,116
Receivables:		
Pension Trust Fund Contribution	27,864	-
Accrued Interest and Dividends	6,546	-
Other	34,123	-
Securities Lending	153,669	-
Other Assets	2,286	-
Total Assets	1,817,894	26,116
<b><u>Liabilities</u></b>		
Accounts Payable	-	150
Agency Deposits	-	25,966
Securities Lending	153,669	-
Other Liabilities	6,029	-
Total Liabilities	159,698	26,116
<b><u>Net Assets</u></b>		
Held in Trust for Pension Benefits	\$ 1,658,196	\$ -

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, 2006  
 (In Thousands)

	Total
Additions:	
Contributions:	
County of Milwaukee	\$ 27,435
Plan Participants	545
	27,980
Investment Income	
Net Appreciation in Fair Value	173,519
Interest and Dividends	33,341
Other Income	663
Total Investment Income	207,523
Security Lending Income	
	6,835
Less: Security Lending Rebates and Fees	(6,552)
Net Security Lending Activity	283
Investment Expense	
	(4,301)
Net Investment Income	203,505
Total Additions	231,485
Deductions:	
Benefits Paid to Retirees and Beneficiaries	(130,731)
Administrative Expenses	(2,322)
Withdrawal of Membership Accounts	(13)
Total Deductions	(133,066)
Change In Plan Net Assets	98,419
Plan Net Assets Held In Trust for Pension Benefits	
Beginning of Year	1,559,777
End of Year	\$ 1,658,196

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, 2006  
(In Thousands)

	Museum	War Memorial Center	Marcus Center	Private Industry Council	Research Park Corporation	Total
<b>Assets</b>						
Current Assets:						
Cash and Investments	\$ 807	\$ 62	\$ 3,437	\$ 168	\$ 164	\$ 4,638
Accounts Receivable	508	-	169	1,354	180	2,211
Inventories	76	-	11	-	-	87
Prepaid Items	180	-	52	19	1	252
Total Current Assets	<u>1,571</u>	<u>62</u>	<u>3,669</u>	<u>1,541</u>	<u>345</u>	<u>7,188</u>
Noncurrent Assets:						
Long-Term Investments	-	-	1,649	-	2,217	3,866
Contributions Receivable	628	-	-	-	-	628
Land	-	-	-	170	-	170
Construction in Progress	1,353	-	59	-	-	1,412
Buildings and Improvements	18,946	-	19,356	3,089	-	41,391
Machinery, Vehicles and Equipment	8,900	-	550	185	-	9,635
Less: Accumulated Depreciation	(8,431)	-	(9,134)	(369)	-	(17,934)
Other	246	-	206	147	451	1,050
Total Noncurrent Assets	<u>21,642</u>	<u>-</u>	<u>12,686</u>	<u>3,222</u>	<u>2,668</u>	<u>40,218</u>
Total Assets	<u>\$ 23,213</u>	<u>\$ 62</u>	<u>\$ 16,355</u>	<u>\$ 4,763</u>	<u>\$ 3,013</u>	<u>\$ 47,406</u>
<b>Liabilities</b>						
Current Liabilities:						
Accounts Payable	\$ 813	\$ -	\$ 227	\$ 972	\$ 60	\$ 2,072
Accrued Liabilities	661	-	242	457	5	1,365
Accrued Interest Payable	69	-	-	-	-	69
Deferred Revenues	752	-	416	6	2	1,176
Notes Payable	100	-	411	250	74	835
Other Liabilities	711	-	64	-	66	841
Total Current Liabilities	<u>3,106</u>	<u>-</u>	<u>1,360</u>	<u>1,685</u>	<u>207</u>	<u>6,358</u>
Noncurrent Liabilities:						
Capital Leases -- Long-term	92	-	-	-	-	92
Accrued Pension and Postretirement Benefits	8,771	-	-	-	-	8,771
Bonds and Financing Charges Payable	20,546	-	2,808	3,094	133	26,581
Total Noncurrent Liabilities	<u>29,409</u>	<u>-</u>	<u>2,808</u>	<u>3,094</u>	<u>133</u>	<u>35,444</u>
Total Liabilities	<u>32,515</u>	<u>-</u>	<u>4,168</u>	<u>4,779</u>	<u>340</u>	<u>41,802</u>
<b>Net Assets</b>						
Unrestricted (Deficit)	(13,983)	1	4,559	253	2,536	(6,634)
Restricted	4,651	61	16	-	137	4,865
Invested in Capital Assets, Net of Related Debt	30	-	7,612	(269)	-	7,373
Total Net Assets	<u>(9,302)</u>	<u>62</u>	<u>12,187</u>	<u>(16)</u>	<u>2,673</u>	<u>5,604</u>
Total Liabilities and Net Assets	<u>\$ 23,213</u>	<u>\$ 62</u>	<u>\$ 16,355</u>	<u>\$ 4,763</u>	<u>\$ 3,013</u>	<u>\$ 47,406</u>

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

COUNTY OF MILWAUKEE  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Component Units  
For the Year Ended December 31, 2006  
(In Thousands)

	<u>Museum</u>	<u>War Memorial Center</u>	<u>Marcus Center</u>	<u>Private Industry Council</u>	<u>Research Park Corporation</u>	<u>Total</u>
<b>Revenues:</b>						
Intergovernmental	\$ 132	\$ -	\$ -	\$ 11,517	\$ -	\$ 11,649
Interest on Investments and Rents	499	632	2,445	-	902	4,478
County Program Support	3,502	1,677	1,280	-	-	6,459
<b>Charges for Services:</b>						
Contributions and memberships	6,488	144	205	15	50	6,902
Other	4,271	294	2,926	199	120	7,810
Other	1,243	53	440	-	3,420	5,156
<b>Total Revenues</b>	<u>16,135</u>	<u>2,800</u>	<u>7,296</u>	<u>11,731</u>	<u>4,492</u>	<u>42,454</u>
<b>Expenses:</b>						
Human Services	-	-	-	11,733	-	11,733
Public Works and Highways	-	-	-	-	3,239	3,239
Parks, Recreation and Culture	17,277	2,792	7,520	-	-	27,589
<b>Total Expenses</b>	<u>17,277</u>	<u>2,792</u>	<u>7,520</u>	<u>11,733</u>	<u>3,239</u>	<u>42,561</u>
<b>Changes in Net Assets</b>	(1,142)	8	(224)	(2)	1,253	(107)
<b>Net Assets -- Beginning (as restated)</b>	<u>(8,160)</u>	<u>54</u>	<u>12,411</u>	<u>(14)</u>	<u>1,420</u>	<u>5,711</u>
<b>Net Assets -- Ending</b>	<u>\$ (9,302)</u>	<u>\$ 62</u>	<u>\$ 12,187</u>	<u>\$ (16)</u>	<u>\$ 2,673</u>	<u>\$ 5,604</u>

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

**Milwaukee County**  
**Notes to the Financial Statements**  
**December 31, 2006**  
**(Amounts Expressed in Thousands)**

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

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

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

In 2006, the County adopted Governmental Accounting Standards Board Statement No. 44, "Economic Condition Reporting: The Statistical Section – an amendment of NCGA Statement 1." This statement amends the portions of NCGA (National Council on Governmental Accounting) Statement 1, Governmental Accounting and Financial Reporting Principles, which guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to the basic financial statements, and required supplementary information, to assess the economic condition of a government. The objective of this statement is to improve the understandability and usefulness of the information that state and local governments present as supplementary information in the statistical section. In addition, this statement establishes and modifies requirements related to the supplementary information presented in a governmental entity's statistical section. This statement applies to state and local governmental entities that prepare a statistical section that accompanies the basic financial statements. Adopting GASB Statement No.44 did not have a significant impact on the County's financial statements for the year ended December 31, 2006.

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

Also in 2006, the County adopted Governmental Accounting Standards Board Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement establishes uniform financial reporting standards for other post employment benefits (OPEB) plans. The approach followed in this statement reflects differences between pension plans and OPEB plans. The statement applies for OPEB trust funds included in the financial reports of plan sponsors or employers, as well as stand-alone financial reports of OPEB plans, or the public employee retirement systems, or third parties that administer them. This statement also provides requirements for reporting OPEB funds by administrators of multiple-employer OPEB plans when the fund used to accumulate assets and pay benefits or premiums when due is not a trust fund. Milwaukee County does not have an OPEB plan and is not aware of any component unit that also maintains an OPEB Plan.

### **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 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.

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

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

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 five 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 five major discretely presented component units, which are described below.

**The Milwaukee County War Memorial Center, Inc** (“The War Memorial Center”) is a non-profit organization organized to operate and maintain the War Memorial Center, the Charles Allis/Villa Terrace Art Museums, and the Marcus Center for the Performing Arts. The Center also provides services to the Milwaukee Art Museum. The governing board of the Center consists of fifteen members who oversee the day-to-day operations. The County Executive appoints four board members. The Board of County Supervisors appoints four other board members. The War Memorial Center is presented as a discretely presented component unit of the County because the County appoints the voting majority of the Center’s governing body and therefore has the ability to impose its will on the Center and because the County provides the majority of the Center’s financial support it has the ability to impose specific financial burdens on the County. The War Memorial Center has a December 31<sup>st</sup> year-end. Effective January 1, 2006, the Marcus Center for the Performing Arts was granted tax-exempt status by the Internal Revenue Service and the Wisconsin Department of Revenue and now operates as a separate entity.

**The Marcus Center for the Performing Arts** (“Marcus Center”) is a not-for-profit non-stock corporation that offers facilities and services to a wide range of performing arts within the state. This cultural center is home to the Milwaukee

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

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

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

Symphony Orchestra, the Milwaukee Ballet Company, the Milwaukee Youth Symphony Orchestra, the Florentine Opera Company, First Stage Milwaukee and other special arts groups within the state. January 1, 2006, the Marcus Center was granted tax-exempt status by the Internal Revenue Service and the Wisconsin Department of Revenue and now operates as a separate entity from the War Memorial Center. The governing body of the Marcus Center consists of a twenty-five member Board of Directors. The County Executive appoints seven board members. The Board of Directors provides oversight and governance for the Marcus Center. The President and CEO oversee the day-to-day operations. The Marcus Center is presented as a discretely presented component unit of the County because the County owns the majority of the economic resources available to the Marcus Center (the building) and the majority of the Marcus Center's debt has been issued by Milwaukee County, therefore the Marcus Center has imposed specific financial burdens on the County. The Marcus Center has a fiscal year ending December 31<sup>st</sup>.

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

**The Private Industry Council of Milwaukee County Inc., A Workforce Development Board**, ("The PIC"), is a workforce development board that is a public/private partnership between government and business that plans, administers, and coordinates employment and training programs for adults and youth in Milwaukee County. The County Executive appoints the thirty-two-member board of directors, which is comprised of representatives from various segments of business, education, labor, and community-based organizations. A majority of the board members must be from the private sector. The PIC is presented as a discretely presented component unit because the County appoints all of the members of the governing body and therefore has the ability to impose its will on the PIC and because the economic resources held by the PIC

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

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

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

are accessible to the County and benefit the County's constituents. The PIC has a fiscal year ending June 30<sup>th</sup>.

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

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

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

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

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

The Private Industry Council of  
Milwaukee County  
2338 N. 27<sup>th</sup> Street  
Milwaukee, WI 53210

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

#### **Related Organizations**

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

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

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

#### **Related Organizations (Continued)**

**Milwaukee County Federated Library System-** The County Executive appoints the seven-member board. One board member is required to be a county board supervisor. Created according to state statute s. 43.15, it is a co-operative of the fifteen public libraries within Milwaukee County, who allow 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 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

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

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

#### **Government-Wide Financial Statements (Continued)**

elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

#### **Fund Financial Statements**

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

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

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

#### **All Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions

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

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

#### **All Financial Statements (Continued)**

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 five-month availability period for these receivables of approximately \$ 9.2 million.

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

#### **Proprietary Funds**

The County's enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all

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

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

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

liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets. The enterprise fund activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

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

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt is 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.

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

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

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

**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.

**DHHS Behavioral Health Fund** accounts for the operation and activities of behavioral health services that provides care and treatment to emotionally and mentally ill adults, children and adolescents on an outpatient, partial hospitalization and inpatient basis.

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

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

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

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

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

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

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

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

**Behavioral Health Division-** Mental health research, patient activities and special events.

**Airport PFC-** (Passenger Facility Charge)-collection of Federal Aviation Administration (FAA) approved passenger charges for capital projects at the Airport.

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **2. Receivables**

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

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

Property tax receivables represent the taxes levied on or before December 31; the lien date. Taxes are recognized in the governmental funds as revenue in the year when they are available to finance county services. Since these property

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

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

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

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.

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

Certain proceeds of the Airport 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 2006, these restricted assets were \$ 16,974. As stated earlier (see item 1 under section D in the notes), the Special Revenue and Agency funds are also restricted resources and are not available to the County to finance its operations. The Airport Revenue Bond

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

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

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

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, the Airport Revenue Bonds 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. Restricted Airport Passenger Facility Charges totaled \$ 28,693 at the end 2006.

In addition, at the end of 2006, the Airport had \$ 28,850 of 2004, 2005, and 2006 revenue bond proceeds that was unspent, and for purposes of this report, are considered restricted.

In addition, the County has restricted \$ 5,435 of contributed assets for a \$ 14,400 debt guarantee made by the County on behalf of a local company. The County provided the guarantee in return for a mortgage on specific assets of the company plus \$ 5,000 of cash provided by the company and the State of Wisconsin. These funds act as a debt reserve, and are included in the Airport PFC's special revenue fund.

Under a contract agreement between the State of Wisconsin Department of Health and Family Services and the County's Department on Aging Care Management Organization, the County is required to restrict cash of \$ 2,250. This restricted cash is for both a restricted reserve and a solvency reserve under the contract.

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

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, drainage, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$ 2,500 (two thousand five

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

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

#### 5. Capital Assets (Continued)

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

hundred dollars) and an estimated useful life in excess of one year. The exception to this is for purchases of data processing equipment in which the initial individual cost has to be more than \$ 1,000 (one thousand dollars). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets received as gifts or donations are recorded at estimated fair market value at the time of receipt.

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

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

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

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

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

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

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

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

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

objective basis for establishing value. Additionally, animal collections have numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impracticable to assign value. Acquisitions are recorded as expenditures in the period of acquisition. In an ongoing commitment to enhance the worldwide reproduction and preservation of animals, the County shares animals with other organizations. Consistent with industry practice, the County does not record any asset or liability for such sharing arrangements, as generally these arrangements are without monetary consideration.

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

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

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

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

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

Generally, accumulated sick pay is forfeited upon termination other than retirement. When an employee retires, accumulated sick leave benefits vest. Most represented employees are entitled to full payment for accumulated sick pay upon retirement. 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 sick pay benefits for retirement were approximately \$ 1,505 in 2006 and \$ 1,248 in 2005.

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

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

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

Amounts of vacation and sick pay earned and vested by employees have been accrued in the government-wide and proprietary fund financial statements. The short-term portions of compensated absences are classified as current liabilities. For the business-type activities and governmental activities the short-term portion is \$ 10,623 and \$ 18,306, respectively. The long-term portion of compensated absences, generally for sick leave payable upon retirement, is classified as compensated absences. Amounts paid to employees in the governmental fund types within 60 days of year-end have been recorded in the governmental funds.

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

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

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

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

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

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

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

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

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

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

##### **Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicated it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

The Board of Supervisors may by two-thirds vote, adopt a resolution prior to the adoption of the tax levy authorizing the use of the surplus in whole to retire

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

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

#### **8. Equity Classifications (Continued)**

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

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 Fund provides an allowance for all third-party payers such as Medicare, Medicaid, HMO's, and other types of health insurance. For all third-party payers a contractual revenue adjustment is accrued in the current year of operations for the difference between billed charges and expected reimbursement. In as much as the adjustment is an estimate, any difference between the amount accrued and the amount settled is recorded in operations in the year of settlement. At December 31, 2006, this allowance was \$ 8,000. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectable as reported at December 31, 2006. All allowances are netted against receivables for financial statement presentation.

#### **10. Capitalization of Interest**

Interest is capitalized on business-type assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested proceeds over the same period. Interest costs related to bond issues are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During 2006, the amount of capitalized interest was \$ 1,176.

#### **11. Obligation for Bond Arbitrage Rebate**

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the "revenue reduction" approach in accounting for rebateable arbitrage. This approach treats excess earnings as a reduction of revenue. The liability for rebateable arbitrage was \$ 101 as of December 31, 2006 and is recorded in the Debt Service Fund.

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

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

#### **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 governmental activities.

#### **13. Capital Contributions**

The capital contributions accounted for in the proprietary fund types represent contributions from other funds and state and federal grant programs. The contributions amount is reported after non-operating revenues and expenses on the statement of revenues, expenses, and changes in fund net assets in accordance with GASB Statement 34.

#### **14. Unearned Revenues**

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

#### **15. Pension Obligations**

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

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

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

#### **16. Encumbrances**

Encumbrance accounting is employed in governmental funds. Encumbrances of purchase orders, contracts and other commitments for the expenditure of funds are recorded as reservation of fund balance until expended. Encumbrances are not reflected as expenditures. Encumbrance appropriations are recorded as reservations of fund balance and are liquidated in subsequent years. Every appropriation lapses at December 31, to the extent that it has not been expended or encumbered. Expenditures are recorded and encumbrances are liquidated when the services or materials are received.

#### **17. Claims and Judgments**

Claims and judgments are recorded as liabilities when the conditions of Statement of Financial Accounting Standards No. 5 have been met. Claims and judgments are liquidated with expendable available financial resources and are recorded during the year as expenditures in the governmental funds. If they are not liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

## **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- reserve for 2006 appropriations and encumbrances. For budget purposes, fund balance-reserved for 2006 appropriations – is reflected as other financing sources whereas, for accounting purposes, it is reflected as part of fund

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

### Budgetary Information (Continued)

balance. For budget purposes, encumbrances are recorded as expenditures as opposed to a reservation of fund balance.

The Board of Supervisors legally adopts annual budgets for the general, debt service, capital projects, enterprise and internal service funds. The legal level of budgetary control is by department. For budget purposes, the Debt Service and Capital Projects Funds are considered departments. Once the budget is adopted, transfers of appropriations among departments require approval by the board of supervisors and are permitted only during the last three months of the year. Supplemental appropriations for the purpose of public emergencies may be made from unanticipated revenues received or surplus earned, as defined by resolution adopted by a vote of two-thirds of the members of the board of supervisors. Supplemental appropriations from the issuance of tax anticipation notes require an affirmative vote of three-fourths of the members of the board of supervisors. During the 2006 fiscal year, the Board of Supervisors adopted no supplemental appropriations.

### Budgetary Basis of Accounting

The "Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Non-GAAP Budgetary Basis)- General Fund " is prepared on a basis consistent with the legally adopted budget. Under this method, encumbrances outstanding are charged to budgetary appropriations and considered as expenditures of the current period. In addition, Fund Balance Reserved for 2006 Appropriations is available for financial expenditures and is reflected as other financing sources (uses). The "Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds" is prepared on a basis consistent with GAAP. Under this method, encumbrances are considered a reservation of fund balance and charged to expenditures in the period in which goods or services are received. Encumbrance amounts at year-end are reflected as a component of the Fund Balance titled "Fund Balance (Deficit) Reserved for Encumbrances". A reconciliation for the General Fund follows:

	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 720,836	\$ (128,983)
Encumbrances	10,169	-
Reserved for 2006 Appropriation	-	(1,573)
Transfers to Component Units	(6,459)	(6,459)
<b>Non-GAAP Budgetary Basis</b>	<b><u>\$ 724,546</u></b>	<b><u>\$ (137,015)</u></b>

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

### **Budgetary Basis of Accounting (Continued)**

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

### **County Tax Rate Limit (Amounts Expressed in Dollars)**

Section 59.605 of the Wisconsin Statutes imposes a limit on the property tax rate that the County can impose upon its citizens. Separate limits were imposed for operating levy rates and debt service levy rates of \$ 4.08 per \$ 1,000 of equalized value and \$ 1.42 per \$ 1,000 of equalized value, respectively. For 2006, the County's actual operating and debt service levy rates were 3.39 per \$ 1,000 of equalized value and \$ .85 per \$ 1,000 of equalized value, respectively.

## **Note 3- Deposits and Investments**

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

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".

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### Note 3- Deposits and Investments (Continued)

#### Reconciliation of Cash and Investments:

##### Statement of Net Assets:

Cash and Investments	\$ 178,324
Cash and Investments- Restricted	85,247
<b>Subtotal</b>	<b>263,571</b>

##### Statement of Fiduciary Net Assets:

Cash and Investments	
Pension Trust Fund	1,593,406
Agency Fund	26,116
<b>Total</b>	<b>\$1,883,093</b>

Deposits-County/Agency	\$ 130,271
Investments-County/Agency	159,416
Pension Deposits	17,664
Pension Investments	1,575,742
<b>Total</b>	<b>\$1,883,093</b>

#### Cash Deposits

The carrying amount of the County's deposits at December 31, 2006 was \$ 130,271 and the bank balance was \$ 142,415.

#### Custodial Credit Risk-Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to cover collateral securities that are in the possession of an outside entity. Deposits with banks are insured by the FDIC in the amount of \$ 100 and by the State Deposit Guarantee Fund in the amount of \$ 400. The County does not have a deposit policy for custodial credit risk. Of the \$ 142,415 deposits with financial institutions, \$ 4,369 was covered by Federal depository insurance and State governmental insurance, subject to availability of funds in the State's Deposit Guarantee Fund, \$ 130,833 was collateralized with government securities held in a separate financial institution in the County's name, and \$ 7,213 was uninsured and uncollateralized and is exposed to custodial credit risk.

#### Investments

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

### Note 3- Deposits and Investments (Continued)

#### Investments (Continued)

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, 2006 the County had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>
U S Agency	\$ 67,412
Government Agency Guaranteed Adjustable Rate Securities	35,038
Government Guaranteed Adjustable Rate Securities	2,028
U S Treasuries	6,782
Municipal Bonds	9,156
Municipal Adjustable Rate Notes	4,800
Guaranteed Investment Contracts	7,599
Commercial Paper	4,899
Corporate Bonds	8,018
Investment in Money Market Funds	13,684
<b>Total</b>	<b>\$ <u>159,416</u></b>

#### Custodial Credit Risk-Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of investment securities that are in the possession of an outside party. Investments are held by the counterparty's trust department or with its agent in the County's name. The County's investment policy states that all securities shall be properly designated as an asset of Milwaukee County and held in safekeeping by a third-party custodial bank or other third-party custodial institution, chartered by the United 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.

### Note 3- Deposits and Investments (Continued)

#### Interest Rate Risk-Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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 State Statutes, the County does not directly invest in securities maturing more than ten years from the date of purchase. For adjustable rate securities, the time to coupon reset is used as the effective maturity period.

As of December 31, 2006, the County had the following investments and maturities:

Investment Type	<u>Investment Maturities (In Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U S Agency	\$ 67,412	\$ 12,957	\$ 52,942	\$ 1,513	\$ -
Government Agency Guaranteed Adjustable Rate Securities	35,038	34,978	60	-	-
Government Guaranteed Adjustable Rate Securities	2,028	2,028	-	-	-
U S Treasuries	6,782	-	6,782	-	-
Municipal Bonds	9,156	-	8,120	1,036	-
Municipal Adjustable Rate Notes	4,800	4,800	-	-	-
Guaranteed Investment Contracts	7,599	-	-	-	7,599
Commercial Paper	4,899	4,899	-	-	-
Corporate Bonds	8,018	999	4,606	2,413	-
Investment in Money Market Funds	13,684	13,684	-	-	-
<b>Totals</b>	<b>\$ 159,416</b>	<b>\$ 74,345</b>	<b>\$ 72,510</b>	<b>\$ 4,962</b>	<b>\$ 7,599</b>

#### Credit Risk-Investments

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

Investment Type	Fair Value	Standard & Poor's	Moody's Investor Service
U S Agency	\$ 67,412	AAA	Aaa
Government Agency Guaranteed Adjustable Rate Securities	35,038	AAA	Aaa
Government Guaranteed Adjustable Rate Securities	2,028	AAA	Aaa
U S Treasuries	6,782	AAA	Aaa
Municipal Bonds	9,156	AAA	Aaa
Municipal Adjustable Rate Notes	4,800	AAA	Aaa
Guaranteed Investment Contracts	7,599	N/A	N/A
Commercial Paper	4,899	AAA	Aaa
Corporate Bonds	8,018	AAA	Aaa
Investment in Money Market Funds	13,684	AAA	Aaa
<b>Total</b>	<b>\$ 159,416</b>		

### Concentration of Credit Risk-Investments

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

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

### **Note 3- Deposits and Investments (Continued)**

#### **Concentration of Credit Risk-Investments (Continued)**

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

The County's investment policy also limits the use of reverse repurchase agreements to transactions with commercial banks located in the State of Wisconsin to a period of time no longer than 14 days. The County enters into reverse repurchase agreements for cash flow purposes only.

At December 31, 2006, the County is not exposed to concentration of credit risk.

#### **Cash Deposits-Pension Trust Fund**

The carrying amount of Pension Trust Fund deposits at December 31, 2006 was \$ 17,664 and the bank balance was \$ 20,989.

#### **Custodial Credit Risk Deposits-Pension Trust Fund**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pension Trust Fund will not be able to recover the value of its deposits. Deposits with banks are insured by the FDIC in the amount \$ 100 and in the amount of \$ 400 by the State Deposit Guarantee Fund. Deposits in excess of \$ 500 are uninsured and uncollateralized. As of December 31, 2006, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund. The Pension Trust Fund does not have a formal policy pertaining to custodial credit risk.

#### **Investments-Pension Trust Fund**

The Pension Board has exclusive control and management responsibility of the Pension Trust Funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of 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.

### Note 3- Deposits and Investments (Continued)

#### Investments-Pension Trust Fund (Continued)

Investments in primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximated fair value. Investments in venture capital partnerships 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, 2006 the Pension Trust Fund had the following investments:

Investment Type	<u>Fair Value</u>
Domestic Common and Preferred Stocks	\$ 551,977
Corporate Bonds and Conv Debentures	457,393
International Common and Preferred Stocks	322,693
Federal Agency and Mortgage-Backed Certificates	52,817
International Fixed Income	34,508
US Government, State Obligations	54,586
Real Estate Investments Trusts	78,466
Venture Capital	23,302
<b>Total</b>	<b><u>\$ 1,575,742</u></b>

#### Custodial Credit Risk-Investments-Pension Trust Fund

Custodial credit risk for investments is the risk that, in the event a counterparty fails, the Pension Trust Fund will not be able to recover the value of investments or securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Pension Trust Fund's name and are held by the counterparty. Substantially all of the assets of the Pension Trust Fund are held in its name. Repurchase agreements held by the Pension Trust Fund are essentially collateralized overnight loans, with the securities held by the counterparty as collateral. These securities are held by the counterparty but not in the Pension Trust Fund's name. As of December 31, 2006, \$ 2,875 of the collateral for the repurchase agreements was exposed to custodial risk because it is held outside of the trust's name. The Pension Trust Fund does not have a formal policy for custodial credit risk.

### Note 3- Deposits and Investments (Continued)

#### Interest Rate Risk-Investments Pension Trust Fund

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows. The Pension Trust Fund does not have a formal policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31, 2006 the Pension Trust Fund had the following option-adjusted durations for the fixed income investment:

<u>Fixed Income Sector</u>	<u>Fair Value</u>	<u>Option-Adjusted Duration (In Years)</u>
Asset Backed Securities	\$ 7,955	2.71
CM Backed Securities	4,501	4.19
CMO Corporate	11,430	2.41
CMO Government Agencies	18,365	4.78
Corporate	168,175	6.29
Government	63,101	5.88
Health Care	2,714	1.80
Information Technology	6,313	1.31
Other	107,967	0.08
U.S. Gov't Mortgages	22,758	3.78
U.S. Private Placements	12,902	7.30
Non U.S.	15,581	3.21
Other*	222,305	N/A
<b>Totals</b>	<b><u>\$664,067</u></b>	

\* Includes \$ 218,673 invested in bond mutual funds for which the duration was not available.

#### Credit Risk-Investments-Pension Trust Fund

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit quality rating of a security (rated by Moody's Investor Services (Moody's), Standard & Poor (S & P) and Fitch Ratings (Fitch's) gives an indication of the degree of credit risk for that security. With the exception of the Loomis Sayles-High Yield and the MCM Aggregate Bond portfolios, bonds

### Note 3- Deposits and Investments (Continued)

#### Credit Risk-Investments-Pension Trust Fund (Continued)

purchase and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P and Fitch's). The average quality of each portfolio must be A or better. For Loomis Sales-High Yield, bonds must have a minimum quality rating of B3 (Moody's) or B- (S & P and Fitch's) at the time of purchase. The fixed income securities for the MCM Aggregate Bond portfolio should have a minimum quality rating of A, with the exception of 15% of the portfolio, which may have a minimum quality rating of BBB.

As of December 31, 2006 the Pension Trust Fund had the following average credit quality ratings of investments in fixed income securities:

<u>Average Quality Ratings *</u>	<u>Fair Value</u>
AAA	\$ 30,552
AA1	3,543
AA2	1,991
AA3	1,902
A1	5,846
A2	50,601
A3	9,787
BAA1	8,746
BAA2	31,402
BAA3	17,321
BA1	19,718
BA2	22,263
BA3	14,685
B1	20,008
B2	7,126
B3	13,269
CAA1	8,898
CAA2	1,085
NR	4,486
<b>Total Credit Risk Fixed Income Securities</b>	<b>273,229</b>
<b>U.S. Government and Agencies</b>	<b>107,403</b>
<b>Mutual Funds (Not Rated)</b>	<b>218,673</b>
<b>Total Investment in Fixed Income</b>	<b><u>\$599,305</u></b>

\*This represents the average rating of the Moody's, S & P and Fitch's rating services. The rating symbols are those used by Moody's.

### Note 3- Deposits and Investments (Continued)

#### Concentration of Credit Risk-Investments-Pension Trust Fund

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Pension Trust Fund has no investments (other than those guaranteed by the U.S. Government and investments in mutual funds) that represent 5 percent or more of the plan net assets as of December 31, 2006.

#### Foreign Currency Risk Investments-Pension Trust Fund

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

As of December 31, 2006 the Pension Fund had the following investments exposed to foreign currency risk:

<b>Current Unit</b>	<b>Equity Incl Private Equity</b>	<b>Fixed Income Incl Conv Deb</b>	<b>Total</b>
Australian Dollar	\$ 2,093	\$ 668	\$ 2,761
Brazilian Real	-	1,319	1,319
British Pound Sterling	12,980	-	12,980
Canadian Dollar	5,255	3,880	9,135
Danish Krone	391	-	391
Euro Currency Unit	28,075	-	28,075
Hong Kong Dollar	2,164	-	2,164
Japanese Yen	23,659	-	23,659
Mexican New Paso	-	2,804	2,804
Norwegian Krone	504	988	1,492
S African Comm Rand	1,053	-	1,053
Singapore Dollar	1,106	2,218	3,324
South Korean Won	1,025	1,605	2,630
Swedish Krona	1,041	475	1,516
Swiss Franc	7,914	-	7,914
Thailand Baht	-	1,985	1,985
<b>Totals</b>	<b>\$ 87,260</b>	<b>\$ 15,942</b>	<b>\$103,202</b>

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

## Note 4- Receivables

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 4,702	\$ -	\$ -	\$ -	\$ 4,702
Taxes:					
Current Levy	241,882	-	-	-	241,882
Delinquent	9,296	-	-	-	9,296
Accounts	3,490	-	-	-	3,490
Notes	1,537	3,599	-	-	5,136
Other	10,503	-	109	-	10,612
Due from Other Governments	<u>49,149</u>	<u>-</u>	<u>1,567</u>	<u>-</u>	<u>50,716</u>
Gross Receivables	320,559	3,599	1,676	-	325,834
Less: Allowance for					
Uncollectibles	<u>(2,358)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,358)</u>
Net Total Receivables	<u>\$318,201</u>	<u>\$ 3,599</u>	<u>\$ 1,676</u>	<u>\$ -</u>	<u>\$323,476</u>

Of the delinquent taxes receivable of \$ 9,296, \$ 5,206 are not expected to be collected within one year.

At December 31, 2006 accounts receivable and the allowance for uncollectibles accounts of the Enterprise funds are as follows:

	<u>Airport</u>	<u>Behavioral Health Division</u>	<u>Transit System</u>	<u>Total</u>
Receivables:				
Accounts	\$ 7,870	\$ 21,826	\$ 277	\$ 29,973
Other	79	-	2,798	2,877
Due from Other Governments	<u>-</u>	<u>-</u>	<u>4,290</u>	<u>4,290</u>
Gross Receivables	7,949	21,826	7,365	37,140
Less: Allowance for				
Uncollectibles	<u>-</u>	<u>(8,000)</u>	<u>-</u>	<u>(8,000)</u>
Net Total Receivables	<u>\$ 7,949</u>	<u>\$ 13,826</u>	<u>\$ 7,365</u>	<u>\$ 29,140</u>

All amounts are expected to be collected within one year.

#### Note 4- Receivables (Continued)

The gross amount of notes receivable consisted of the following at December 31, 2006:

General Fund	\$ 1,537
Debt Service Fund	3,599
<b>Total</b>	<b><u>5,136</u></b>

**Amounts Due Within One Year** **\$ 1,117**

**Amounts Due In More Than One Year** **\$ 4,019**

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:

2006 Property Tax Levy	\$ 241,882
Delinquent Tax Receivables	4,701
State and Federal Revenue	
Unavailable for Current Expenditures	2,615
Other Unearned Revenue	7,046
<b>Total Deferred Revenue</b>	<b><u>256,244</u></b>
Other Deferred Credits:	
Public Works Services	224
Less: Amounts Earned but Not Available	<u>(12,451)</u>
<b>Net Unearned Revenue</b>	<b><u>\$ 244,017</u></b>

#### Unearned Revenue - Business-Type Activities:

Airport	\$ 9,309
Other Deferred Credits:	
Behavioral Health	113
Transit	2,388
<b>Total Unearned Revenue</b>	<b><u>\$ 11,810</u></b>

## Note 5- Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2006.

### Primary Government

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Governmental Activities</b>				
<b>Capital Assets, not being Depreciated:</b>				
Land	\$ 59,520	\$ -	\$ -	\$ 59,520
Construction in progress	<u>72,831</u>	<u>27,329</u>	<u>(40,005)</u>	<u>60,155</u>
<b>Total Capital Assets, not being Depreciated</b>	<b><u>132,351</u></b>	<b><u>27,329</u></b>	<b><u>(40,005)</u></b>	<b><u>119,675</u></b>
<b>Capital Assets, Being Depreciated</b>				
Land Improvements	195,883	8,220	(6,634)	197,469
Buildings	531,368	18,816	(1,954)	548,230
Fixed Equipment Buildings	23,886	7,966	(257)	31,595
Infrastructure	128,289	6,268	(2,509)	132,048
Machinery and Equipment	77,011	10,428	(9,835)	77,604
Vehicles and related Equipment	36,836	1,524	(1,669)	36,691
Furniture and Fixtures	1,011	1,775	(203)	2,583
Capital Lease Equipment	<u>222</u>	<u>-</u>	<u>(222)</u>	<u>-</u>
<b>Total Capital Assets, Being Depreciated</b>	<b><u>994,506</u></b>	<b><u>54,997</u></b>	<b><u>(23,283)</u></b>	<b><u>1,026,220</u></b>
<b>Less: Accumulated Depreciation</b>				
Land Improvements	(107,469)	(5,417)	3,856	(109,030)
Buildings	(251,109)	(14,216)	1,971	(263,354)
Fixed Equipment Buildings	(12,912)	(1,540)	124	(14,328)
Infrastructure	(50,717)	(6,728)	2,710	(54,735)
Machinery and Equipment	(47,702)	(7,001)	8,604	(46,099)
Vehicles and related Equipment	(23,266)	(2,457)	1,734	(23,989)
Furniture and Fixtures	(848)	(54)	193	(709)
Capital Lease Equipment	<u>(221)</u>	<u>-</u>	<u>221</u>	<u>-</u>
<b>Total Accumulated Depreciation</b>	<b><u>(494,244)</u></b>	<b><u>(37,413)</u></b>	<b><u>19,413</u></b>	<b><u>(512,244)</u></b>
<b>Net Capital Assets Being Depreciated</b>	<b><u>500,262</u></b>	<b><u>17,584</u></b>	<b><u>(3,870)</u></b>	<b><u>513,976</u></b>
<b>Governmental Activities Capital Assets- Net</b>	<b><u>\$ 632,613</u></b>	<b><u>\$ 44,913</u></b>	<b><u>\$ (43,875)</u></b>	<b><u>\$ 633,651</u></b>

Governmental activities capital assets, net of accumulated depreciation, at December 31, 2006 are comprised of the following:

General Capital Assets, Net	\$577,108
Internal Service Fund Capital Assets, Net	<u>56,543</u>
<b>Total</b>	<b><u>\$633,651</u></b>

## Note 5- Capital Assets (Continued)

### Primary Government (Continued)

Depreciation was charged to governmental functions as follows:

Legislative and Executive, and Staff	\$	4,495
Courts and Judiciary		40
General Governmental Services		1,910
Public Safety		4,967
Public Works and Highways		12,763
Human Services		2,986
Parks, Recreation, and Culture		<u>10,252</u>
<b>Total</b>	<b>\$</b>	<b><u>37,413</u></b>

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2006.

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<b>Business-type Activities</b>				
<b>Capital Assets, <i>not being</i> Depreciated</b>				
Land	\$ 22,441	\$ -	\$ -	\$ 22,441
Construction in progress	<u>70,610</u>	<u>40,765</u>	<u>(7,599)</u>	<u>103,776</u>
<b>Total Capital Assets, <i>not being</i> Depreciated</b>	<u>93,051</u>	<u>40,765</u>	<u>(7,599)</u>	<u>126,217</u>
<b>Capital Assets, Being Depreciated</b>				
Land Improvements	124,102	7,849	(4,828)	127,123
Buildings	228,835	1,110	(36,261)	193,684
Fixed Equipment Buildings	95,084	15,439	(7,244)	103,279
Machinery and Equipment	13,263	2,281	(371)	15,173
Vehicles and related Equipment	146,946	4,157	-	151,103
Furniture and Fixtures	<u>3,410</u>	<u>647</u>	<u>(1,645)</u>	<u>2,412</u>
<b>Total Capital Assets, Being Depreciated</b>	<u>611,640</u>	<u>31,483</u>	<u>(50,349)</u>	<u>592,774</u>
<b>Less: Accumulated Depreciation</b>				
Land Improvements	(80,858)	(5,177)	2,229	(83,806)
Buildings	(164,218)	(6,252)	26,401	(144,069)
Fixed Equipment Buildings	(22,644)	(4,802)	26	(27,420)
Machinery and Equipment	(8,907)	(951)	340	(9,518)
Vehicles and related Equipment	(75,960)	(13,787)	358	(89,389)
Furniture and Fixtures	<u>(1,475)</u>	<u>(150)</u>	<u>146</u>	<u>(1,479)</u>
<b>Total Accumulated Depreciation</b>	<u>(354,062)</u>	<u>(31,119)</u>	<u>29,500</u>	<u>(355,681)</u>
<b>Net Capital Assets Being Depreciated</b>	<u>257,578</u>	<u>364</u>	<u>(20,849)</u>	<u>237,093</u>
<b>Business-type Activities Capital Assets- Net</b>	<u>\$ 350,629</u>	<u>\$ 41,129</u>	<u>\$ (28,448)</u>	<u>\$ 363,310</u>

## Note 5- Capital Assets (Continued)

### Primary Government (Continued)

Depreciation was charged to business-type activities as follows:

Airport	\$ 14,000
Behavioral Health	818
Transit System	<u>12,794</u>
<b>Total</b>	<b><u>\$ 27,612</u></b>

Increases in accumulated depreciation of \$ 31,119 include depreciation expense of \$ 27,612 and adjustments during the year of \$ 3,507 so as to agree to asset value in County capital asset detail. The adjustment was for assets that had been depreciated and eliminated from presentation in prior years financials but should have continued to be presented. A similar increase was made to capital assets for this adjustment.

### Discretely Presented Component Units

Of the County's five component units, three have reportable capital assets, the Marcus Center for the Performing Arts, the Milwaukee Public Museum, and the Private Industry Council of Milwaukee County.

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

Building Improvements	\$ 16,917
Parking Structure and Improvements	2,439
Furniture and Fixtures	63
Construction in Progress	59
Equipment and Computers	487
Less: Accumulated Depreciation	<u>(9,134)</u>
<b>Capital Assets, Net</b>	<b><u>10,831</u></b>

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

Construction in progress	\$ 1,353
Building additions and improvements	18,946
Furniture, equipment and exhibits improvements	8,876
Living Collections	24
Less: Accumulated depreciation	<u>(8,431)</u>
<b>Capital Assets, Net</b>	<b><u>\$ 20,768</u></b>

## Note 5- Capital Assets (Continued)

### Discretely Presented Component Units (Continued)

The capital assets of the Private Industry Council of Milwaukee County consist of the following:

Land	\$ 170
Building	1,730
Building Improvements	1,359
Computer Equipment	14
Furniture and Fixtures	171
Less: Accumulated Depreciation	<u>(369)</u>
<b>Capital Assets, Net</b>	<b><u>\$ 3,075</u></b>

### Construction Commitments

Following is a list of major capital projects either started or continuing in 2006. These reflect projects for both governmental funds and proprietary funds.

Project Area	Project Description	2006 Appropriations	2006 Expenditures	Committed
Airport	C CONCOURSE GATE EXPANSION-CONSTRUCTION	\$ 23,980	\$ 14,511	\$ 9,845
Airport	D CONCOURSE IMPROVEMENTS	-	9,548	1,345
Airport	GMIA OUTER TAXIWAY EXTENSION	1,988	4,656	512
Airport	GMIA - E CONCOURSE STEM REMODEL	9,320	2,427	4,842
Airport	GMIA, PHASE I MITIGATION PROGRAM	-	2,041	968
Airport	ELECTRICAL SYSTEM UPGRADE	-	1,251	27
Airport	NORTH FIXED BASED OPERATOR AIRPORT	1,861	1,180	42
Airport	GMIA - TERMINAL APRON JOINT REPAIR	589	746	-
Airport	CESSNA APRON ADDITION (DESIGN)	529	577	-
Airport	GMIA - IN-LINE BAGGAGE SCREENI	1,670	523	210
Airport	WEST PERIMETER ROAD CONSTRUCTION	460	399	57
Airport	GMIA BAG CLAIM REMODELING	1,696	376	858
Airport	GMIA PART 150 NOISE STUDY	-	245	588
Airport	LJT R/W & AMP; TW REHABILITATION	344	186	-
Airport	TERMINAL HVAC REPLACEMENTS	400	170	185
Airport	GMIA C CONCOURSE GATE TAXIWAY	-	162	103
Airport	GMIA - MASTER PLAN UPDATE	-	159	279
BHD	FIRE ALARM SYSTEM-ELEVATOR	1,149	1,208	189
BHD	PSYCHIATRIC FIRE ALARM SYSTEM	-	215	124
BHD	BHD PHONE SYSTEM	-	150	-
Couthouse Complex	COURTHOUSE ANNEX DEMOLITION	9,890	8,742	710
Couthouse Complex	COURTHOUSE ROOF REPLACEMENT	440	338	8
Environmental	COUNTY-WIDE SANITARY SEWERS REPLACE	961	269	189
Genl Govt	CATC & QUOT;F&QUOT; BUILDING ROOF	-	191	27
Highways	WEST RAWSON AVENUE 27TH TO 6TH	1,973	1,936	8

## Note 5- Capital Assets (Continued)

### Construction Commitments (Continued)

<u>Project Area</u>	<u>Project Description</u>	<u>2006 Appropriations</u>	<u>2006 Expenditures</u>	<u>Committed</u>
Highways	RECONSTRUCT N. PORT WASHINGTON	\$ 1,720	\$ 1,604	\$ 25
Highways	W. COLLEGE AVENUE WHITNALL PARK	710	690	-
Highways	RESURFACE CTH & QUOT; U&QUOT; 76TH STREET	-	246	10
Highways	WEST OKLAHOMA AVE., W. BELOIT	-	245	3
Highways	W. SILVER SPRING DRIVE-N 124TH	1,112	207	58
HOC	LOTTER REPLACE-CONVERT HVAC	-	184	180
HOC	VENTILIATE TAILOR SHOP	288	150	127
Hum Svcs	WEST ENTRANCE ACCESSIBILITY	-	388	74
Hum Svcs	WASHINGTON PARK SENIOR CENTER	277	258	24
Hum Svcs	MCGOVERN PARK- HVAC	227	214	9
Hum Svcs	VLIET EXTERIOR IMPROVEMENT	90	169	32
Museum	MUSEUM ROOF REPLACEMENT	430	241	61
Other Agencies	WAR MEMORIAL HVAC REPLACEMENTB	1,464	1,915	73
Other Agencies	FLEET GENERAL EQUIPMENT CONSTRUCTION	1,642	1,450	634
Other Agencies	MILWAUKEE COUNTY HISTORICAL SOCIETY	1,745	831	673
Other Agencies	IMSD COMMUNICATION SYSTEM	-	550	48
Other Agencies	SHERIFF CELLULAR PHONE 911 UPGRADE	200	331	-
Other Agencies	UPGRADE 64 MOBILE DATA COMPUTER	126	314	16
Other Agencies	MENTAL HEALTH DP EQUIPMENT	288	304	3
Other Agencies	IMSD DP EQUIPMENT	314	285	2
Other Agencies	IMSD ENTERPRISE SERVER	-	240	17
Other Agencies	FLEET AIRPORT EQUIPMENT CONSTRUCTION	350	217	1,595
Other Agencies	GENESYS HR RECOMMENDATIONS	-	207	17
Other Agencies	800 MHZ BACK-UP GENERATOR & AMP	-	167	-
Other Agencies	MARCUS CENTER FIRE ALARM SYSTEM	(10)	163	-
Other Agencies	BACK-UP AND CITY MILW DATA CENTER	-	159	101
Other Agencies	CAPITAL MONITORING DATABASE	350	159	362
Parks	SOUTH SHORE BIKE TRAIL	-	1,814	2,329
Parks	OAK LEAF TRAIL - LOOMIS TO DREXEL	30	616	70
Parks	LINCOLN CREEK PARKWAY ROAD RENOVATION	-	331	-
Parks	SOUTH SHORE BREAK WATER BASIC PLAN	2,277	324	28
Parks	COUNTY-WIDE PLAY AREA REDEVELOP	449	267	99
Parks	GRANT PARK MAIN BRIDGE	-	232	-
Parks	WASHINGTON PARK POTABLE WATER	(80)	214	15
Parks	COUNTYWIDE TRAIL AND HARD SURFACE	316	211	72
Parks	WEHR NATURE CENTER SOUTH	97	203	-
Parks	WEHR NATURE CENTER NORTH	-	193	-
Parks	VARIOUS GOLF TEES, DRAINAGE & AMP	200	189	-
Transit	BUS REPLACEMENT - ORION BUSES	2,600	2,512	-
Transit	BAYSHORE MALL PARK-RIDE LOT	300	300	-
Transit	SCHEDULE/RUNCUTTING/OPERATORS	-	113	356
Zoo	FELINE BUILDING	-	386	67
Zoo	WINTER QUARTERS UPGRADE	311	295	23
Zoo	AVIARY AIR CONDITIONING REPLACE	-	230	21

## Note 5- Capital Assets (Continued)

### Construction Commitments (Continued)

Project Area	Project Description	2006 Appropriations	2006 Expenditures	Committed
Zoo	BIG CAT BUILDING AIR CONDITIONING	\$ 213	\$ 213	\$ -

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, 2006 is as follows:

	Transfers From								Total
	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Business Type Airport	Business Type Behavioral Health	Business Type Transit	Internal Service Fund	
General Fund	\$ -	\$ -	\$ 354	\$ -	\$ -	\$ 351	\$ 463	\$ 1,502	\$ 2,670
Capital Projects	2,312	-	-	208	-	-	-	-	2,520
Non-Major									
Governmental Funds	-	-	-	-	-	-	-	-	-
Debt Service	33,453	-	662	-	3,061	-	-	-	37,176
Internal Service									
Risk Management	77	-	-	-	-	-	-	-	77
IMSD	17,932	-	-	-	-	-	-	-	17,932
DPW	18,158	-	-	-	-	-	-	-	18,158
Business-type									
Airport	670	-	-	5,918	-	-	-	-	6,588
BHD	39,056	-	-	-	-	-	-	-	39,056
Transit	19,995	-	-	-	-	-	-	-	19,995
<b>Total</b>	<b>\$ 131,653</b>	<b>\$ -</b>	<b>\$ 1,016</b>	<b>\$ 6,126</b>	<b>\$ 3,061</b>	<b>\$ 351</b>	<b>\$ 463</b>	<b>\$ 1,502</b>	<b>144,172</b>
<b>Less: Government-wide eliminations</b>									<b>(82,408)</b>
<b>Total Transfers- Government-wide Statement of Activities</b>									<b>\$ 61,764</b>

## Note 6- Interfund Transfers (Continued)

No fund may have a reserve except for the Airports Fund. All funds that have a net increase, the net increase is transferred to the General Fund. All funds that have a net decrease, the amount of the net decrease is transferred to them from the General Fund to make them break-even for the year.

## Note 7- Leases

### Operating Leases- Primary Government

The County leases facilities, office equipment, and vehicles. Total costs for such leases were \$ 2,034 for the year ended December 31, 2006. The future minimum lease payments for these leases are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2007	\$ 2,386
2008	1,881
2009	1,783
2010	1,514
2011	439
	<u>\$ 8,003</u>

## Note 8- Long-term Liabilities

### Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2006 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	Amortized Accretion, Loss, Discount <u>Premium</u>	<u>Payments &amp;</u> <u>Adjustments</u>	<u>Ending</u> <u>Balance</u>	<u>Due in</u> <u>One Year</u>
<b>Governmental Activities:</b>						
General Obligation Bonds	\$ 420,674	\$ 31,477	\$ 883	\$ (34,922)	\$ 418,112	\$ 35,696
Pension Obligation	-	25,636	-	-	25,636	5,127
Unfunded Claims and Judgments	13,124	1,000	-	(4,124)	10,000	750
Landfill Post-closure costs	13,779	-	-	(8,908)	4,871	261
Risk Claims	9,114	4,950	-	(5,616)	8,448	5,616
Compensated Absences	47,748	30,811	-	(36,431)	42,128	18,306
<b>Totals</b>	<u>\$ 504,439</u>	<u>\$ 93,874</u>	<u>\$ 883</u>	<u>\$ (90,001)</u>	<u>\$ 509,195</u>	<u>\$ 65,756</u>

## Note 8- Long-term Liabilities (Continued)

### Changes in Long-term Liabilities (Continued)

	Beginning Balance	Additions	Amortized Accretion, Loss, Discount Premium	Payments & Adjustments	Ending Balance	Due in One Year
<b>Business-type Activities:</b>						
General Obligation Bonds	\$ 53,049	\$ 2,238	\$ 38	\$ (16,840)	\$ 38,485	\$ 2,926
Revenue Bonds	152,855	30,959	80	(5,869)	178,025	7,406
Compensated Absences	25,916	11,298	-	(12,326)	24,888	10,623
Risk Claims	11,641	6,707	-	(3,889)	14,459	7,216
<b>Totals</b>	<b>\$ 243,461</b>	<b>\$ 51,202</b>	<b>\$ 118</b>	<b>\$ (38,924)</b>	<b>\$ 255,857</b>	<b>\$ 28,171</b>

The General Obligation Bonds and Revenue Bonds activity includes refundings, which are described in "Advance and Current Refundings in this note.

Compensated Absences consist of the following:

	Beginning Balance	Additions	Payments & Adjustments	Ending Balance	Due in One Year
<b>Governmental Activities:</b>					
Retirement sick pay payout	\$ 30,158	\$ 11,421	\$ (16,600)	\$ 24,979	\$ 1,561
Vacation time earned	14,909	15,735	(17,079)	13,565	13,162
Overtime earned	1,307	1,203	(1,298)	1,212	1,212
Holiday pay	1,374	2,452	(1,454)	2,372	2,371
<b>Totals</b>	<b>\$ 47,748</b>	<b>\$ 30,811</b>	<b>\$ (36,431)</b>	<b>\$ 42,128</b>	<b>\$ 18,306</b>

	Beginning Balance	Additions	Payments & Adjustments	Ending Balance	Due in One Year
<b>Business-type Activities:</b>					
Retirement sick pay payout	\$ 16,776	\$ 1,583	\$ (2,937)	\$ 15,422	\$ 1,557
Vacation time earned	8,548	8,513	(8,492)	8,569	8,169
Overtime earned	234	964	(599)	599	599
Holiday pay	358	238	(298)	298	298
<b>Totals</b>	<b>\$ 25,916</b>	<b>\$ 11,298</b>	<b>\$ (12,326)</b>	<b>\$ 24,888</b>	<b>\$ 10,623</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$ 57,271 of internal service funds long-term liabilities is 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.

Risk claims includes accruals for workers compensation and other insurance claims of the Risk Management Fund and Transit System.

## Note 8- Long-term Liabilities (Continued)

### Changes in Long-term Liabilities (Continued)

Unfunded claims and judgments include estimated costs for outstanding medical, environmental, and other claims. At December 31, 2006 the outstanding amount of claims and judgments due within one year totaled \$ 750.

State and federal laws require the County to perform certain maintenance and monitoring functions at all of its solid waste landfill sites. Since all of the County's eleven landfill sites are no longer accepting waste, the total future costs of \$ 4,871 has been identified for maintenance and monitoring functions in accordance with Governmental Accounting Standards Board Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The funding for these post-closure costs will be included in future County tax levies.

### Governmental Activities

Proceeds from general obligation bonds issued during the year are budgeted for and recorded within the Capital Projects Fund and subsequently allocated to Business-Type Funds, where appropriate.

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

Bond Issue	Governmental Activities General Obligation Debt					
	Date of Bonds	Final Maturity Date	Interest Rate	Original Indebtedness	Principal Outstanding 12/31/06	Interest to Maturity
General Obligation Refunding Bonds, Series 1993A	10/15/93	12/01/11	5.04%	\$ 56,493	\$ 7,926	\$ 12,640
General Obligation Museum Refunding Bonds, Series 1999A	05/27/99	10/01/13	4.67%	2,290	1,210	240
General Obligation Corporate Purpose Refunding Bonds, Series 1999A	03/01/99	10/01/12	4.22%	31,030	17,810	2,630
General Obligation Corporate Purpose Bonds, Series 1999A	05/01/99	10/01/14	4.48%	45,622	3,168	475
General Obligation Corporate Purpose Bonds, Series 2000A	03/01/00	09/01/15	5.46%	44,860	6,244	839
Refunding Bonds (Taxable), Series 2001A	06/01/01	12/01/11	6.06%	2,610	1,250	232
Corporate Purpose Refunding Bonds, Series 2001A	10/01/01	12/01/11	3.92%	45,376	34,224	3,439

## 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 12/31/06	Interest to Maturity
General Obligation Corporate Purpose Bonds, Series 2001A	04/01/00	10/01/16	4.40%	\$ 37,830	\$ 20,477	\$ 6,143
Refunding Bonds, Series 2002A	06/01/02	09/01/10	3.98%	55,841	27,899	3,468
General Obligation Corporate Purpose Bonds, Series 2002A	02/01/02	08/01/17	4.20%	36,926	22,487	7,477
General Obligation Refunding Bonds, Series 2003A	07/01/03	08/01/17	3.48%	92,151	92,151	23,374
General Obligation Refunding Bonds, Series 2003B	10/01/03	12/01/08	1.97%	32,848	12,702	458
General Obligation Corporate Purpose Bonds, Series 2003A	02/01/03	08/01/18	3.95%	23,237	18,336	6,084
General Obligation Corporate Purpose Bonds, Series 2004A	02/01/04	08/01/19	3.72%	25,095	22,727	6,583
Wisconsin Trust Loan	05/19/04	03/15/09	6.00%	19,167	12,112	1,455
General Obligation Corporate Purpose Bonds, Series 2005A	11/01/05	12/01/20	4.24%	22,619	21,679	7,885
General Obligation Refunding Bonds, Series 2005B	11/01/05	10/01/15	3.89%	58,929	58,625	17,062
General Obligation Corporate Purpose Bonds, Series 2006A	04/01/06	10/01/21	4.14	29,501	29,501	13,984
<b>Total Governmental Activities -- General Obligation Debt</b>					<b>\$ 410,528</b>	<b>\$ 114,468</b>
<b>Discount</b>					(635)	
<b>Loss</b>					(8,266)	
<b>Accretion</b>					8,671	
<b>Premium</b>					7,814	
<b>Total Governmental Activities -- General Obligation Debt, Net</b>					<b>\$ 418,112</b>	
<b>Short-Term</b>					35,696	
<b>Long-Term</b>					382,416	
<b>Total Debt per Statement of Net Assets -- Governmental Activities</b>					<b>\$ 418,112</b>	

The ratio of the aggregate indebtedness of all taxing authorities located within the County to equalized value of the taxable property was approximately 4.24% including 0.71% related to direct County indebtedness at December 31, 2006. 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, 2006 under Wisconsin Statutes, the County could borrow an additional \$ 2,723,862.

## Note 8- Long-term Liabilities (Continued)

### Governmental Activities (Continued)

At December 31, 2006, the weighted average interest rate of general obligation bonds and notes outstanding was 3.86%. The maturities of the outstanding principal and related interest requirements are as follows:

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2007	\$ 35,696	\$ 18,156	\$ 53,852
2008	42,816	16,014	58,830
2009	43,036	18,089	61,125
2010	40,869	16,159	57,028
2011	41,444	15,291	56,735
2012-2016	169,640	26,934	196,574
2017-2021	<u>37,027</u>	<u>3,825</u>	<u>40,852</u>
	410,528	<u>\$114,468</u>	<u>\$ 524,996</u>
Premium	7,814		
Accretion	8,671		
Discount	(635)		
Loss	<u>(8,266)</u>		
	<u>\$418,112</u>		

On April 1 2006, the County issued \$ 31,595 of General Obligation Corporate Purpose Bonds, Series 2006A. Total proceeds of \$ 33,725 (par amount of bond issue of \$ 31,595, plus a net premium of \$2,121, plus accrued interest of \$ 9) were used to purchase direct obligations of the United States of America or held in cash. The proceeds will be used to finance capital projects for general County purposes pursuant of the County's 2006 Adopted Capital Improvement Budget. The bonds of \$ 29,501 and \$ 2,094 were recorded in Governmental Activities and the Business-type Activities columns on the Statement of Net Assets, respectively. Major expenditure categories include:

Highways and Bridges	\$ 1,435
Transit, Parks, Recreation and Culture, Health & Human Services, and General Government	30,105
Public Art Projects	<u>55</u>
<b>Total</b>	<u>\$ 31,595</u>

## Note 8- Long-term Liabilities (Continued)

### Governmental Activities (Continued)

These bonds have semi-annual interest payments on April 1 and October 1 through 2021. The interest rate is 4.0% for 2007 through 2008, no payment in 2009, and 5.00% for 2010, through 2021.

### Business-type Activities

Revenues in these funds will retire general obligation bonds recorded in the Proprietary Funds, or if the revenues are not sufficient, by future property tax levies. Revenue bonds are special obligations of the County, payable solely from revenues generated from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport.

#### Business-type Activities General Obligation and Revenue Bond Debt

Bond Issue	Date of bonds	Final Maturity Date	Interest Rate	Original Indebted- ness	Principal Outstanding 12/31/06	Interest to Maturity
General Obligation Refunding Bonds, Series 1993A	10/15/93	12/01/11	5.04%	\$ 1,207	\$ 158	\$ 252
General Obligation Airport Bonds, Series 1999A	05/01/99	10/01/14	4.60%	6,825	3,640	766
General Obligation Corporate Purpose Bonds, Series 1999A	05/01/99	10/01/14	4.48%	4,803	407	61
General Obligation Corporate Purpose Refunding Bonds, Series 1999A	03/01/99	10/01/12	4.22%	1,695	915	135
General Airport Revenue Bonds, Series 2000A	06/01/00	12/01/25	5.80%	83,565	69,795	40,819
General Obligation Corporate Purpose Bonds, Series 2000A	03/01/00	09/01/15	5.46%	2,365	356	48
Airport Refunding Bonds, Series 2001A	10/01/01	12/01/11	4.47%	1,450	725	95
Corporate Purpose Refunding Bonds, Series 2001A	10/01/01	12/01/11	3.92%	4,549	3,351	337
General Obligation Corporate Purpose Bonds, Series 2001A	04/01/00	10/01/16	4.40%	3,495	2,023	607
Refunding Bonds, Series 2002A	06/01/02	09/01/10	3.98%	7,109	3,552	441
General Obligation Corporate Purpose Bonds, Series 2002A	02/01/02	08/01/17	4.20%	4,299	2,763	919
General Airport Revenue Bonds, Series 2003A	01/01/03	12/01/22	4.88%	7,125	6,000	2,584
General Obligation Refunding Bonds, Series 2003A	07/01/03	08/01/17	3.48%	8,111	7,874	1,997
General Obligation Refunding Bonds, Series 2003B	10/01/03	12/01/08	1.97%	702	253	9

**Note 8- Long-term Liabilities (Continued)**

**Business-type Activities (Continued)**

<b>Business-type Activities General Obligation and Revenue Bond Debt</b>							
<b>Bond Issue</b>	<b>Date of bonds</b>	<b>Final Maturity Date</b>	<b>Interest Rate</b>	<b>Original Indebted- ness</b>	<b>Principal Outstanding 12/31/06</b>	<b>Interest to Maturity</b>	
General Obligation Corporate Purpose Bonds, Series 2003A	02/01/03	8/1/2018	3.95%	\$ 2,713	\$ 2,439	\$ 850	
General Airport Revenue Bonds, Series 2004A	03/31/04	12/01/29	4.47%	37,360	35,565	22,871	
General Obligation Corporate Purpose Bonds, Series 2004A	02/01/04	08/01/19	3.72%	1,855	1,743	524	
General Obligation Corporate Purpose Bonds, Series 2005A	11/01/05	12/01/20	4.24%	1,991	1,956	761	
General Airport Revenue Bonds, Series 2005A	12/22/05	12/01/30	4.90%	29,010	28,845	24,758	
Airport Refunding Bonds, Series 2005B	12/22/05	12/01/14	3.65%	7,755	7,005	1,322	
General Obligation Refunding Bonds, Series 2005B	11/01/05	10/01/15	3.89%	4,096	4,075	1,186	
General Obligation Corporate Purpose Bonds, Series 2006A	04/01/06	10/01/21	4.14%	2,094	2,094	1,089	
General Airport Revenue Bonds, Series 2006A	11/16/06	12/01/31	4.60%	25,665	25,665	19,740	
Airport Refunding Bonds, Series 2006B	11/16/06	12/01/15	4.08%	5,020	5,020	949	
<b>Total Business-Type Debt</b>					<b>\$ 216,219</b>	<b>\$ 123,120</b>	
<b>Discount</b>					<b>(2,695)</b>		
<b>Loss</b>					<b>(633)</b>		
<b>Accretion</b>					<b>173</b>		
<b>Premium</b>					<b>3,446</b>		
<b>Total Business-Type Debt, Net</b>					<b>\$ 216,510</b>		
<b>Short-Term</b>					<b>\$ 10,332</b>		
<b>Long-Term General Obligation Debt</b>					<b>35,559</b>		
<b>Long-Term Airport Revenue Bonds</b>					<b>170,619</b>		
<b>Total Debt Per Statement of Net Assets-Business-type Activities</b>					<b>\$ 216,510</b>		

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## Note 8- Long-term Liabilities (Continued)

### Business-type Activities (Continued)

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

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2007	\$ 10,332	\$ 10,943	\$ 21,275
2008	10,843	10,349	21,192
2009	11,369	9,919	21,288
2010	11,129	9,399	20,528
2011	11,021	8,888	19,909
2012-2016	53,570	35,759	89,329
2017-2021	43,490	23,199	66,689
2022-2026	40,305	11,682	51,987
2027-2031	<u>24,160</u>	<u>2,982</u>	<u>27,142</u>
	216,219	<u>\$123,120</u>	<u>\$ 339,339</u>
Premium	3,446		
Accretion	173		
Discount	(2,695)		
Loss	<u>(633)</u>		
	<u>\$216,510</u>		

### Business-type Activities- Revenue Bonds

On November 16, 2006, the County issued \$25,665 of Airport Revenue Bonds, Series 2006A. The 2006 Bonds are special obligations of the County, payable solely from revenue of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's Airport Revenue Bonds, Series 2000A, dated June 1, 2000, Airport Revenue Bonds, Series 2003A, dated January 1, 2003, Airport Revenue Bonds, Series 2004A, dated March 31, 2004, Airport Revenue Bonds, Series 2005A, dated December 15, 2005 (the "Outstanding Revenue Bonds"), and any additional airport revenue bond which may hereafter be issued by the County, as provided in the General Resolution. The 2006 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2006 Bonds. The 2006 Bonds have semi-annual interest payments on June 1 and December 1. The Airport Revenue Bonds, Series 2006A interest rate is 4.0% for 2008 through 2016, 5.00% for 2021 through 2031.

## **Note 8- Long-term Liabilities (Continued)**

### **Business-type Activities- Revenue Bonds (Continued)**

On December 22, 2005 the County issued \$29,010 of Airport Revenue Bonds, Series 2005A. The 2005 Bonds are special obligations of the County, payable solely from revenue of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds, and any additional airport revenue bond which may hereafter be issued by the County, as provided in the General Resolution. The 2005 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2005 Bonds. The 2005 Bonds have semi-annual interest payments on June 1 and December 1. The Airport Revenue Bonds, Series 2005A interest rate is 4.0% for 2006 through 2014, 5.25% for 2015 through 2026, 4.875% for 2027 through 2029, and 4.7% for 2030. The Series 2005A Bonds are not callable for redemption prior to December 1, 2016.

On March 31, 2004, the County issued \$37,360 of Airport Revenue Bonds, Series 2004A. The bonds are special obligations of the County, payable solely from revenues of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds. The Series 2004 Bonds are not a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the bonds. The bonds have semi-annual interest payments on June 1 and December 1 through 2029. The interest rate is 2.0% for 2005 and 2006, 2.5% for 2007, 3.0% for 2008 and 2009, 5.0% for 2010 through 2017, 4.625% for 2018 through 2024, and 4.50% for 2025 through 2029.

On January 1, 2003, the County issued \$7,125 of Airport Revenue Bonds, Series 2003A. The bonds are special obligations of the County, payable solely from revenues of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds. The Series 2003 Bonds are not a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the bonds. The bonds have semi-annual interest payments on June 1 and December 1 through 2022. The interest rate is 3.0% for 2004 through 2006, 3.25% for 2007 and 2008, 3.75% for 2009, 4.00% for 2010, 4.25% for 2011, 4.50% for 2012, 4.625% for 2013, 5.0% for 2014-2016, 5.25% for 2017-2019, and 5.5% for 2020 through 2022.

On June 22, 2000, the County issued \$83,565 of Airport Revenue Bonds, Series 2000A. The bonds are special obligations of the County, payable solely from revenues of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds. The Series 2000 Bonds are not a

## **Note 8- Long-term Liabilities (Continued)**

### **Business-type Activities- Revenue Bonds (Continued)**

general obligation of the County, nor will the County be obligated to levy any taxes in connection with the bonds. The bonds have semi-annual interest payments on June 1 and December 1 through 2020 with \$18,350 term bonds due December 1, 2025. The interest rate is 5.50% for 2003 through 2004, 5.00% for 2005, 5.75% for 2006 through 2008, 5.25% for 2009 through 2010, 5.75% for 2011, and 6.00% for 2012 through 2020. The interest rate is 5.75% for the term bonds due December 1, 2025.

### **Advance and Current Refundings**

On November 16, 2006 the County issued \$5,020 of Airport Revenue Refunding Bonds, Series 2006B (collectively, the "2006 Bonds"). The 2006 Bonds are special obligations of the County, payable solely from revenue of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds. The 2006 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2006 Bonds. The proceeds will be used to current refund the County's General Obligation Airport Bonds 1996A and 1997A.

The current refunding resulted in an increase in the total debt service over the next nine years of \$ 536, which still resulted in an economic gain (difference between the present value of the debt service payments of the refunded and refunding debt) of \$ 251.

The 2006 Bonds have semi-annual interest payments on June 1 and December 1. The Airport Revenue Refunding Bonds, Series 2006B interest rate is 5.0% for 2007 through 2015.

### **Prior-Year Defeasance of Debt**

In prior years, the County defeased certain general obligation 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, 2006, \$ 106,151 of bonds outstanding is considered defeased.

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## **Note 8- Long-term Liabilities (Continued)**

### **Debt Issued on Behalf of Other Entities/ Conduit Debt**

The County has approved the issuance of variable rate demand revenue bonds (VRDRB) for the benefit of private non-profit corporations. VRDRB's are secured by letter of credit agreements from outside banks and do not constitute indebtedness of the County. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of VRDRB's outstanding at the end of the year is approximately \$ 15,635 made up of four issues. In 2001, an interest rate swap was entered into for three of the issues to effectively fix the interest rate.

In 2003, the County guaranteed \$ 14,400 of loans for a local corporation. The loans are secured by mortgages and a cash trust of \$ 5,435 on certain buildings. The loan and guarantee remain unchanged.

In 2004, the County provided a guarantee of \$ 1,000 of the \$ 3,200 loan of a non-profit corporation for the purchase of a building. The guarantee is secured by a second mortgage on the purchased building. The guarantee decreases over the term of the loan and is currently \$ 600.

In order to develop the Milwaukee County Research Park, Tax Incremental District #2 was formed in 1994 by the City of Wauwatosa, and redevelopment lease notes were issued by the Wauwatosa Redevelopment Authority in 1997 to fund infrastructure development costs of \$ 8,860. In 2004, the Wauwatosa Redevelopment Authority issued additional notes of \$ 24,500 for construction of facilities at the Milwaukee County Research Park, which was also part of the City of Wauwatosa Tax Incremental District #2. The County has agreed to guarantee the payment of the notes, if the tax increments generated by Tax Incremental District #2 are insufficient to pay principal and interest due on the 1997 and 2004 notes. The 1997 and 2004 redevelopment lease notes outstanding as of December 31, 2006 was \$ 32,000.

The County has guaranteed the repayment of a working line of credit in the amount of \$ 6,000 made to the Milwaukee Public Museum by two local banks. The outstanding amount of the working line of credit for which the County is liable is \$ 3,811.

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## Note 9- Net Assets

### Governmental Activities

Restricted net assets consist of the following:

Net Assets- Restricted for Debt Service	\$	3,594
Net Assets- Restricted for Airport PFC		34,128
Net Assets- Restricted for Health & Safety		70
Net Assets- Restricted for Zoo		553
Net Assets- Restricted for Parks		711
Net Assets- Restricted for Persons with Disabilities		115
Net Assets- Restricted for Behavioral Health Division		423
<b>Total</b>	<b>\$</b>	<b>39,594</b>

### Business-type Activities

Restricted net assets consist of the following:

Net Assets- Restricted for Revenue Bonds	\$	12,061
Net Assets- Restricted for Capital Asset Needs at the Airport		4,120
<b>Total</b>	<b>\$</b>	<b>16,181</b>

### Discretely Presented Component Units

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

Restricted Building Account-War Memorial	\$	61
Restricted for Programming Events- Marcus Center for the Performing Arts		16
Research Development Fund-Research Park		137
<b>Total</b>	<b>\$</b>	<b>214</b>

[This section intentionally left blank]

## Note 9- Net Assets (Continued)

### Discretely Presented Component Units (Continued)

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

#### **Temporarily Restricted**

Exhibits and Museum Renovations	\$	1,800
Educational Lecture Costs		68
Purchase and Maintenance of Collections		323
Restricted for time		252
Held by Friends of the Museum		94
Capital Campaign		473
Endowment Fund		
Purchase and Maintenance of Collections -		429
Internship Programs		78
<b>Total Temporarily Restricted Assets</b>	<b>\$</b>	<b>3,517</b>

#### **Permanently Restricted**

Operations	\$	788
Special Exhibits		275
Starr Adventure and internship		71
<b>Total Permanently Restricted Assets</b>	<b>\$</b>	<b>1,134</b>

## Note 10- Risk Management

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

All funds of the County except for the Transit System participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a claims reserve. In accordance with Governmental Accounting Standards Board

## Note 10- Risk Management (Continued)

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, 2006 was \$ 8,448.

The County has recognized \$ 8,448 of claims liabilities in the Risk Management Fund. The Risk Management Fund has \$ 8,448 of cash to pay for this liability. Changes in the balances of claim liabilities during the past two years are as follows:

	Year ended 12/31/2006	Year ended 12/31/2005
Beginning of year Liability	\$ 9,114	\$ 9,503
Current Year Claims and Changes in Estimates	4,953	5,533
Claims Payments	<u>(5,619)</u>	<u>(5,922)</u>
End of Year Liability	<u>\$ 8,448</u>	<u>\$ 9,114</u>

## Note 11- Related Party Transactions

Milwaukee County provides funds required for the operation of the War Memorial Center, Charles Allis/ Villa Terrace Art Museums and Marcus Center for the Performing Arts. To the extent these funds exceed actual disbursements, such excess is required to be returned to Milwaukee County. Milwaukee County and the War Memorial Center agreed that when revenues exceed budget, the War Memorial Center is permitted to create a reserve account whereas up to \$ 25 can be deposited annually. These funds are to be used in future years for the War Memorial Center's operational needs. Total appropriations received by the Memorial for 2006 were \$ 1,677. 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 \$4.9 were made to the Memorial during 2006.

Effective January 1, 2006, the Marcus Center for the Performing Arts was granted tax-exempt status by the Internal Revenue Service and the Wisconsin Department of Revenue and now operates as a separate entity. Total

## **Note 11- Related Party Transactions (Continued)**

appropriations received by the Marcus Center from Milwaukee County for the fiscal year ending December 31, 2006 were \$ 1,280.

Milwaukee County has legal title to the Milwaukee Public Museum building, exhibits and artifacts, including any building improvements and additions funded by the County or the Milwaukee Public Museum. All such assets are leased to the Milwaukee Public Museum under a long-term lease.

Milwaukee County and the Milwaukee Public Museum entered into an agreement, which provides for the not-for-profit operations and management of the Museum. The agreement, effective March 31, 1992, encompasses (1) the lease and management of the Museum and (2) the transition of employees to MPM, Inc. The lease and management agreement includes annual rental payments of \$10 (ten dollars) and is renewable every five years through March 31, 2042. MPM, Inc. is responsible for all real estate taxes (if any), utilities, insurance, normal repair and maintenance expenses. The agreement also provides for substantially equivalent employee benefits for all employees then employed by the County who became employees of MPM, Inc. in 1992. The County is responsible for, among other items, any special assessments, structural repairs and capital projects. The agreement also requires the County to pay annual support. As a result of the amendment to the agreement in fiscal 1999, the base annual support level of \$ 4.3 million since April 1992 remained in effect through March 21, 2002, at which time the County and MPM, Inc. were required to renegotiate a new base level funding agreement.

As a result of the amendment to the lease and management agreement made on June 30, 2005, the County committed \$ 3,381 of base level funding for calendar year 2005. The County may reduce funding to 95% of the prior year amount in each succeeding year of the agreement. The amendment to the Lease and Management Agreement expires December 31, 2009. Total funding received by the Museum was \$ 3,462 and \$ 3,547 for the years ending August 31, 2006 and 2005, respectively.

On June 12, 1998, the Chief Local Elected Officer of Milwaukee County (CLEO) and the Private Industry Council (PIC) entered into an operational agreement to effectuate the Workforce Investment Act (WIA). The agreement provides that the PIC shall perform all duties required of it under WIA or other job training and employment programs. Further, the PIC shall be the grant recipient and the administrative entity for operations under WIA and such other programs as may be mutually agreed upon.

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

## **Note 11- Related Party Transactions (Continued)**

consisting of the southwest quadrant, the Watertown Plank Road Park and Ride Lot and approximately 15 acres of northeast quadrant of the Milwaukee County grounds located in Wauwatosa, Wisconsin.

Milwaukee County and the Milwaukee County Research Park Corporation entered into a lease, dated March 15, 1993 to manage and sublease the Technology Innovation Center (TIC), also known as M-1. By an agreement, dated September 30, 1998, the lease was extended through September 30, 2003 with three additional five-year option periods commencing October 1, 2003. On July 18, 2000, the Milwaukee County Research Park Corporation exercised the first option period extending the lease through September 30, 2008. The rentable space now comprises most of the basement and the entire first through fifth floors of the building. The rent due to Milwaukee County is based on space actually occupied by tenants and requires the Milwaukee County Research Park Corporation to charge annual base rentals of not less than \$ 7.50 (seven dollars and 50 cents) per tenant occupied space foot, payable monthly. Discounts to the base rental amount require approval by Milwaukee County. As occupancy occurs, the Milwaukee County Research Park Corporation will pay Milwaukee County 66-2/3% of the base rent collected.

## **Note 12- Subsequent Events**

In June 2007, the County issued \$ 32,625 million of General Obligation Corporate Purpose Bonds, Series 2007A. The bonds are being used to finance capital projects pursuant to the County's 2007 Adopted Capital Improvement Budget.

## **Note 13- Commitments and Contingencies**

### **Claims and Other Legal Proceedings**

The County is subject to numerous claims and other legal proceedings incidental to the ordinary course of its operations, including Environmental Protection Agency claims. Although the outcome of these claims and legal proceedings is not presently determinable, in the opinion of the County's corporate counsel the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

### **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

## **Note 13- Commitments and Contingencies (Continued)**

### **Storm and Sanitary Sewer System (Continued)**

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 2007, the commitment is \$ 2,378.

### **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, 2006.

## **Note 14- Other Post-employment Benefits**

In addition to pension benefits, the County provides health care benefits, as defined by County Ordinance, Section 17.14, for retired employees. The retirement health benefit is non-contributory for retirees with 15 or more years of service who were hired before January 1, 1994. Retirees with less than 15 years of service pay full premium. 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 medical 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. The health benefit for retirees is financed each year with current tax levy funds.

Retirees may enroll in either a self-insured Health Maintenance Organization (HMO) or a self-insured Preferred Provider Option (PPO).

As of December 31, 2006, the County had 1,360 retirees enrolled in the HMO health plan. The 2006 expenditures for the HMO health plan were \$ 17,857, including \$ 281 in administrative expenditures. The County's 2006 HMO expenditures also included reimbursement of Medicare Part B premiums for HMO health plan retirees of \$ 849. The total HMO expenditures were offset by \$ 266 in retiree contributions for certain retirees who were responsible for the partial or full health benefit premium cost.

As of December 31, 2006, the County had 4,546 retirees enrolled in the PPO health plan. The 2006 expenditures for the PPO health plan were \$ 40,874,

## **Note 14- Other Post-employment Benefits (Continued)**

including \$ 942 in administrative expenditures. The County's 2006 PPO expenditures also included reimbursement of Medicare Part B premiums for PPO health plan retirees of \$ 4,521. The total PPO expenditures were offset by \$ 890 in retiree contributions for certain retirees who were responsible for the partial or full health benefit premium cost.

Employees who retire with no break in service from active employee status retain group term life insurance coverage under the same contribution schedule as when actively employed. Life insurance coverage is the amount in force at retirement. A coverage reduction schedule takes effect at age 65 when the plan becomes non-contributory. Employees hired on and after January 1, 1994 are responsible for the full cost of the life insurance premiums upon retirement. The life insurance benefit for retirees is financed each year with current tax levy funds. The 2006 expenditures for life insurance benefits covering 5,412 retirees were \$ 596. The expenditure was offset by \$ 128 in retiree contributions for life insurance premiums.

## **Note 15-Employee Retirement Systems and Pension Plans**

### **Plan Description and Provisions**

Milwaukee County has one retirement plan ("Retirement System"), which consists of two different systems that cover two different groups of employees within the Milwaukee County workforce. The systems within the one retirement plan are the Employees' Retirement System of the County of Milwaukee and the OBRA 1990 Retirement System of the County of Milwaukee. All assets accumulated for the payment of benefits within the retirement plan may legally be used to pay any member or beneficiary of two systems within the plan.

**Employees' Retirement System of the County of Milwaukee ("ERS") –** Substantially all full-time employees of the County are participants in the ERS, which was created by Section 201.24 of the County Ordinances, and which is a single-employer defined benefit pension plan that is substantially non-contributory.

A participant, who terminates employment after five years of credited service is eligible for a deferred vested pension, beginning as of the participant's normal retirement date. The normal retirement benefit is a monthly pension for the life of the participant. For deputy sheriff participants with less than 15 years of service, the normal retirement age is 57 or age 55 and 15 years of service. For all other participants, the normal retirement age is 60, although some labor agreements additionally require at least five years of creditable service at age 60. Active participants are also eligible to retire when their age added to their years of service equals 75. The County ordinance and labor agreement require an

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

### **Plan Description and Provisions (Continued)**

employee to be a member prior to a stated date in order to qualify for the rule of 75.

The normal retirement benefit payment for a participant whose continuous membership began prior to January 1, 1982, is equal to 2.5% for elected officials, and 2.0% for all other participants, of the participant's three year final average salary, as defined in the Ordinances and labor agreement, multiplied by the number of years of credited service. Except for represented deputy sheriffs and elected officials, employees whose membership in the ERS began before January 1, 1982, will receive a bonus added to their final average salary of 7.5% for each year of service credit earned after January 1, 2001 up to a maximum bonus of 25% of final average salary.

The amount of normal retirement benefit payable for represented deputy sheriffs hired before July 1, 1995 is equal to 2.5% and hired after June 30, 1995 is 2.0% times the participant's five-year final average monthly salary, as defined in labor agreements, multiplied by the number of years of credited service. The amount of normal retirement benefit payable for a participant whose continuous membership began after January 1, 1982 is as follows: 2.5% for non-represented deputy sheriffs, deputy sheriff lieutenants, deputy sheriffs employed in the Executive Compensation Plan and DA investigators hired before July 1, 1995; 2% for non-represented deputy sheriffs, deputy sheriff lieutenants, deputy sheriffs employed in the Executive Compensation Plan, DA investigators hired after June 30, 1995; 2% for elected officials, firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all other participants, of the participant's three-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service.

Those employees whose membership in the ERS began after December 31, 1981, or for a non-represented Deputy Sheriff, whose service began after June 30, 1995, will have all service credited after January 1, 2001 with a 2% multiplier. Also, for each year of pension service earned after January 1, 2001, eight years of service earned prior to January 1, 2001, shall be credited with an additional .5% multiplier.

Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2.0% COLA of the benefit paid for the first full month of retirement. However, the maximum benefit payable, excluding any post-retirement increases, to a participant cannot exceed the sum of 80% of the participant's final average monthly salary.

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

### **Plan Description and Provisions (Continued)**

Beginning in 2001, the ERS also provides for a “back drop” pension benefit that permits an employee to receive both a lump-sum cash payment and a monthly pension benefit upon retirement. The lump-sum cash payment is the total of the monthly pension benefits, adjusted for COLA increases, that a member will be entitled to from a prior date (back drop date) to the date that the member terminates employment plus interest compounded monthly. The backdrop date must be at least one year prior to the termination date and the member must have been eligible to retire as of that date. In addition the member will be entitled to a COLA adjusted monthly pension benefit as if the member had retired on the backdrop date. Non-represented employees and elected officials hired on or after March 15, 2002 are not eligible to receive the backdrop pension benefit and individuals elected after March 15, 2002 are not eligible to receive the additional .5% pension benefit multiplier. All benefit payments under the plan are subject to the limitations prescribed by Section 415 of the IRS Code.

Participants should refer to applicable ordinances or labor agreements for more complete information.

The County issues a publicly available financial report that includes financial statements and required supplementary information for the ERS and OBRA. The financial report may be obtained by writing to the Pension Board, 901 North 9<sup>th</sup> Street, Room 210-C, Milwaukee, Wisconsin 53233 or by calling (414) 278-4207.

**OBRA 1990 Retirement System of the County of Milwaukee (OBRA)** – The County established the OBRA 1990 Retirement System of the County of Milwaukee (“OBRA”) to cover seasonal and certain temporary employees who are not enrolled in the ERS. The OBRA is a single-employer defined benefit pension plan that is non-contributory.

The normal retirement benefit is payable upon request of any participant that has attained age 65. The amount of the normal retirement benefit is equal to one-twelfth of 2% of the participants average compensation multiplied by years of service (not in excess of 30). Average compensation is equal to the total earnings accumulated during the participant’s employment with the County for years subsequent to December 31, 1991.

The County issues a publicly available financial report that includes financial statements and required supplementary information for the ERS and OBRA. The financial report may be obtained by writing to the Pension Board, 901 North 9<sup>th</sup> Street, Room 210-C, Milwaukee, Wisconsin 53233 or by calling (414) 278-4207.

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

### **Summary of Significant Accounting Policies- Pension Fund**

**Basis of Accounting** – The financial information of the ERS was prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred. On an annual basis, the County performs an actuarial valuation of the plan's assets and liabilities.

**Expenses** – Administrative expenses incurred by the County related to the ERS are payable by the ERS to the County. Such expenses totaled \$ 988 and \$ 973, in 2006 and 2005, respectively.

**Investments** – Investments, primarily stocks, bonds, certain governmental loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the ERS's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method. Assets of the OBRA are commingled for investment purposes with the assets of the ERS.

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

**Security Lending** – The Milwaukee County Employees' Retirement System is authorized by County Ordinance and Board of Trustee policies to lend its investment securities. The ERS's custodian manages the securities lending activity. The Securities Lending Agreement may be terminated at anytime by either party upon written notice to the other party. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior-period losses during the year. There are no income distributions owing on the securities lent. The average term of loans is one week.

The ERS participates in a security-lending program for the lending of corporate bonds, equity and government securities to qualified brokers. Collateral received for securities loaned consists primarily of cash. Other forms of collateral are letters of credit and government agency securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial

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

**Summary of Significant Accounting Policies- Pension Fund  
(Continued)**

transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of the securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The net investment income earned on collateral is divided between the custodian, as a fee for its services under the programs and the ERS, according to agreed upon rates. For 2006 and 2005, the net investment income realized from the security lending was \$ 283 and \$ 318 respectively.

Securities loaned and the collateral held were as follows:

	<u>As of December 31</u>	
	<u>2006</u>	<u>2005</u>
Fair Value of Securities Loaned:	\$ 154,351	\$ 126,529
Fair Value of Collateral:	\$ 159,323	\$ 130,135
Percent Collateral to Securities Loaned:	103.22%	102.85%

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

The collateral received from securities lending transactions includes cash of \$ 153,669 and \$ 126,947 and U.S. Treasury securities of \$ 5,654 and \$ 3,188, for the years ending December 31, 2006 and 2005, respectively. Under the terms of the securities lending agreement, the ERS has the right to sell or pledge the cash collateral. Non-cash collateral in the amount of \$ 5,654 and \$ 3,188 for years ended December 31, 2006 and 2005, respectively, is controlled by the custodian and, correspondingly, is not reflected in the financial statements.

**Actuarial Assumptions and Methods**

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

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

**Actuarial Assumptions and Methods (Continued)**

	<u>ERS</u>	<u>OBRA</u>
Valuation Date	1/1/07	1/1/07
Actuarial Cost Method	Entry Age Normal	Unit Credit Method
Amortization Method	Level Percent of Payroll, Closed	Level Percent of Payroll, Closed
Remaining Amortization Period	5-30 Years	5-30 Years
Asset Valuation Method	5-Year smoothed Market	Market
<b>Actuarial Assumptions:</b>		
Investment Rate of Return	8.0%	8.0%
Projected Salary Increases	3.5%	3.0%
Mortality-Healthy Pensioners	Sex-Distinct UP- 1994 Mortality Table	Sex-Distinct UP- 1994 Mortality Table
Mortality-Disabled Pensioners	RP2000 Disabled Mortality Table	-
Inflation Rate	3.0%	3.0%

**2007 Changes in Plan Provisions or Actuarial Assumptions**

- Changed disability assumption from assuming 100% of disabilities are Ordinary to 10% Ordinary and 90% Accidental for represented employee and 95% Ordinary and 5% Accidental for non-represented employees.
- Changed the backdrop assumption from 70% of eligible employees elect a backdrop with an average backdrop period of four years to 75% of eligible employees elect a backdrop, where 75% are assumed to take the maximum period available to them and 25% take half the maximum period available.
- Increase annual compensation limit to \$ 225,000.
- Increase annual benefit limit to \$ 180,000.

**2006 Changes in Plan Provisions or Actuarial Assumptions**

- Increased annual compensation limit to \$ 220,000.
- Increased annual benefit limit to \$ 175,000.
- Decrease in the discount rate to 8.0%
- Increase in backdrop utilization assumption from 50% to 70%

**2005 Changes in Plan Provisions or Actuarial Assumptions**

- Increase annual compensation limit to \$ 210,000.
- Increase annual benefit limit to \$ 170,000.

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

**Contributions Required and Contributions Made**

The ERS' funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages for annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the Entry Age Normal method of funding. The ERS also uses the level percentage of payroll method to amortize the unfunded liability over a 30-year period in 2006. The significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the pension benefit obligation.

The County makes contributions to the ERS based upon actuarially determined contribution requirements, as well as additional contributions at the discretion of the County Board. Actuarially determined contribution requirements are set during the County's budget process. The data available for the determination is based upon the prior fiscal year's demographics. The actuarially determined contribution requirements set during the budgeting process may differ from the annual required contribution (ARC) for the current period as a result of changes in plan provisions implemented subsequent to approval of the County budget. During the year, the ERS accrues only those contributions that the County is statutorily required to pay. This consists of those contributions that were included in the County's current year budget and any additional contributions that may have been committed at the discretion of the County Board.

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

	Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
ERS	12/31/06	\$ 52,638	52.1%	\$ 25,636
	12/31/05	37,608	94.2%	-
	12/31/04	33,248	105.7%	(2,000)

	Fiscal Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
OBRA	12/31/06	\$ 481	92.6%	-
	12/31/05	386	94.5%	-
	12/31/04	338	103.1%	-

County contributions totaling \$ 27,435 and \$ 35,415 were recorded in 2006 and 2005 respectively. The 2006 and 2005 contributions were less than the total

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

**Contributions Required and Contributions Made (Continued)**

actuarial required contribution using the Entry Age Normal method of funding with normal cost computed as a level percentage of pay. The County's contributions to the ERS were 12.3% and 15.7% of annual covered payroll for 2006 and 2005, respectively.

OBRA's funding policy provides for an annual County contribution at an actuarially determined rate. Liabilities and contributions are computed using the Unit Credit method of funding. OBRA also used the Unit Credit method to amortize the unfunded liability over a 30-year period. The actuarial accrued liability of OBRA at December 31, 2006 and 2005 was \$ 3,843 and \$ 3,530 respectively, leaving net assets available less than the actuarial accrued liability of (\$ 2,582) and (\$ 2,440) respectively. The County made contributions to the OBRA system totaling \$ 462 in 2006.

The accrued pension payable at December 31, 2006 of \$ 27,862 represents the pension expense of ERS and OBRA recorded in 2006 that will be paid by June 2007.

**Note 16-Restatement of Net Assets-Component Units**

Net assets of the component units as included on the Combining Statement of Revenues, Expenses and Changes in Fund Net Assets-Component Units has been restated as a result of the Marcus Center obtaining tax-exempt status from the Internal Revenue Service and the Wisconsin Department of Revenue. The Marcus Center is now a separate entity from the War Memorial Center. The reason for the change in Net Assets as reported, is due to the War Memorial being a cash basis of accounting entity and the Marcus Center being an accrual basis of accounting entity.

Net Assets-December 31, 2005 (as reported)	\$(6,685)
Determination of the Marcus Center	
As a component unit	12,411
Adjustment to War Memorial Center	<u>(15)</u>
Net Assets January 1, 2006 As Restated	<u>\$ 5,711</u>

**Note 17-New Accounting Pronouncements**

In June 2004, GASB issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."

## **Note 17-New Accounting Pronouncements (Continued)**

This statement addresses how state and local governments should account for and report costs and obligations related to postemployment healthcare and other nonpension benefits and is effective for fiscal periods beginning after December 15, 2006. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. The County is currently studying the impact to the financial statements that implementing GASB Statement No. 45 will impose. The County will implement Statement No. 45 beginning with the fiscal year ended December 31, 2007.

## **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.

**County Of Milwaukee**  
**Required Supplementary Information**  
**Schedules of Funding Progress**  
(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)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>Retirement System</b>						
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%
1/1/02	1,620,157	1,492,072	108.60%	(128,085)*	238,387	(53.7%)**
<b>OBRA</b>						
1/1/07	\$ 1,261	\$ 3,843	32.80%	\$ 2,582	\$ 7,057	36.6%
1/1/06	1,090	3,530	30.90%	2,440	8,353	29.2%
1/1/05	944	2,872	32.90%	1,928	8,406	22.9%
1/1/04	790	2,535	31.15%	1,745	8,397	20.8%
1/1/03	674	2,049	32.90%	1,376	8,596	16.0%
1/1/02	662	1,890	35.00%	1,228	8,713	14.1%

\* These amounts represent actuarial value of assets in excess of actuarial accrued liabilities.

\*\* These percentages represent the amount of overfunded actuarial assets as a percentage of payroll.

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

**County Of Milwaukee  
Required Supplementary Information  
Schedules of Employer Contributions  
For the Year Ended December 31**

<u>Retirement System</u>	<u>Fiscal Year</u>	<u>Annual Pension Costs</u>	<u>Annual Required Contribution (ARC)</u>	<u>Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
	2006	\$ 52,548	\$ 52,638	\$ 27,435	52.10%	\$ 25,636
	2005	37,608	37,438	35,415	94.20%	-
	2004	33,248	33,248	35,249	106.02%	(2,000)
	2003	25,242	23,131	33,981	146.91%	-
	2002	8,528	7,536	2,580	34.23%	10,914
	2001	8,586	8,586	2,648	30.80%	5,938

OBRA

2006	\$ 481	\$ 499	\$ 462	92.60%	\$ -
2005	386	386	365	94.50%	-
2004	338	338	348	103.10%	-
2003	280	280	280	100.00%	-
2002	275	275	275	100.00%	-
2001	250	250	250	100.00%	-

# **OTHER SUPPLEMENTARY INFORMATION**

**Combining and Individual Fund  
Financial Statements and Schedules**

**BUDGETARY COMPARISON**

COUNTY OF MILWAUKEE  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances-Budget and Actual  
 (Non-GAAP Budgetary Basis)  
 General Fund  
 For the Year Ended December 31, 2006  
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 289,253	\$ 305,545	\$ 292,298	\$ (13,247)
Property Taxes	233,827	233,827	234,317	490
Charges for Services	213,074	216,353	228,898	12,545
Sales Taxes	64,679	64,679	62,904	(1,775)
Investment Income and Rents	8,433	8,432	13,448	5,016
Fines and Forfeits	3,146	3,146	3,616	470
Licenses and Permits	490	490	634	144
Other	41,627	41,626	28,950	(12,676)
<b>Total Revenues</b>	<b>854,529</b>	<b>874,098</b>	<b>865,065</b>	<b>(9,033)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
County Board	4,987	5,047	4,817	230
Department of Audit	2,370	2,333	2,210	123
Veterans Service	285	384	326	58
Disadvantaged Business Development	645	666	608	58
Procurement	901	774	569	205
Office of Handicapped	821	974	543	431
County Executive	944	993	963	30
Civil Service Commission	63	60	57	3
Personnel Review Board	165	186	182	4
Corporation Counsel	1,915	2,155	1,955	200
Department of Human Resources	4,439	4,539	4,232	307
Department of Administrative Services	3,426	3,585	3,397	188
Housing	18,586	24,283	19,898	4,385
Legislative, Executive and Staff	39,547	45,979	39,757	6,222
County-funded State Court Services	37,816	38,523	38,200	323
Child Support Enforcement	18,305	20,582	19,343	1,239
Courts and Judiciary	56,121	59,105	57,543	1,562
Election Commission	986	980	680	300
County Treasurer	1,100	1,107	1,182	(75)
County Clerk	623	636	575	61
Register of Deeds	4,345	6,387	5,311	1,076
General Governmental Services	7,054	9,110	7,748	1,362
Sheriff	73,491	74,782	74,110	672
House of Correction	44,060	44,525	44,162	363
District Attorney	16,518	16,403	15,661	742
Public Safety and Non-Departmental Court	3,566	3,903	3,947	(44)
Public Safety	137,635	139,613	137,880	1,733
Highway Maintenance	15,158	15,305	13,848	1,457
Administration	2,360	173	47	126
Public Works and Highways	17,518	15,478	13,895	1,583

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, 2006  
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
County Health Related Programs	\$ 36,081	\$ 37,637	\$ 37,023	\$ 614
Department on Aging	18,573	18,595	17,491	1,104
Department on Aging -- CMO	148,586	148,760	159,253	(10,493)
Department of Human Services	181,297	188,479	183,936	4,543
Human Services	<u>384,537</u>	<u>393,471</u>	<u>397,703</u>	<u>(4,232)</u>
Department of Parks	37,712	41,165	37,249	3,916
Zoological Department	20,372	20,451	19,650	801
UW Extension Service	333	416	282	134
Parks, Recreation and Culture	<u>58,417</u>	<u>62,032</u>	<u>57,181</u>	<u>4,851</u>
Other	<u>27,621</u>	<u>22,932</u>	<u>12,839</u>	<u>10,093</u>
Total Expenditures	<u>728,450</u>	<u>747,720</u>	<u>724,546</u>	<u>23,174</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>126,079</u>	<u>126,378</u>	<u>140,519</u>	<u>14,141</u>
Other Financing Sources (Uses):				
Application of Fund Balance				
Reserved for 2006 Appropriations	(1,573)	(1,573)	(1,573)	-
Transfers In	-	-	2,670	2,670
Transfers Out	(118,047)	(118,346)	(131,653)	(13,307)
Transfers To Component Units	(6,459)	(6,459)	(6,459)	-
Total Other Financing Sources (Uses)	<u>(126,079)</u>	<u>(126,378)</u>	<u>(137,015)</u>	<u>(10,637)</u>
Net Change in Fund Balance	-	-	3,504	3,504
Fund Balances -- Beginning	24,034	24,034	24,034	-
Fund Balances -- Ending	<u>\$ 24,034</u>	<u>\$ 24,034</u>	<u>\$ 27,538</u>	<u>\$ 3,504</u>

COUNTY OF MILWAUKEE  
 Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual  
 (Non-GAAP Budgetary Basis)  
 Debt Service Fund  
 For the Year Ended December 31, 2006  
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Investment Income and Rents	\$ -	\$ -	\$ 1,066	\$ 1,066
Other	6,889	7,039	5,793	(1,246)
Total Revenues	<u>6,889</u>	<u>7,039</u>	<u>6,859</u>	<u>(180)</u>
<b>Expenditures:</b>				
Current -- Other	-	-	100	(100)
<b>Debt Service:</b>				
Principal Retirement	28,440	28,440	28,437	3
Interest	14,578	14,578	15,025	(447)
Total Expenditures	<u>43,018</u>	<u>43,018</u>	<u>43,562</u>	<u>(544)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(36,129)</u>	<u>(35,979)</u>	<u>(36,703)</u>	<u>(724)</u>
<b>Other Financing Sources (Uses):</b>				
Premium on Debt Issued	-	-	2,121	2,121
Wisconsin Trust Fund Proceeds	-	300	-	(300)
Transfers In	33,941	33,491	37,176	3,685
Total Other Financing Sources (Uses)	<u>33,941</u>	<u>33,791</u>	<u>39,297</u>	<u>5,506</u>
Net Change in Fund Balance	(2,188)	(2,188)	2,594	4,782
Fund Balances - Beginning	2,979	2,979	2,979	-
Fund Balances - Ending	<u>\$ 791</u>	<u>\$ 791</u>	<u>\$ 5,573</u>	<u>\$ 4,782</u>

COUNTY OF MILWAUKEE  
 Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual  
 (Non-GAAP Budgetary Basis)  
 Capital Projects Fund  
 For the Year Ended December 31, 2006  
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 6,327	\$ 23,317	\$ 10,677	\$ (12,640)
Sales Tax	750	750	750	-
Investment Income and Rents	-	90	600	510
Other	-	3,475	14	(3,461)
Total Revenues	<u>7,077</u>	<u>27,632</u>	<u>12,041</u>	<u>(15,591)</u>
<b>Expenditures:</b>				
Capital Outlay	40,830	72,940	58,089	14,851
Total Expenditures	<u>40,830</u>	<u>72,940</u>	<u>58,089</u>	<u>14,851</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(33,753)</u>	<u>(45,309)</u>	<u>(46,048)</u>	<u>(739)</u>
<b>Other Financing Sources (Uses):</b>				
General Obligation Bonds Issued	34,503	31,520	31,595	75
Transfers In	-	13,239	2,520	(10,719)
Transfers Out	(750)	-	(1,016)	(1,016)
Total Other Financing Sources (Uses)	<u>33,753</u>	<u>44,759</u>	<u>33,099</u>	<u>(11,660)</u>
Net Change in Fund Balance	-	(550)	(12,949)	(12,399)
Fund Balances - Beginning	8,455	8,455	8,455	-
Fund Balances - Ending	<u>\$ 8,455</u>	<u>\$ 7,905</u>	<u>\$ (4,494)</u>	<u>\$ (12,399)</u>

COUNTY OF MILWAUKEE  
Schedule of Revenues, Expenses and Changes in Fund Net Assets-Budget and Actual  
(Non-GAAP Budgetary Basis)  
Airports Enterprise Fund  
For the Year Ended December 31, 2006  
(In Thousands)

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance With Final <u>Budget</u>
Operating Revenues:				
Rentals and Other Service Fees	\$ 50,755	\$ 53,259	\$ 50,323	\$ (2,936)
Admissions and Concessions	10,818	10,818	11,406	588
Total Charges for Services	<u>61,573</u>	<u>64,077</u>	<u>61,729</u>	<u>(2,348)</u>
Other Revenues	15	15	15	-
Total Operating Revenues	<u>61,588</u>	<u>64,092</u>	<u>61,744</u>	<u>(2,348)</u>
Operating Expenses:				
Personnel Services	14,711	15,728	15,507	221
Contractual Services	13,318	15,777	16,220	(443)
Intra-County Services	9,174	9,218	9,305	(87)
Commodities	1,815	1,944	2,135	(191)
Depreciation and Amortization	15,251	15,251	14,000	1,251
Maintenance	783	1,415	1,761	(346)
Other	715	1,078	2,268	(1,190)
Total Operating Expenses	<u>55,767</u>	<u>60,411</u>	<u>61,196</u>	<u>(785)</u>
Operating Income (Loss)	<u>5,821</u>	<u>3,681</u>	<u>548</u>	<u>(3,133)</u>
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	100	100	216	116
Investment Income	745	745	1,698	953
Interest Expense	(7,852)	(7,852)	(6,398)	1,454
Total Nonoperating Revenues (Expenses)	<u>(7,007)</u>	<u>(7,007)</u>	<u>(4,484)</u>	<u>2,523</u>
Income (Loss) Before Transfers	(1,186)	(3,326)	(3,936)	(610)
Add Depreciation on Capital Assets				
Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants	3,907	3,907	8,445	4,538
Transfers In	-	-	6,588	6,588
Transfers Out	<u>(2,721)</u>	<u>(581)</u>	<u>(3,061)</u>	<u>(2,480)</u>
Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,036</u>	<u>\$ 8,036</u>

COUNTY OF MILWAUKEE  
Schedule of Revenues, Expenses and Changes in Fund Net Assets-Budget and Actual  
(Non-GAAP Budgetary Basis)  
DHHS Behavioral Health Enterprise Fund  
For the Year Ended December 31, 2006  
(In Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Operating Revenues:				
Charges for Services:				
Patient Service Revenues, Net of Provision for Uncollectible Accounts and Contractual Allowances	\$ 45,037	\$ 48,549	\$ 50,773	\$ 2,224
Net Patient Service Revenues	45,037	48,549	50,773	2,224
Rentals and Other Service Fees	46	46	102	56
Admissions and Concessions	12	12	6	(6)
Total Charges for Services	45,095	48,607	50,881	2,274
Other Revenues	18,369	18,369	11,992	(6,377)
Total Operating Revenues	<u>63,464</u>	<u>66,976</u>	<u>62,873</u>	<u>(4,103)</u>
Operating Expenses:				
Personnel Services	65,706	73,091	73,188	(97)
Contractual Services	8,479	9,965	9,986	(21)
Intra-County Services	5,158	5,167	3,613	1,554
Commodities	6,180	8,510	7,813	697
Depreciation and Amortization	706	706	818	(112)
Maintenance	73	220	36	184
Other	73,497	79,435	76,559	2,876
Total Operating Expenses	<u>159,799</u>	<u>177,094</u>	<u>172,013</u>	<u>5,081</u>
Operating Income (Loss)	<u>(96,335)</u>	<u>(110,118)</u>	<u>(109,140)</u>	<u>978</u>
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	61,833	69,702	69,135	(567)
Interest Expense	(279)	(279)	(342)	(63)
Total Nonoperating Revenues (Expenses)	<u>61,554</u>	<u>69,423</u>	<u>68,793</u>	<u>(630)</u>
Income (Loss) Before Transfers	(34,781)	(40,695)	(40,347)	348
Add Depreciation on Capital Assets				
Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants	-	-	45	45
Transfers In	34,781	40,695	39,056	(1,639)
Transfers Out	-	-	(351)	(351)
Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,597)</u>	<u>\$ (1,597)</u>

**COUNTY OF MILWAUKEE**  
**Schedule of Revenues, Expenses and Changes in Fund Net Assets-Budget and Actual**  
**(Non-GAAP Budgetary Basis)**  
**Transit Enterprise Fund**  
**For the Year Ended December 31, 2006**  
**(In Thousands)**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Operating Revenues:</b>				
Rentals and Other Service Fees	\$ 140	\$ 140	\$ 139	\$ (1)
Transit Fares	40,541	40,541	45,705	5,164
Total Charges for Services	<u>40,681</u>	<u>40,681</u>	<u>45,844</u>	<u>5,163</u>
Other Revenues	9,505	9,505	8,123	(1,382)
Total Operating Revenues	<u>50,186</u>	<u>50,186</u>	<u>53,967</u>	<u>3,781</u>
<b>Operating Expenses:</b>				
Personnel Services	107,636	107,636	108,223	(587)
Contractual Services	23,446	23,450	24,146	(696)
Intra-County Services	661	661	888	(227)
Commodities	14,982	14,982	13,061	1,921
Depreciation and Amortization	12,935	12,935	12,794	141
Maintenance	846	867	712	155
Other	583	1,164	2,900	(1,736)
Total Operating Expenses	<u>161,089</u>	<u>161,695</u>	<u>162,724</u>	<u>(1,029)</u>
Operating Income (Loss)	<u>(110,903)</u>	<u>(111,509)</u>	<u>(108,757)</u>	<u>2,752</u>
<b>Nonoperating Revenues (Expenses):</b>				
Intergovernmental Revenues	80,237	80,890	79,162	(1,728)
Interest Expense	(1,354)	(1,354)	(1,118)	236
Total Nonoperating Revenues (Expenses)	<u>78,883</u>	<u>79,536</u>	<u>78,044</u>	<u>(1,492)</u>
Income (Loss) Before Transfers	(32,020)	(31,973)	(30,713)	1,260
<b>Add Depreciation on Capital Assets</b>				
Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants	10,470	10,470	1,758	(8,712)
Transfers In	20,399	20,352	19,995	(357)
Transfers Out	-	-	(463)	(463)
Change in Net Assets	<u>\$ (1,151)</u>	<u>\$ (1,151)</u>	<u>\$ (9,423)</u>	<u>\$ (8,272)</u>

## COMBINING STATEMENTS

### Other Governmental Funds

#### **Special Revenue Funds**

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

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

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

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

**Behavioral Health Division** - Mental health research, patient activities and special events.

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

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

COUNTY OF MILWAUKEE  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2006  
 (In Thousands)

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Zoo	Parks	Persons with Disabilities	Behavioral Health Division	Airport	Health and Safety	
<b>ASSETS</b>							
Cash and Investments	\$ 545	\$ 711	\$ 115	\$ 468	\$ -	\$ 70	\$ 1,909
Cash and Investments -- Restricted	-	-	-	-	34,128	-	34,128
Prepaid Items	54	-	-	-	-	-	54
Total Assets	<u>\$ 599</u>	<u>\$ 711</u>	<u>\$ 115</u>	<u>\$ 468</u>	<u>\$ 34,128</u>	<u>\$ 70</u>	<u>\$ 36,091</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable	\$ 45	\$ -	\$ -	\$ 45	\$ -	\$ -	\$ 90
Other Liabilities	1	-	-	-	-	-	1
Total Liabilities	<u>46</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>91</u>
Fund Balances:							
Reserved	553	711	115	423	34,128	70	36,000
Total Fund Balances	<u>553</u>	<u>711</u>	<u>115</u>	<u>423</u>	<u>34,128</u>	<u>70</u>	<u>36,000</u>
Total Liabilities and Fund Balances	<u>\$ 599</u>	<u>\$ 711</u>	<u>\$ 115</u>	<u>\$ 468</u>	<u>\$ 34,128</u>	<u>\$ 70</u>	<u>\$ 36,091</u>

COUNTY OF MILWAUKEE  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2006  
(In Thousands)

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Zoo	Parks	Persons with Disabilities	Behavioral Health Division	Airport	Health and Safety	
<b>Revenues:</b>							
Investment Income and Rents	\$ 34	\$ 1	\$ 4	\$ -	\$ 1,135	\$ -	\$ 1,174
Charges for Services	649	76	-	-	-	-	725
PFC Revenues	-	-	-	-	10,268	-	10,268
Other	117	16	(7)	-	-	24	150
<b>Total Revenues</b>	<u>800</u>	<u>93</u>	<u>(3)</u>	<u>-</u>	<u>11,403</u>	<u>24</u>	<u>12,317</u>
<b>Expenditures:</b>							
Current:							
Human Services	-	-	4	55	-	-	59
Parks, Recreation and Culture	788	40	-	-	-	-	828
Other	-	-	-	-	5,304	-	5,304
<b>Total Expenditures</b>	<u>788</u>	<u>40</u>	<u>4</u>	<u>55</u>	<u>5,304</u>	<u>-</u>	<u>6,191</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>12</u>	<u>53</u>	<u>(7)</u>	<u>(55)</u>	<u>6,099</u>	<u>24</u>	<u>6,126</u>
<b>Other Financing Sources (Uses)</b>							
Transfers Out	-	-	-	-	(6,126)	-	(6,126)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,126)</u>	<u>-</u>	<u>(6,126)</u>
<b>Net Changes in Fund Balance</b>	12	53	(7)	(55)	(27)	24	-
Fund Balances -- Beginning	541	658	122	478	34,155	46	36,000
<b>Fund Balances -- Ending</b>	<u>\$ 553</u>	<u>\$ 711</u>	<u>\$ 115</u>	<u>\$ 423</u>	<u>\$ 34,128</u>	<u>\$ 70</u>	<u>\$ 36,000</u>

## COMBINING STATEMENTS

### Internal Service Funds

#### **Information Management Services**

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

#### **Public Works Services**

This fund is used to account for various services provided to other County departments including:

**Professional Services** - provides engineering, architectural and administrative services.

**Central Services** - provides custodial and equipment maintenance services.

**Fleet Maintenance** - controls, supervises and maintains all automotive equipment owned by the County.

#### **Risk Management**

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

COUNTY OF MILWAUKEE  
Combining Balance Sheet  
Internal Service Funds  
December 31, 2006  
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
<b>Assets</b>				
Current Assets:				
Cash and Investments	\$ 4,740	\$ 5,290	\$ 8,561	\$ 18,591
Accounts Receivable (Net of Allowances for Uncollectible Accounts)	63	678	-	741
Due From Other Governments	-	261	-	261
Inventories	-	658	-	658
Prepaid Items	139	-	-	139
Total Current Assets	<u>4,942</u>	<u>6,887</u>	<u>8,561</u>	<u>20,390</u>
Capital Assets:				
Land	-	1,382	-	1,382
Construction in Progress	2,127	2,062	4	4,193
Land Improvements	-	10,087	-	10,087
Building and Improvements	746	99,489	-	100,235
Furniture, Machinery and Equipment	32,231	39,338	114	71,683
Total Capital Assets	35,104	152,358	118	187,580
Less Accumulated Depreciation	(23,718)	(107,209)	(110)	(131,037)
Net Capital Assets	11,386	45,149	8	56,543
Total Assets	<u>\$ 16,328</u>	<u>\$ 52,036</u>	<u>\$ 8,569</u>	<u>\$ 76,933</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 332	\$ 778	\$ 1	\$ 1,111
Accrued Liabilities	150	484	2	636
Unearned Revenues	-	224	-	224
Bonds Payable - Current Portion	1,370	3,650	-	5,020
Compensated Absences	626	1,075	-	1,701
Risk Claims	-	-	5,616	5,616
Total Current Liabilities	<u>2,478</u>	<u>6,211</u>	<u>5,619</u>	<u>14,308</u>
Long-Term Liabilities:				
Compensated Absences	1,316	2,950	105	4,371
Risk Claims	-	-	2,832	2,832
Bonds Payable -- Long-Term	12,011	25,720	-	37,731
Total Long-Term Liabilities	<u>13,327</u>	<u>28,670</u>	<u>2,937</u>	<u>44,934</u>
Total Liabilities	<u>15,805</u>	<u>34,881</u>	<u>8,556</u>	<u>59,242</u>
<b>Net Assets</b>				
Unrestricted	2,518	1,376	5	3,899
Invested in Capital Assets, Net of Related Debt	(1,995)	15,779	8	13,792
Total Net Assets	<u>523</u>	<u>17,155</u>	<u>13</u>	<u>17,691</u>
Total Liabilities and Net Assets	<u>\$ 16,328</u>	<u>\$ 52,036</u>	<u>\$ 8,569</u>	<u>\$ 76,933</u>

COUNTY OF MILWAUKEE  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For The Year Ended December 31, 2006  
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
Operating Revenues:				
Charges for Services	\$ -	\$ 28,722	\$ 6,007	\$ 34,729
Other	40	630	148	818
Total Operating Revenues	<u>40</u>	<u>29,352</u>	<u>6,155</u>	<u>35,547</u>
Operating Expenses:				
Personnel Services	9,969	24,699	552	35,220
Contractual Services	3,558	7,344	50	10,952
Intra-County Services	(28)	1,935	(127)	1,780
Commodities	320	3,359	2	3,681
Depreciation and Amortization	2,923	5,823	1	8,747
Maintenance	616	1,139	-	1,755
Insurance and Claims	-	-	5,753	5,753
Other	-	2,263	-	2,263
Total Operating Expenses	<u>17,358</u>	<u>46,562</u>	<u>6,231</u>	<u>70,151</u>
Operating Income (Loss)	<u>(17,318)</u>	<u>(17,210)</u>	<u>(76)</u>	<u>(34,604)</u>
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	140	385	-	525
Interest Expense	(641)	(1,338)	-	(1,979)
Total Nonoperating Revenues (Expenses)	<u>(501)</u>	<u>(953)</u>	<u>-</u>	<u>(1,454)</u>
Income (Loss) Before Contributions and Transfers	(17,819)	(18,163)	(76)	(36,058)
Capital Contributions	(1,474)	(503)	-	(1,977)
Transfers In	17,932	18,158	77	36,167
Transfers Out	-	(1,502)	-	(1,502)
Change in Net Assets	(1,361)	(2,010)	1	(3,370)
Net Assets -- Beginning	1,884	19,165	12	21,061
Net Assets -- Ending	<u>\$ 523</u>	<u>\$ 17,155</u>	<u>\$ 13</u>	<u>\$ 17,691</u>

COUNTY OF MILWAUKEE  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2006  
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
<b>Cash Flows Provided (Used) by Operating Activities:</b>				
Receipts from Customers and Users	\$ -	\$ 4,770	\$ 625	\$ 5,395
Receipts from Interfund Services	-	24,379	5,507	29,886
Payments to Suppliers	(4,594)	(14,171)	(5,805)	(24,570)
Payments to Employees	(9,871)	(24,837)	(601)	(35,309)
Payments for Interfund Services Used	(72)	(1,935)	(539)	(2,546)
Net Cash Flows Provided (Used) by Operating Activities	<u>(14,537)</u>	<u>(11,794)</u>	<u>(813)</u>	<u>(27,144)</u>
<b>Cash Flows Provided (Used) by Noncapital Financing Activities:</b>				
Intergovernmental Revenues	140	385	-	525
Transfers From Other Funds	17,932	18,158	77	36,167
Transfers (To) Other Funds	-	(1,502)	-	(1,502)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>18,072</u>	<u>17,041</u>	<u>77</u>	<u>35,190</u>
<b>Cash Flows Provided (Used) by Capital and Related Financing Activities:</b>				
Proceeds from Bonds	3,574	4,521	-	8,095
Principal Payment on Bonds	(1,808)	(6,582)	-	(8,390)
Interest Paid on Bonds	(658)	(1,379)	-	(2,037)
Acquisition of Capital Assets	(3,117)	(1,947)	-	(5,064)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(2,009)</u>	<u>(5,387)</u>	<u>-</u>	<u>(7,396)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,526	(140)	(736)	650
Cash and Cash Equivalents at Beginning of Year	3,214	5,430	9,297	17,941
Cash and Cash Equivalents at End of Year	<u>\$ 4,740</u>	<u>\$ 5,290</u>	<u>\$ 8,561</u>	<u>\$ 18,591</u>

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

Operating Income (Loss):	\$ (17,318)	\$ (17,210)	\$ (76)	\$ (34,604)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	2,923	5,823	1	8,747
(Increase) Decrease in Assets:				
Accounts Receivable	-	(249)	40	(209)
Due From Other Governments	-	19	-	19
Inventories	-	19	-	19
Prepaid Items	(40)	-	-	(40)
Increase (Decrease) in Liabilities:				
Accounts Payable	(200)	(85)	-	(285)
Accrued Liabilities	(17)	8	(4)	(13)
Unearned Revenues	-	27	(63)	(36)
Risk Claims	-	-	(666)	(666)
Compensated Absences	115	(146)	(45)	(76)
Total Adjustments	<u>2,781</u>	<u>5,416</u>	<u>(737)</u>	<u>7,460</u>
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ (14,537)</u>	<u>\$ (11,794)</u>	<u>\$ (813)</u>	<u>\$ (27,144)</u>

**Noncash investing, financing, and related activities:**

Capital assets contributed from/(to) the general government	<u>\$ (1,422)</u>	<u>\$ (1,702)</u>	<u>\$ -</u>	<u>\$ (3,124)</u>
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## **COMBINING STATEMENTS**

### **Fiduciary Funds**

#### **Agency Funds**

Agency funds are custodial in nature and are used to account for assets held by the County as an agent for individuals, private organizations, and other governmental units. Significant Agency Funds consist of Civil Court-ordered family support payments.

COUNTY OF MILWAUKEE  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For The Year Ended December 31, 2006  
(In Thousands)

	<u>January 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2006</u>
<b><u>CIVIL COURT ORDERED AGENCY FUND FOR FAMILY SUPPORT/PAYMENTS</u></b>				
Cash and Investments	\$ 14,162	\$ 72,812	\$ 70,919	\$ 16,055
<b>Total Assets</b>	<u>\$ 14,162</u>	<u>\$ 72,812</u>	<u>\$ 70,919</u>	<u>\$ 16,055</u>
Agency Deposits	\$ 14,162	\$ 66,406	\$ 64,513	\$ 16,055
<b>Total Liabilities</b>	<u>\$ 14,162</u>	<u>\$ 66,406</u>	<u>\$ 64,513</u>	<u>\$ 16,055</u>
<b><u>OTHER AGENCY FUNDS</u></b>				
Cash and Investments	\$ 9,362	\$ 58,543	\$ 57,844	\$ 10,061
Other Receivables	-	36,004	36,004	-
<b>Total Assets</b>	<u>\$ 9,362</u>	<u>\$ 94,547</u>	<u>\$ 93,848</u>	<u>\$ 10,061</u>
Accounts Payable	\$ 1,144	\$ 22,470	\$ 23,464	\$ 150
Agency Deposits	8,218	45,752	44,059	9,911
<b>Total Liabilities</b>	<u>\$ 9,362</u>	<u>\$ 68,222</u>	<u>\$ 67,523</u>	<u>\$ 10,061</u>
<b><u>SUMMARY</u></b>				
Cash and Investments	\$ 23,524	\$ 131,355	\$ 128,763	\$ 26,116
Other Receivables	-	36,004	36,004	-
<b>Total Assets</b>	<u>\$ 23,524</u>	<u>\$ 167,359</u>	<u>\$ 164,767</u>	<u>\$ 26,116</u>
Accounts Payable	\$ 1,144	\$ 22,470	\$ 23,464	\$ 150
Agency Deposits	22,380	112,158	108,572	25,966
<b>Total Liabilities</b>	<u>\$ 23,524</u>	<u>\$ 134,628</u>	<u>\$ 132,036</u>	<u>\$ 26,116</u>

**STATISTICAL SECTION (UNAUDITED)**

## **STATISTICAL SECTION (UNAUDITED)**

The information in this section is not covered by the Independent Auditor's report, but is presented as supplemental data for the benefit of the readers of the comprehensive financial report.

### **Financial Trends**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the County's most significant local revenue sources, property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

### **Operating Information**

These schedules contain service and capital asset data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**County of Milwaukee, Wisconsin**  
**Net Assets by Component**  
**Last Five Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(In Thousands)**

	<u>Fiscal Year Ended December 31,</u>				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Governmental Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$ 215,539	\$ 239,957	\$ 252,316	\$ 251,485	\$ 213,207
Restricted For:					
Debt	3,594	2,415	8,130	6,862	19,116
Airport PFC	34,128	34,155	-	-	-
Other purposes	1,872	1,845	-	-	-
Unrestricted	<u>(16,122)</u>	<u>(44,305)</u>	<u>(30,190)</u>	<u>(20,064)</u>	<u>240</u>
<b>Subtotal Governmental Activities Net Assets</b>	<b><u>239,011</u></b>	<b><u>234,067</u></b>	<b><u>230,256</u></b>	<b><u>238,283</u></b>	<b><u>232,563</u></b>
<b>Business-type Activities</b>					
Invested in Capital Assets, Net of Related Debt	194,022	174,016	206,060	196,792	197,495
Restricted For:					
Debt	12,061	10,328	9,505	8,190	8,194
Capital Asset Needs	4,120	3,414	-	-	-
Other purposes	-	-	3,899	5,854	5,854
Unrestricted	<u>5,424</u>	<u>25,999</u>	<u>3,268</u>	<u>2,831</u>	<u>-</u>
<b>Subtotal Business-type Activities Net Assets</b>	<b><u>215,627</u></b>	<b><u>213,757</u></b>	<b><u>222,732</u></b>	<b><u>213,667</u></b>	<b><u>211,543</u></b>
<b>Primary Government</b>					
Invested in Capital Assets, Net of Related Debt	409,561	413,973	458,376	448,277	410,702
Restricted For:					
Debt	15,655	12,743	17,635	15,052	27,310
Airport PFC	34,128	34,155	-	-	-
Capital Asset Needs	4,120	3,414	-	-	-
Other purposes	1,872	1,845	3,899	5,854	5,854
Unrestricted	<u>(10,698)</u>	<u>(18,306)</u>	<u>(26,922)</u>	<u>(17,233)</u>	<u>240</u>
<b>Total Primary Government Activities Net Assets</b>	<b><u>\$ 454,638</u></b>	<b><u>\$ 447,824</u></b>	<b><u>\$ 452,988</u></b>	<b><u>\$ 451,950</u></b>	<b><u>\$ 444,106</u></b>

**Notes:**

- (1) In 2002 the County adopted GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis -for State and Local Governments". The County was not required to restate the prior year's accounting data.
- (2) Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt: restricted; and unrestricted. Net assets are considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

**County of Milwaukee, Wisconsin**  
**Changes in Net Assets**  
**Last Five Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(In Thousands)**

	<u>Fiscal Year Ended December 31,</u>				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b><u>Expenses (by Function)</u></b>					
Governmental Activities:					
Legislative, Executive and Staff	\$ 65,242	\$ 70,546	\$ 65,142	\$ 56,569	\$ 60,416
Courts and Judiciary	58,432	56,517	54,715	52,427	49,860
General Governmental Services	9,884	8,152	8,992	8,426	8,246
Public Safety	146,410	138,885	136,896	128,134	115,415
Public Works and Highways	59,141	88,133	82,543	77,079	79,991
Human Services	398,245	363,558	345,251	320,705	281,934
Parks, Recreation and Culture	72,361	69,150	69,861	70,609	72,174
Other	19,891	19,222	9,086	15,812	20,081
Interest on Long-term Debt	16,520	17,497	17,502	20,279	17,752
<b>Total Governmental Activities Expenses</b>	<u>846,126</u>	<u>831,660</u>	<u>789,988</u>	<u>750,040</u>	<u>705,869</u>
Business-type Activities:					
Airport	64,254	58,894	54,720	51,949	42,333
Behavioral Health	171,064	157,233	147,055	137,908	134,958
Transit	163,619	157,623	154,003	148,710	144,946
<b>Total Business-type Activities Expenses</b>	<u>398,937</u>	<u>373,750</u>	<u>355,778</u>	<u>338,567</u>	<u>322,237</u>
<b>Total Primary Government Expenses</b>	<u>1,245,063</u>	<u>1,205,410</u>	<u>1,145,766</u>	<u>1,088,607</u>	<u>1,028,106</u>
<b><u>Program Revenues (by Function)</u></b>					
Governmental Activities:					
Charges for Services					
Legislative, Executive and Staff	8,839	10,494	10,397	7,777	2,870
Courts and Judiciary	3,597	3,527	3,574	3,176	4,343
General Governmental Services	6,314	7,144	6,132	6,922	5,737
Public Safety	5,233	3,938	4,962	4,532	10,101
Public Works and Highways	25,707	29,524	29,469	25,926	309
Human Services	179,628	163,613	133,412	110,966	95,197
Parks, Recreation and Culture	26,607	25,639	23,742	21,220	25,451
Other	-	-	-	-	2,908
Operating Grants and Contributions					
Legislative, Executive and Staff	19,125	19,733	18,749	17,425	16,271
Courts and Judiciary	24,249	23,272	23,667	20,676	22,207
General Governmental Services	121	100	167	122	161
Public Safety	19,906	19,133	23,845	14,955	18,556
Public Works and Highways	24,976	37,612	21,399	8,568	12,554
Human Services	182,859	169,708	162,599	146,917	138,407
Parks, Recreation and Culture	1,368	1,227	1,480	(3,498)	257
Other	-	-	-	3,247	-
Capital Grants and Contributions					
Legislative, Executive and Staff	-	3,484	-	-	-
Courts and Judiciary	-	-	-	-	-
General Governmental Services	-	-	-	-	-
Public Safety	-	-	4,835	2,997	550
Public Works and Highways	-	(74)	33,652	-	-
Human Services	-	-	-	-	-
Parks, Recreation and Culture	-	-	1,215	-	-
<b>Total Governmental Activities Program Revenues</b>	<u>528,529</u>	<u>518,074</u>	<u>503,296</u>	<u>391,928</u>	<u>355,879</u>

**County of Milwaukee, Wisconsin**  
**Changes in Net Assets**  
**Last Five Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(In Thousands)**

	<u>Fiscal Year Ended December 31,</u>				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b><u>Program Revenues (by Function) Continued</u></b>					
Business-type Activities:					
Charges for Services					
Airport	\$ 61,744	\$ 55,599	\$ 52,146	\$ 48,515	\$ 39,650
Behavioral Health	62,873	59,870	58,494	52,270	54,974
Transit	53,936	47,757	45,592	44,063	41,975
Operating Grants and Contributions					
Airport	216	312	1,158	562	2,421
Behavioral Health	69,135	61,136	54,780	56,632	56,340
Transit	79,162	79,133	77,108	76,646	72,894
Capital Grants and Contributions					
Airport	8,445	7,371	-	5,006	14,168
Behavioral Health	45	(826)	-	(32)	(670)
Transit	1,758	582	-	11,374	11,406
<b>Total Business-type Activities Program Revenues</b>	<u>337,314</u>	<u>310,934</u>	<u>289,278</u>	<u>295,036</u>	<u>293,158</u>
<b>Total Primary Government Program Revenues</b>	<u>865,843</u>	<u>829,008</u>	<u>792,574</u>	<u>686,964</u>	<u>649,037</u>
<b>Net (Expense)/ Revenue</b>					
Governmental Activities	(317,597)	(313,585)	(286,692)	(358,112)	(349,990)
Business-type Activities	(61,623)	(62,816)	(66,500)	(43,531)	(29,079)
<b>Total Primary Net (Expense)/ Revenue</b>	<u>(379,220)</u>	<u>(376,401)</u>	<u>(353,192)</u>	<u>(401,643)</u>	<u>(379,069)</u>
<b><u>General Revenues and Other Changes in Net Assets</u></b>					
Governmental Activities:					
Taxes					
Property taxes	234,317	228,628	220,612	221,265	220,702
Sales taxes	63,654	62,673	60,498	59,788	58,122
Intergovernmental Revenues Not Related to					
Specific Programs	41,332	40,242	40,472	74,590	65,305
Investment Income	12,185	4,839	4,444	10,207	16,656
Gain on Sale of Capital Assets	93	93	725	182	735
Other--Revenue	32,724	33,730	26,654	42,609	31,901
Transfers	(61,764)	(52,809)	(74,739)	(44,809)	(36,485)
<b>Total Governmental Activities</b>	<u>322,541</u>	<u>317,396</u>	<u>278,666</u>	<u>363,832</u>	<u>356,936</u>
Business-type Activities:					
Investment Income	1,698	1,001	794	872	-
Gain on Sale of Capital Assets	31	31	32	(26)	-
Transfers	61,764	52,809	74,739	44,809	36,485
<b>Total Business-type Activities</b>	<u>63,493</u>	<u>53,841</u>	<u>75,565</u>	<u>45,655</u>	<u>36,485</u>
<b>Total Primary Government</b>	<u>386,034</u>	<u>371,237</u>	<u>354,231</u>	<u>409,487</u>	<u>393,421</u>
<b><u>Change in Net Assets</u></b>					
Governmental activities	4,945	3,811	(8,026)	5,720	6,946
Business-type activities	1,870	(8,975)	9,065	2,124	7,406
<b>Total Primary Government</b>	<u>\$ 6,815</u>	<u>\$ (5,164)</u>	<u>\$ 1,039</u>	<u>\$ 7,844</u>	<u>\$ 14,352</u>

(1) In 2002 the County adopted GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis -for State and Local Governments". The County was not required to restate the prior year's accounting data.

**County of Milwaukee, Wisconsin**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(In Thousands)

Fiscal Year Ending December 31

General Fund	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Reserved For:										
Reserved for 2008 Appropriations	\$ 4,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for 2007 Appropriations	4,664	4,664	-	-	-	-	-	-	-	-
Reserved for 2006 Appropriations	-	(1,573)	(1,573)	-	-	-	-	-	-	-
Reserved for 2005 Appropriations	-	-	(3,534)	(3,534)	-	-	-	-	-	-
Reserved for 2004 Appropriations	-	-	-	4,010	4,010	-	-	-	-	-
Reserved for 2003 Appropriations	-	-	-	-	708	708	-	-	-	-
Reserved for 2002 Appropriations	-	-	-	-	-	3,305	3,305	-	-	-
Reserved for 2001 Appropriations	-	-	-	-	-	-	4,193	4,193	-	-
Reserved for 2000 Appropriations	-	-	-	-	-	-	-	3,355	3,355	-
Reserved for 1999 Appropriations	-	-	-	-	-	-	-	-	4,037	4,037
Reserved for 1998 Appropriations	-	-	-	-	-	-	-	-	-	1,457
Reserved for Delinquent Property Tax	-	-	-	-	-	-	-	-	-	2,847
Reserved for Prepaid Items	-	-	-	-	-	-	3,561	-	-	-
Reserved for Encumbrances	22,617	15,516	9,208	8,685	7,970	9,054	4,223	13,678	11,729	10,977
Reserved for Inventories	1,156	1,023	1,191	1,299	1,913	1,933	2,018	2,084	1,796	1,765
Unreserved:										
Designated for Delinquent Property Tax	5,522	3,999	3,555	3,245	2,560	2,300	2,800	2,500	2,940	-
Designated for Economic Development	150	138	137	211	138	100	55	-	24	31
Designated for Housing	270	267	-	-	2	-	265	327	391	266
Designated for Investments	-	-	-	506	2,017	2,017	-	-	629	-
<b>Subtotal General Fund</b>	<b>39,280</b>	<b>24,034</b>	<b>8,984</b>	<b>14,422</b>	<b>19,318</b>	<b>19,417</b>	<b>20,420</b>	<b>26,137</b>	<b>24,901</b>	<b>21,380</b>
<b>All Other Governmental Funds</b>										
Reserved For:										
Reserved for Debt Service	5,573	2,979	8,130	12,006	19,116	12,274	7,652	11,169	6,863	6,000
Reserved for Encumbrances	7,987	8,455	12,302	13,834	28,041	36,244	40,939	40,956	30,709	31,340
Reserved for Other	-	-	23	-	-	-	-	-	-	-
Reserved for Health and Safety	70	46	-	-	-	-	-	-	-	-
Reserved for Zoo	553	541	559	664	794	1,114	765	642	567	443
Reserved for Parks	711	658	501	256	394	716	657	358	123	155
Reserved for Persons with Disabilities	115	122	101	102	104	92	88	43	38	33
Reserved for Behavioral Health Division	423	478	490	536	540	517	494	470	454	434
Reserved for Airport PFC	34,128	34,155	21,529	23,495	16,981	28,234	25,828	18,307	14,048	11,401
Reserved for Deferred Compensation	-	-	-	-	-	-	-	-	118,969	-
<b>Subtotal All Other</b>	<b>49,560</b>	<b>47,434</b>	<b>43,635</b>	<b>50,893</b>	<b>65,970</b>	<b>79,191</b>	<b>76,423</b>	<b>71,945</b>	<b>171,771</b>	<b>49,806</b>
<b>Governmental Funds</b>	<b>\$ 88,840</b>	<b>\$ 71,468</b>	<b>\$ 52,619</b>	<b>\$ 65,315</b>	<b>\$ 85,288</b>	<b>\$ 98,608</b>	<b>\$ 96,843</b>	<b>\$ 98,082</b>	<b>\$ 196,672</b>	<b>\$ 71,186</b>

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

**County of Milwaukee, Wisconsin**  
**Changes in Fund Balance-Governmental Funds**  
**Last Ten Fiscal Years**  
(In Thousands)

	Fiscal Year Ending December 31									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Revenues:</b>										
Intergovernmental	\$ 302,975	\$ 299,179	\$ 310,503	\$ 296,554	\$ 283,923	\$ 315,763	\$ 368,362	\$ 404,825	\$ 399,245	\$ 363,404
Property Taxes	234,317	228,628	220,612	221,265	220,430	209,178	198,485	185,751	189,989	179,754
Sales Taxes	63,654	62,673	61,123	59,788	58,122	57,941	55,772	55,675	52,043	53,546
Investment Income and Rents	16,288	8,741	7,952	10,207	16,656	19,003	20,271	9,624	25,690	12,143
Charges for Services	229,623	214,088	181,591	157,766	132,924	88,602	59,758	56,196	57,248	62,438
Fines and Forfeits	3,616	2,823	3,129	2,909	3,276	3,660	3,692	4,007	4,139	3,902
Licenses and Permits	634	442	443	413	399	440	464	471	459	462
PFC Revenues	10,268	9,917	-	-	44,709	-	-	-	-	-
Other	34,907	37,888	44,490	51,500	-	55,042	50,831	37,940	39,648	30,682
<b>Total Revenues</b>	<b>896,282</b>	<b>864,379</b>	<b>829,843</b>	<b>800,402</b>	<b>760,439</b>	<b>749,629</b>	<b>757,635</b>	<b>766,489</b>	<b>768,471</b>	<b>706,331</b>
<b>Expenditures:</b>										
Legislative, Executive and Staff	37,729	38,774	38,246	39,257	39,462	32,577	28,697	26,360	23,834	23,487
Courts and Judiciary	56,964	57,456	55,748	52,862	50,889	39,753	35,360	32,851	30,934	28,761
General Governmental Services	7,731	8,203	6,608	6,775	6,662	4,267	4,398	3,673	6,931	2,679
Public Safety	136,634	136,398	135,596	126,758	122,089	100,006	97,851	87,136	77,424	68,819
Public Works and Highways	13,850	16,532	16,553	13,489	13,008	10,370	10,441	24,371	23,293	19,384
Human Services	394,619	362,770	345,208	322,025	283,826	261,461	279,924	308,095	330,208	297,464
Parks, Recreation and Culture	64,194	62,984	62,485	66,853	68,574	53,095	52,203	48,791	47,919	47,769
Other	15,406	18,737	37,663	8,097	9,539	52,278	48,301	42,621	44,413	51,444
Capital Outlay	45,608	48,182	77,409	81,413	103,373	83,342	95,966	89,513	79,150	80,245
Debt Service:										
Principal Retirement	28,437	24,657	20,132	35,826	26,733	36,150	34,374	32,431	34,561	33,801
Interest	15,025	16,232	16,035	18,267	16,570	19,199	18,833	18,722	19,557	19,041
<b>Total Expenditures</b>	<b>816,197</b>	<b>790,925</b>	<b>811,683</b>	<b>771,622</b>	<b>740,725</b>	<b>692,498</b>	<b>706,348</b>	<b>715,564</b>	<b>718,224</b>	<b>672,894</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>	<b>80,085</b>	<b>73,454</b>	<b>18,160</b>	<b>28,780</b>	<b>19,714</b>	<b>57,131</b>	<b>51,287</b>	<b>50,925</b>	<b>50,247</b>	<b>33,437</b>
<b>Other Financing Sources (Uses)</b>										
General Obligation Bonds Issued	31,595	24,610	26,950	25,623	40,783	40,356	46,750	56,488	50,240	46,273
Contribution from Reserves	-	-	-	-	-	-	130	-	-	-
Premium/ (Discount) on Debt Issued	2,121	518	(80)	(80)	-	-	-	-	-	-
Refunding Bonds Issued	-	55,248	-	114,270	51,402	43,557	31,489	31,489	-	-
Payment to Refunded Bond Escrow Agent	-	(54,821)	-	(82,326)	(49,857)	(43,042)	(39,810)	(39,810)	-	-
Payment on Current Refunded Bonds	-	-	-	(30,943)	-	-	-	-	-	-
Wisconsin State Trust Fund Bonds Issued	-	-	18,627	-	-	-	-	-	-	-
Transfers In	42,366	58,972	42,090	44,950	57,147	93,066	37,094	82,291	58,363	67,404
Transfers Out	(138,795)	(139,132)	(118,523)	(120,247)	(132,509)	(190,728)	(132,501)	(162,170)	(140,708)	(144,146)
<b>Total Other Financing Sources (Uses)</b>	<b>(62,713)</b>	<b>(54,605)</b>	<b>(30,856)</b>	<b>(48,753)</b>	<b>(33,034)</b>	<b>(56,791)</b>	<b>(48,527)</b>	<b>(31,742)</b>	<b>(32,105)</b>	<b>(30,469)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 17,372</b>	<b>\$ 18,849</b>	<b>\$ (12,696)</b>	<b>\$ (19,973)</b>	<b>\$ (13,320)</b>	<b>\$ 340</b>	<b>\$ 2,760</b>	<b>\$ 19,213</b>	<b>\$ 18,142</b>	<b>\$ 2,968</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>5.98%</b>	<b>5.83%</b>	<b>5.18%</b>	<b>8.50%</b>	<b>7.29%</b>	<b>9.99%</b>	<b>9.55%</b>	<b>8.90%</b>	<b>9.25%</b>	<b>9.79%</b>

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

**County of Milwaukee, Wisconsin  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(In Thousands)**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Total Tax Collections to Total Tax Levy</u>	<u>Percent of Delinquent Taxes to Total Tax Levy</u>
1997	\$ 179,971	\$ 178,268	99.1%	\$ 4,246	\$ 182,514	\$ 7,107	101.4%	3.9%
1998	189,627	188,130	99.2%	4,852	192,982	7,280	101.8%	3.8%
1999	194,206	188,672	97.2%	5,313	193,985	8,183	99.9%	4.2%
2000	196,038	189,973	96.9%	6,375	196,348	8,471	100.2%	4.3%
2001	206,729	200,158	96.8%	8,138	208,296	7,683	100.8%	3.7%
2002	218,789	211,132	96.5%	7,375	218,507	8,615	99.9%	3.9%
2003	219,487	213,028	97.1%	7,658	220,686	8,148	100.5%	3.7%
2004	219,429	212,312	96.8%	7,778	220,090	8,316	100.3%	3.8%
2005	225,884	219,183	97.0%	7,888	227,071	7,966	100.5%	3.5%
2006	232,593	223,931	96.3%	7,862	231,793	9,243	99.7%	4.0%

Source: County of Milwaukee, Wisconsin Treasurer's Office Tax Collection Records.

**County of Milwaukee, Wisconsin  
Equalized Value of Taxable Property\*  
Last Ten Fiscal Years**

<b><u>Fiscal Year Ended December 31</u></b>	<b><u>Real Property</u></b>	<b><u>Personal Property</u></b>	<b><u>Total</u></b>
<b>1997</b>	\$ 31,450,790	\$ 1,991,328	\$ 33,442,118
<b>1998</b>	32,784,096	2,138,022	34,922,118
<b>1999</b>	34,866,296	1,538,755	36,405,051
<b>2000</b>	36,544,713	1,685,616	38,230,329
<b>2001</b>	39,961,380	1,812,732	41,774,112
<b>2002</b>	42,586,834	1,692,790	44,279,624
<b>2003</b>	45,617,895	1,648,770	47,266,665
<b>2004</b>	49,624,948	1,528,412	51,153,360
<b>2005</b>	55,054,796	1,625,890	56,680,686
<b>2006</b>	61,891,244	1,717,938	63,609,182

\* Assessed value by major component should be reported on this schedule. Data is not available by major component for all years. The County will work with the State of Wisconsin to provide a breakdown of assessed value in future years.

Source: Wisconsin Department of Revenue

**County of Milwaukee, Wisconsin  
Property Tax Rates Per \$1,000 Equalized Value\*  
Last Ten Fiscal Years**

<u>Year</u>	<u>General County Purposes</u>	<u>State Forestry and SEWRPC Tax</u>	<u>Total</u>
1997	\$ 5.62	\$ 0.22	\$ 5.84
1998	5.71	0.22	5.93
1999	5.64	0.22	5.86
2000	5.47	0.22	5.69
2001	5.52	0.22	5.74
2002	5.36	0.22	5.58
2003	5.06	0.22	5.28
2004	4.76	0.22	4.98
2005	4.54	0.22	4.76
2006	4.24	0.20	4.44

\* The above property tax rates represent the average rate applicable to the County as a whole. The County tax rate applicable to any single municipality within the County is based on that municipality's assessed valuation.

**County of Milwaukee, Wisconsin  
Tax Rates by Municipality  
Last Ten Fiscal Years  
(Rate Per 1,000 of Assessed Value)**

	<u>Fiscal Year Ending December 31</u>									
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Milwaukee County	\$ 4.24	\$ 4.54	\$ 4.76	\$ 5.07	\$ 5.36	\$ 5.52	\$ 5.47	\$ 5.64	\$ 5.71	\$ 5.62
<b><u>Villages</u></b>										
Bayside	2.30	2.29	2.52	2.50	2.84	2.72	2.87	2.91	3.01	3.00
Brown Deer	27.24	27.22	26.64	32.03	31.00	32.07	31.37	30.46	31.67	30.99
Fox Point	25.51	25.39	25.66	24.61	35.63	33.25	32.72	30.81	30.38	31.01
Greendale	23.47	24.15	27.76	28.30	28.60	28.52	27.75	30.20	29.92	36.49
Hales Corners	8.11	7.75	7.46	7.33	8.71	8.33	8.14	8.00	7.83	7.65
River Hills	21.86	22.81	22.14	30.56	30.15	30.00	29.11	28.13	26.64	28.38
Shorewood	N/A*	32.27	33.75	33.27	32.17	29.78	28.11	36.70	36.50	37.10
West Milwaukee	N/A*	14.98	14.49	14.36	14.33	18.38	18.64	18.70	18.72	18.97
Whitefish Bay	27.71	34.49	34.36	35.80	36.45	37.59	29.68	30.77	31.38	32.49
<b><u>Cities</u></b>										
Cudahy	N/A*	7.18	9.24	8.88	8.62	9.10	8.72	8.40	9.19	9.01
Franklin	6.83	6.95	6.80	8.17	8.06	7.61	7.59	7.05	7.42	7.16
Glendale	22.38	22.27	29.92	28.27	26.53	26.48	25.49	32.01	31.66	31.73
Greenfield	25.70	25.88	25.23	24.30	31.46	30.93	29.80	30.43	30.77	30.62
Oak Creek	22.15	21.50	22.53	27.21	26.73	26.80	29.77	28.44	28.67	28.43
St. Francis	9.41	9.47	9.65	12.60	12.57	11.57	11.19	10.51	N/A*	N/A*
South Milwaukee	27.90	27.53	26.55	25.09	24.93	29.40	29.13	27.49	25.45	25.76
Wauwatosa	19.28	26.08	25.08	24.64	23.49	31.49	30.48	29.32	29.69	29.17
West Allis	22.73	26.28	26.29	28.60	27.83	31.33	30.63	29.87	30.20	36.90

\*Data was not submitted by the municipality at the time of printing.

**County of Milwaukee, Wisconsin  
Top Fifteen Principal Property Tax Payers  
(In Thousands)**

For the Year ending December 31, 2006\*

<u>Company</u>	<u>Type of Business</u>	<u>Full Market Value</u>	<u>Percent of County Equalized Value</u>
Mayfair Property Inc.	Shopping mall	\$ 273,774	0.43%
Northwestern Mutual Life Insurance Co.	Insurance	263,236	0.41%
US Bank Corp	Banking	253,712	0.40%
Metropolitan Associates	Real Estate	138,449	0.22%
Covenant Health Care	Health care	136,118	0.21%
Towne Realty	Real estate	132,482	0.21%
M & I Marshall & Ilsley Bank	Banking	130,600	0.21%
Harley-Davidson	Mfgr, motorcycles	129,617	0.20%
BRE Southridge Mall LLC	Real estate	128,616	0.20%
Marcus Corp/Milw City Ctr/Pfister	Hotels, theaters, convention center	126,301	0.20%
NNN 411 East Wisconsin LLC	Real estate	103,606	0.16%
Crichton-Hauck/Shoreline/Juneau Village	Real estate	77,566	0.12%
Miller Brewing Company	Mfgr, beer and aluminum containers	74,215	0.12%
G.E. Medical Systems	Health care	71,914	0.11%
Liberty Property Limited	Real estate	65,234	0.10%

For the Year ending December 31, 1997\*\*

<u>Company</u>	<u>Type of Business</u>	<u>Full Market Value</u>	<u>Percent of County Equalized Value</u>
Northwestern Mutual Life	Life Insurance	\$ 207,971	0.62%
JMB Realty Company	Real Estate Development	188,875	0.56%
E. C. Milwaukee Joint Venture	Real Estate Development	167,503	0.50%
Mayfair Property Inc.	Real Estate Development	130,742	0.39%
Teacher's Ins. Annuity	Insurance	128,072	0.38%
M&I Marshall & Ilsley Bank	Banking/Finance and Data Services	117,810	0.35%
Harley Davidson	Mfgr, motorcycles	99,632	0.30%
Towne Realty	Real Estate Development	91,782	0.27%
Miller Brewing Company	Mfgr, beer and aluminum containers	91,665	0.27%
Sampson Enterprises	Real Estate Development	85,827	0.26%
Marcus Corporation	Hotel, Theaters and Restaurant	83,883	0.25%
Metropolitan Associates	Real Estate Development	71,161	0.21%
J. C. Penney Company	Retail Department Stores	63,730	0.19%
Allen-Bradley	Mfgr, electrical/electronic products	62,120	0.19%
100 E Wisconsin Avenue Joint Venture	Real Estate Development	52,670	0.16%

\*Source: For the year ending December 31, 2006, Wisconsin Department of Revenue, 2006 and Survey of Municipal Assessors conducted by Milwaukee Metropolitan Sewerage District, November 2006.

\*\*Source: For the year ending December 31, 2006, County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports.

**County of Milwaukee**  
**Ratio of General Obligation Bonded Debt to Equalized Valuation**  
**And General Obligation Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

<u>Year</u>	<u>Population*</u>	<u>Equalized Value*</u>	<u>Bonded Debt*</u>	<u>Percent of Debt to Equalized Value</u>	<u>Bonded Debt Per Capita</u>
1997	958	\$ 33,442,118	\$ 481,930	1.44%	\$ 503
1998	957	34,922,118	488,483	1.40%	510
1999	957	36,405,051	495,409	1.36%	518
2000	955	38,230,329	494,459	1.29%	518
2001	940	41,774,112	486,916	1.17%	518
2002	941	44,279,624	487,129	1.10%	518
2003	941	47,266,665	467,444	0.99%	497
2004	939	51,153,360	482,859	0.94%	514
2005	939	56,680,686	473,723	0.84%	504
2006	915	63,609,182	456,597	0.72%	499

\* Amounts expressed in thousands.  
The population is based on Wisconsin Department of Administration estimates except for 2000 which is based on the United States census.

**County of Milwaukee, Wisconsin**  
**Computation of Legal Debt Margin**  
**Last Ten Fiscal Years**  
**(In Thousands)**

	<u>Fiscal Year Ended December 31,</u>				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Equalized Valuation as Determined by the Supervisor of Assessments of the Wisconsin Department of Revenue	\$ 63,609,182	\$ 56,680,686	\$ 51,153,360	\$ 47,266,665	\$ 44,279,624
Debt Limit Rate	5%	5%	5%	5%	5%
Debt Limit	3,180,459	2,834,034	2,557,668	2,363,333	2,213,981
Bonds and Notes Outstanding: Milwaukee County	(456,597)	(473,723)	(482,859)	(467,444)	(487,129)
General Obligation Bonds and Notes					
<b>Legal Debt Margin</b>	<b>\$ 2,723,862</b>	<b>\$ 2,360,311</b>	<b>\$ 2,074,809</b>	<b>\$ 1,895,889</b>	<b>\$ 1,726,852</b>

	<u>Fiscal Year Ended December 31,</u>				
	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Equalized Valuation as Determined by the Supervisor of Assessments of the Wisconsin Department of Revenue	\$ 41,774,112	\$ 37,472,121	\$ 36,405,051	\$ 34,922,118	\$ 33,442,118
Debt Limit Rate	5%	5%	5%	5%	5%
Debt Limit	2,088,706	1,873,606	1,820,253	1,746,106	1,672,106
Bonds and Notes Outstanding: Milwaukee County	(486,916)	(494,459)	(495,409)	(488,483)	(481,930)
General Obligation Bonds and Notes					
<b>Legal Debt Margin</b>	<b>\$ 1,601,790</b>	<b>\$ 1,379,147</b>	<b>\$ 1,324,844</b>	<b>\$ 1,257,623</b>	<b>\$ 1,190,176</b>

\* Note: General Obligation Bonds, as reported in Note 8 of Notes to the Financial Statements, includes the 1993, 1995 - 2003 Bonds and Bond Unamortized Refinancing losses of \$ 7,436

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

**County of Milwaukee, Wisconsin**  
**Direct and Overlapping Bonded Debt- General Obligation Bonds**  
**December 31, 2006**

	<u>Net Debt</u> <u>Outstanding</u>	<u>Percent</u> <u>Applicable</u> <u>to County</u>	<u>Amount</u> <u>Applicable</u> <u>to County</u>
<b><u>Direct</u></b>			
County of Milwaukee	\$ 456,597	100.0%	\$ 456,597
<b><u>Overlapping</u></b>			
<b><u>Villages</u></b>			
Bayside	9,930	96.2%	9,550
Brown Deer	17,577	100.0%	17,577
Fox Point	13,470	100.0%	13,470
Greendale	3,359	100.0%	3,359
Hales Corners	4,795	100.0%	4,795
River Hills	1,505	100.0%	1,505
Shorewood	16,565	100.0%	16,565
West Milwaukee	9,640	100.0%	9,640
Whitefish Bay	14,020	100.0%	14,020
<b><u>Cities</u></b>			
Cudahy	29,472	100.0%	29,472
Franklin	41,600	100.0%	41,600
Glendale	38,270	100.0%	38,270
Greenfield	15,257	100.0%	15,257
Milwaukee	678,333	100.0%	678,312
Oak Creek	12,620	100.0%	12,620
St. Francis	-	100.0%	-
South Milwaukee	29,290	100.0%	29,290
Wauwatosa	31,996	100.0%	31,996
West Allis	77,386	100.0%	77,386
<b><u>School Districts</u></b>			
Brown Deer	3,015	100.0%	3,015
Cudahy	17,234	100.0%	17,234
Foxpoint/Bayside	3,745	97.9%	3,668
Franklin	19,545	100.0%	19,545
Glendale-River Hills	340	100.0%	340
Greendale	6,746	100.0%	6,746
Greenfield	14,350	100.0%	14,350
Maple Dale/Indian Hill	975	100.0%	975
Milwaukee	119,129	99.9%	119,049
Milwaukee Area Technical College	65,035	82.5%	53,623
Nicolet High School	1,700	99.4%	1,690
Oak Creek/Franklin	37,545	100.0%	37,545
St. Francis	9,455	100.0%	9,455
Shorewood	52,760	100.0%	52,760
South Milwaukee	3,711	100.0%	3,711
Wauwatosa	3,240	100.0%	3,240
West Allis/West Milwaukee	36,195	96.1%	34,795
Whitefish Bay	4,610	100.0%	4,610
Whitnall	6,515	100.0%	6,515
<b>Metropolitan Sewerage District</b>	<u>741,994</u>	99.9%	<u>741,460</u>
<b>Total Overlapping Debt</b>	<u><b>2,192,924</b></u>	<b>99.4%</b>	<u><b>2,179,010</b></u>
<b><u>TOTAL</u></b>	<u><b>\$ 2,649,521</b></u>	<b>99.5%</b>	<u><b>\$ 2,635,607</b></u>

**County of Milwaukee, Wisconsin  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<u>Year</u>	<u>Population (4)</u>	<u>Per Capita Personal Income (1)</u>	<u>Public School Enrollment (2)</u>	<u>Private School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
1997	958,408	24,678	152,988	37,851	4.1%
1998	957,058	26,286	152,982	36,354	4.0%
1999	956,688	27,149	151,364	36,295	3.8%
2000	955,026	28,266	150,950	36,941	4.7%
2001	939,919	30,026	150,778	39,061	5.6%
2002	941,091	30,773	151,303	39,250	7.0%
2003	941,301	31,228	152,380	38,569	7.3%
2004	939,358	32,380	152,712	37,323	6.4%
2005	938,995	N/A	147,123	38,198	5.9%
2006	915,097	N/A	N/A	38,434	5.7%

(1) Source: Wisconsin Department of Revenue Division of Research and Policy, County Personal Income Report, April 4, 2007. Report did not contain data for years 2005 and 2006.

(2) Source: Wisconsin Department of Public Instruction. 2006 public school enrollment was not available at the of data compilation.

(3) Source: Wisconsin Department of Workforce Development and Federal Bureau of Labor Statistics.

(4) Source: 2000 United States Census Population Estimate.

**County of Milwaukee, Wisconsin  
Top Ten Major Employers**

**For the Year ending December 31, 2006 \*\***

<b>Employer</b>	<b>Type of Business or Service</b>	<b>Number of Employees*</b>
Aurora Health Care	Health Care System	15,000
Wheaton Franciscan Healthcare	Health Care System	9,000
Marshall & Ilsley Corp.	Bank Holding Company	7,000
AT&T Wisconsin	Telecommunication Services	5,600
Columbia-St. Mary's	Health Care System	5,600
Rockwell Automation	Industrial Automation Products & Information Systems	5,000
Roundy's Inc.	Food Distributor & Retailer	5,000
Northwestern Mutual Life Insurance	Life Insurance, Disability Insurance & Annuities	4,400
Medical College of Wisconsin	Medical School/Academic/Health Care	4,100
Briggs & Stratton Corp.	Small Gasoline Engines	4,000

**For the Year ending December 31, 1997**

<b>Employer</b>	<b>Type of Business or Service</b>	<b>Number of Employees*</b>
Milwaukee Public Schools	Education	11,102
Aurora Health Care	Health Care	7,877
City of Milwaukee	Government	7,873
U.S. Government (Excludes V.A. Medical Center)	Government	7,530
Milwaukee County	Government	6,658
M & I Marshall & Ilsley	Holding Company Banking/Finance and Data Services	4,883
Rockwell Automation (formerly Allen-Bradley)	Manufacturer, electrical/electronic products	3,874
Covenant Health Care	Health Care	3,655
Firststar Corporation	Finance, banking	3,405
Briggs and Stratton	Manufacturer, small engines, automotive locks and keys	3,299

\*Data reflects full time equivalent employees.

\*\*Data for 2006 is not consistent with past major employer information. Previously, Milwaukee County Department of Administrative Services administered a survey to area businesses, including public and non-profit entities. Over the last three years, the County has been unable to provide employer information for private, public and non-profit entities due to lack of participation by some firms. Therefore, major employer information is limited to major private employers within Milwaukee County.

Source: For the year ending December 31, 2006, 2006 MMAC Business Resource Guide & The Business Journal January 6, 2006.

Source: For the year ending December 31, 1997, Department of Administration January 1998 survey. Wisconsin Department of Workforce Development quarterly report, "Employment and Wages"

**County of Milwaukee, Wisconsin  
County Employees by Function \*  
Last Ten Fiscal Years**

Fiscal Year Ended December 31

<b>Function</b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>	<b><u>2001</u></b>	<b><u>2000</u></b>	<b><u>1999</u></b>	<b><u>1998</u></b>	<b><u>1997**</u></b>
Legislative, Executive, and Staff	259	262	261	274	293	321	317	309	297	N/A
Courts and Judiciary	456	471	475	294	466	541	510	489	460	N/A
General Governmental Services	68	67	63	69	68	69	68	66	66	N/A
Public Safety	1,553	1,577	1,604	1,701	1,791	1,789	1,785	1,727	1,575	N/A
Public Works and Highways	134	179	176	135	143	137	124	130	135	N/A
Human Services	905	903	851	948	1,036	1,122	1,359	1,324	1,278	N/A
Parks, Recreation, and Culture	612	620	654	683	813	858	884	905	880	N/A
<b>County-wide totals</b>										
Regular-Full Time	4,908	4,993	4,956	5,274	5,662	6,555	7,311	7,350	7,101	6,658
Seasonal-Part Time	801	748	781	795	763	844	3,695	3,576	3,379	3,787

\* Represents full-time equivalents.

\*\*1997 payroll data by function was no longer available when this data was compiled.

Source: County of Milwaukee, Wisconsin Payroll System

**County of Milwaukee, Wisconsin  
Operating Indicators by Function  
Fiscal Year Ended December 31, 2006**

		Function	
<b>Legislative, Executive, and Staff</b>		<b>Courts and Judiciary</b>	
<b>Audit</b>		<b>Register in Probate</b>	
Affirmative Action Plan Desk Audits	140	Civil Commitment	5,172
Equal Employment Opportunity Certificates Processed	50	Guardianship/Conservatorship	702
Accounts Reconciled	680	Protective Placement	516
<b>Procurement</b>		Annual Review of Protective Placement	2,000
Purchase Orders	30,623	Informal Administration	1,274
Formal Bids	66	Estate Administration	183
Requests for Proposals	7	Trusts	43
Informal Bids and Quotes	55	Special Administration, Summary Proceedings	244
General Awards	1,573	Descent/Life Estate	10
<b>Human Resources</b>		Adult Adoption	12
Time and Attendance Change Forms Processed	890	Wills Deposited For Safekeeping	157
Certification Requests Processed	494	<b>General Governmental Services</b>	
New Positions Studied for Proper Classification	18	<b>Election Commission</b>	
Current Positions Studies for Proper Classification	44	Elections	4
Tuition Loans Processed	99	State/Cty/ Mun/SchBd Referendum	10
Group Benefits Plans Administered	14	Campaign Finance Statements	102
<b>Public Safety</b>		Nomination Papers	7
<b>Medical Examiner</b>		Ballot Set-up/proofing	4
Autopsies	1,037	Elections requiring Braille Ballots	3
Death Certificates	1,904	Election Commission Meetings	1
Cremation Permits	3,075	<b>Treasurer</b>	
Death Investigated	5,080	Checks Issued	246,912
<b>District Attorney</b>		Lost Checks/Stop Payments	121
Felony Cases Filed	6,776	Property Tax Receipts Issued	4,418
Misdemeanor Cases Filed	9,677	Delinquent Tax Notices Processed	7,539
Criminal Traffic Cases Filed	8,734	Tax Forms Furnished	856,484
CHIPS Cases Filed	1,760	<b>Register of Deeds</b>	
Juvenile Delinquency Cases Filed	2,613	Recording	205,705
Termination of Parental Rights Cases Filed	382	Vital Statistics Place on File	31,350
<b>Sheriff</b>		Certificate Copy: Birth/Death/Marriage	100,250
Traffic Citations	42,808	Transfer Tax	21,082
Auto Accidents Reported and Investigated	4,402	Vital Statistics Corrections/No Fee	8,472
Background Checks	238	Vital Statistics Certifications, No Fee (VA)	321
Criminal Complaints Issued	378	Termination of Joint Tenancy	1,824
Writs of Restitution	2,927	Genealogy Services	3,076
Temporary Restraining Orders Received	355	Real Estate Searches	495
911 Phone Calls	517,975	Marriage Registrations	4,858
Bookings	51,026	DILHR Validations	1,317
Balliff Posts	74	<b>County Clerk</b>	
Probation and Parole Hearings	83	Marriage Licenses	5,227
Open Records Requests	8,580	Marriage License Waivers	234
Civil Process Papers Served	13,143	Marriage Civil Ceremonies	1,087
<b>House of Correction</b>		Dog/Cat Licenses	24,602
Average daily Population-Milwaukee County Jail Overflow	664	County Board Files	874
Huber/Work Release	638	County Board Citations	686
Probation and Parole	95	County Ordinances	23
Municipal Commitments	76	County Board Proceedings Pages	2,782
Sentenced Inmates	550	County Board Digests, Actions Summarized/Routed	953
Electronic Surveillance	310	Employee Garnishments	7,850
<b>Public Works and Highways</b>		Employee Wage Assignments	26,950
<b>(In Lane Miles)</b>		Employee Tax Levies	1,753
County Truck Highways Maintained	343	Contractor Lien Notices/Vendor Tax Levies	93
State Truck Highways Maintained	634	Contractor Qualification Statements	633
Expressways Maintained	1,135	Claims Processed	1,486
County Parkways Maintained	120	Summons and Complaints Processed	1,150
<b>(In Acres)</b>		Construction Bid Notices	475
County Truck Highways Grass Mowed	665	Legal Documents Assigned to Central Files	6,453
State Truck Highways Grass Mowed	782	County Checks Signature Processed	602,548
Expressways Grass Mowed	1,876	Lobbyist Registration	44
		Passports	187

**County of Milwaukee, Wisconsin  
Operating Indicators by Function  
Fiscal Year Ended December 31, 2006**

<b>Function</b>			
<b>Health and Human Services</b>			
<b>Emergency Medical System</b>			
Dispatches	39,362	Airport	
Doctor Calls	1,054	Passengers	7,299,294
Medical Transports	20,249	Aircraft Operations	255,515
Reports	26,430	Revenue Landing Weight (in 1,000 lbs)	5,701,137
		Air Freight (in 1,000 lbs)	194,110
<b>General Assistance Medical Program (GAMP)</b>			
GAMP Approved Applications	19,825	<b>Behavioral Health</b>	
GAMP Denied Applications	3,882	<b>Inpatient Services</b>	
GAMP Terminated Applications	1,402	Acute Adult Inpatient-Number of Patients Served	1,946
		Acute Adult Inpatient-Number of Admissions	2,713
<b>Aging Programs and Services</b>		CAIS Inpatient-Number of Patients Served	1,158
Senior Meals Program Congregate	376,395	CAIS Inpatient-Number of Admissions	1,519
Senior Meals Program Home Delivered	299,119	<b>Nursing Home Services</b>	
Specialized Transportation Services One-Way Rides	122,063	Rehabilitation Center Central-Number of Patients Served	79
Participants-Senior Centers	7,322	Rehabilitation Center Central-Number of Admissions	14
Participants-Wellness Works Program	39,908	Rehabilitation Center Hilltop-Number of Patients Served	79
Benefit Specialist/Legal Services (In Hours)	16,017	Rehabilitation Center Hilltop-Number of Admissions	4
Employment Training and Placement Services (In Hours)	2,160	<b>Community Services</b>	
Information and Assistance Contact Calls 24 Hours	343	Community Support Program-Number of Patients Served	436
Information inquiries	28,302	Community Support Program-Number of Admissions	22
Meals and Transportation Assistance	2,292	Community Support Program-Number of Contacts (Visits)	49,728
Web Site Visits	66,191	Adult Day Treatment-Number of Patients Served	139
Long-Term Care Referrals	6,478	Adult Day Treatment-Number of Admissions	109
Pre-Admission Consultation Contacts	5,145	Adult Day Treatment-Number of Appointments	14,278
Family Care Applications Processed	1,974	Adult Day Treatment-Number of Visits	4,379
Functional Screens Performed	3,104	Targeted Case Management-Number of Patients Served	354
<b>Care Management Organization (CMO)</b>		Targeted Case Management-Number of Admissions	64
Family Care New Enrollees	1,217	Targeted Case Management-Number of Contacts (Visits)	12,982
Family Care Continual Enrollees	4,908	<b>Crisis Services</b>	
Family Care Disenrolled Clients	1,056	Psychiatric Crisis Services-Admissions	13,018
<b>Economic Support Division</b>		CWIC-Number of Patients Served	2,258
Food Stamps	59,910	CWIC-Number of Admissions	2,208
Medicaid	208,084	CWIC-Number of Appointments	6,710
Child Day Care (Families Per Month)	13,141	Crisis Response-Number of Patients Served	910
Interim Disability Assistance Program	79	Crisis Response-Number of Admissions	1,011
<b>Juveniles Served in Community Programs</b>		Crisis Response-Number of Appointments	1,677
Temporary Shelter Care	1,110	Crisis Respite-Number of Patients Served	347
Level II Monitoring	963	Crisis Respite-Number of Admissions	376
In-Home Monitoring	198	<b>Alcohol and Other Drug Abuse Services</b>	
First Time Juvenile Offender Program	557	Inpatient Care (Detox)	3,599
FOCUS	101	Intake Assessments	8,120
Wraparound	581	Outpatient	4,854
Group Home Care	79	Day Treatment	1,499
Foster Care	8	Day Treatment-Residential	1,191
Sex Offender	61	Community Living Support Services	5,474
Day Treatment	231		
Serious Chronic Offender	60	<b>Transit/Paratransit</b>	
Probation Network Services	332	Buses Assigned	483
Girls Program-Family Connections	66	Buses Operated	431
Firearm Project	113	Bus Miles	18,934,841
		Bus Hours	1,419,603
<b>Parks, Recreation, and Culture</b>		Revenue Passengers	46,627,247
<b>Zoo</b>		Transit Plus Ridership	1,032,970
Zoo Attendance-Adults	423,417		
Zoo Attendance-Junior	217,978		
Zoo Attendance- Free to County Residents	662,688		
<b>Parks</b>			
Facilities Rentals- Picnic Shelters	3,892		
Facilities Rentals- Buildings	2,769		
Facilities Rentals- Lodges	178		
Facilities Rentals- Pools	76		
Slip Rentals	679		
Special Event Permits	273		
Rounds of Golf	347,067		
Pool Attendance	283,475		



**County of Milwaukee, Wisconsin  
Capital Asset Statistics by Function  
For the Fiscal Year Ended December 31, 2006**

**Function**

**Public Works and Highways (Continued)**

Grader	3	Tractors	18
Hydraulic Breaker	1	Trailers	8
Jack Hammer	1	Trucks	67
Liquid Calcium Applicators	45	Water Pumps	5
Mower Attachments	26	Wheel Loaders	12

**Parks, Recreation, and Culture**

**Parks**

Aerial Bucket Attachment	6	Mower Attachments	7
Aerial Truck	1	Mowers	14
Aerifer	1	Parking Structures	1
Air Compressor	1	Parks	143
Amphitheater	1	Parkways	10
Asphalt Roller	1	Pavilions	30
Backhoe Attachments	4	Pickup Trucks	30
Band Shells	2	Pools	18
Barns	5	Post Hole Digger	1
Bathhouses	14	Power Box Rake	1
Bathouse/Pavilions	27	Pumphouses	9
Beach Sanitizer	2	Rake Landscaper	1
Boat Launches	1	Recreation Buildings	4
Boathouses	3	Restroom/Bathhouses	1
Booths	14	Rotary Tiller	3
Brick Trellis	1	Scooters	20
Brush Chipper	5	Shelters	35
Buildings	122	Ski Chalets	1
Cabins	1	Snow Plow Attachment	6
Cargo Vans	2	Snow Plows	114
Comfort Stations	27	Spreader Control Sensor	9
Community Centers	2	Spreader with Hopper	22
Concession Stands	5	Spreader with Hopper and Conveyor	7
Conservatory	1	Spreaders	5
Core Harvesor	8	Squad Cars	5
Dams	2	Steer Loaders	5
Dump Trucks	23	Storage Bins	1
End Loader Bucket Attachments	19	Storage Containers	4
Fork Lift Attachment	1	Storage Sheds	101
Fork Lifts	1	Storage Tanks	1
Garages	7	Stump Cutter	1
Garbage Packer	2	Sweeper Attachment	5
Gazebos	2	Tiller	1
Golf Clubhouses	10	Tractors	17
Golf Courses	14	Trailer	2
Golf Dome	1	Trailers	2
Gravel Conveyor	1	Tree Digger	1
Greenhouses	2	Trencher Digger	1
Hoppers	5	Trucks	116

**County of Milwaukee, Wisconsin  
Capital Asset Statistics by Function  
For the Fiscal Year Ended December 31, 2006**

**Function**

**Parks, Recreation, and Culture (Continued)**

		<b>Parks (Continued)</b>	
Houses	10	Turf Sweeper	1
Hydraulic Breaker	1	Vehicles	4
Hydraulic Power Unit	1	Wading Pools	36
Hydro Crane	1	Water Playgrounds	1
Indoor Baseball Facilities	1	Weed Harvester	3
Liquid Calcium Applicator	3	Weed Sprayer Attachments	10
Lodges	3	Weed Sprayers	13
Mini Vans	6	Welders	3

**Zoo**

Animal Dens	4	Green Houses	1
Animal Exhibits	5	Lodges	1
Animal Islands	1	Mini Vans	2
Animal Overlooks	2	Observation Decks	1
Animal Petting Rings	1	Photovoltaic Solar Systems	2
Aviaries	2	Pickup Trucks	2
Barns	10	Pools	2
Bleachers stand alone	2	Pump Houses	1
Boat Landings	1	Refrigerated Storage Containers	3
Booths	16	Roadway Sweeper	1
Buildings	32	Sheds	8
Carousels	1	Shelters	4
Catch Basin Cleaner	1	Snow Plows	4
Centers	6	Spreader Control Sensor	1
Chick Hatchery	1	Spreader with Hopper	1
Clubhouses	1	Spreader with Hopper and Conveyor	1
Comfort/Concession Stations	3	Spreaders	1
Concession Stands	5	Stages	2
Dump Trucks	2	Steer Loaders	1
Electrical Substation	1	Storage Containers	4
End Loader Bucket Attachments	1	Theaters with Bleachers	2
Entrance Kiosks	3	Train Crossing Shacks	3
Farm Entry Structures	1	Train Depot	1
Garages	1	Trucks	13
Gazebos	3	Wheel Loaders	1
		Wishing Well	1

**Health and Human Services**

Ambulances	2
Buildings	2
Cargo Vehicles	1
Recreational Centers	2
Senior Centers	6
Sheds	2
Trucks	1
Wading Pools	1

**County of Milwaukee, Wisconsin  
Capital Asset Statistics by Function  
For the Fiscal Year Ended December 31, 2006**

**Function**

**Airport**

Air Traffic Control Towers	1	Parking Structures	1
Buildings	46	Pump Houses	2
Bus Shelters	6	Remote Transmitter	1
Cargo Carriers	2	Rescus Stations	1
Check Stations	1	Sheds	7
Concourses	3	Shelters	2
Entrance/Exit Helix	2	Storage Buildings	12
Fire Trucks	4	Taxi Stop Boxes	1
Ground Run-up Enclosures	2	Teller boxes	3
Guard Shack	1	Terminals	2
Hangars	25	Toll Booths	12
Hydrant Fuel System	1	Trucks	2
Kennels	2	Vans	2

**Behavioral Health**

Buildings	3
Centers	2
Mini Vans	3
Passenger Vans	1
Sheds	1
Wheelchair Accessible Vans	1

**Transit**

Shelters	2
Bus Waiting Stations	4
Buildings	16
Sheds	1