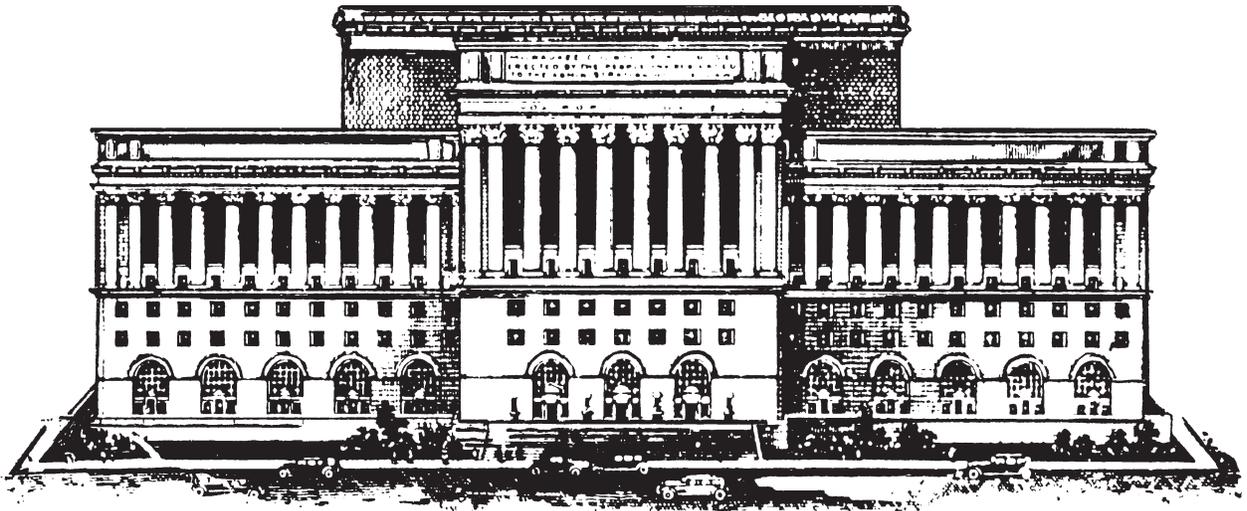


**COUNTY OF  
MILWAUKEE, WISCONSIN**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2009**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**COUNTY OF MILWAUKEE**

**WISCONSIN**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

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

**COUNTY OF MILWAUKEE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Fiscal Year Ended December 31, 2009  
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- **Certificate of Achievement for Excellence in  
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- **Organizational Chart**
- **List of Elected and Appointed Officials**



MILWAUKEE COUNTY EXECUTIVE SCOTT WALKER

# Milwaukee County

DEPARTMENT OF ADMINISTRATIVE SERVICES  
CYNTHIA ARCHER, DIRECTOR  
STEVEN R. KREKLOW, FISCAL AND BUDGET ADMINISTRATOR

July 12, 2010

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, 2009 is hereby submitted for your information. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of Milwaukee County, Wisconsin. All disclosures necessary to enable the reader to gain an understanding of Milwaukee County, Wisconsin activities have been included.

The CAFR is presented in three sections:

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

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

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

## Financial Section Overview

The County has prepared the Financial Section to meet the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34). Other Supplementary Information, section 4 below, is not required by GASB 34 but provides useful information about the non-major funds of Milwaukee County.

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

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

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

### **Component Units**

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

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

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

Milwaukee County is located in southeastern Wisconsin on the Lake Michigan shoreline. The County covers an area of approximately 242 square miles and consists of ten cities and nine villages. The Michigan Territorial Government incorporated Milwaukee County in 1835. In 1837 the Wisconsin Territorial Legislature divided Milwaukee County and reduced its size. Nine years later the County was divided again into its present size.

Milwaukee County was the first county in the State to establish an executive branch. A County Executive and a 19-member Board of Supervisors govern Milwaukee County. The County Executive and the County Supervisors are elected to nonpartisan four-year terms. Each Supervisor is elected from a district with an average population

of approximately 49,000. 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 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, several golf courses, swimming pools, beaches, bike trails, and park areas.

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

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

Milwaukee County serves as the population, economic and financial center of the State. The City of Milwaukee, which acts as the County seat, contains approximately 63 percent of the County's population and 48 percent of its taxable property value.

Milwaukee County's location on Lake Michigan, near the nation's geographic center and in close proximity to the Chicago metropolitan area, provides many logistical advantages. The County has a well-developed arterial street and highway system, including four interstate highways, three major U.S. highways and 17 state highways. Reconstruction of the Marquette Interchange-the heart of the southeastern Wisconsin freeway system- was finished in 2008 and major reconstruction on I-94 from Milwaukee to Illinois began in 2009.

Freight service is provided to other metropolitan areas by numerous trucking establishments and two major railroads, the Union Pacific and Canadian Pacific. Passenger rail service is available from Amtrak and national and inter-city bus lines serve Milwaukee County. Milwaukee is also a major Great Lakes port. During 2009, the Port of Milwaukee handled approximately 2.91 million tons of materials. Major commodities included in this tonnage were coal, salt, grain and cement. Port traffic compared to the other Great Lakes ports during the 2009 recession, saw a decrease

in volume of only 0.7 percent. Innovation Fuels, a New York-based renewable fuel company that manufactures, markets and distributes biodiesel fuel to customers around the world, recently acquired a 310,000 barrel (43,000 metric tons) capacity terminal located on ten acres in the Port of Milwaukee. This facility will be used for the sale and distribution of biodiesel and other renewable fuels into and out of the Midwest. The Port is also home to Lake Express, which operates a high-speed auto/passenger ferry service between Milwaukee and Muskegon, Michigan.

Like many urban areas in the Northeast and Midwest, the regional economy is transitioning towards a service-based economy. While the Milwaukee metropolitan area is well known as a manufacturing center, manufacturing employment has declined. Sectors demonstrating the highest growth in employment in recent years are education, health, leisure and hospitality, and professional and business services. The growth of employment in the service sectors combined with the decline in manufacturing employment, suggests that the area economy is moving towards a service-based economy.

According to the Metropolitan Milwaukee Association of Commerce (MMAC) Business Outlook Survey, first quarter 2010, Milwaukee area businesses have indicated more optimistic expectations toward growth prospects in 2010. For the first quarter 2010, year-over-year, 48 percent of businesses surveyed see sales increases, while 51 percent predict profit gains. Employment gains are expected to be limited with 25 percent of companies surveyed predicting increases; however, this is an increase over those companies predicting employment increases in the 2009 fourth quarter survey of 20 percent. The survey contains responses from 141 Milwaukee area firms, employing more than 75,100 people.

The average annual unemployment rate for Milwaukee County through December 2009 was 8.6 percent compared to the national average of 9.3 percent. This also represents a 2.7 percent increase from last year's rate.

According to the Wisconsin Department of Administration, Demographic Services Center, Milwaukee County's population for 2009 totaled 931,830, a decrease of approximately .7 percent from the 2008 population estimate.

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

## D) MAJOR INITIATIVES BY CLASSIFICATION

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

### Governmental Activities

- 1) **Legislative, Executive, and Staff** consists of the following areas, the County Board, the Office of Community Business Development Partners, the Department of Audit, the County Executive, the Department of Administrative Services, the Office for Persons with Disabilities, Veterans Services, the Civil Service Commission, the Personnel Review Board, the Ethics Board, Procurement and Corporation Counsel.

The Department of Administrative Services includes Fiscal Affairs, Economic and Community Development, Human Resources, Employee Benefits and Labor Relations. In 2007, Human Resources was divided into three separate divisions: Human Resources for recruiting and centralized human resource management, Labor Relations for the negotiation and administration of collective bargaining agreements, and Employee Benefits for the management and cost containment of employee health, dental, and life insurance programs and administration of the County pension plan. In 2008 the Employee Benefits Division initiated an employee wellness and disease management program that targets services and assistance to high-end health care users in an effort to further contain costs and improve overall employee health and productivity.

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

- 2) **Courts and Judiciary** consists of the Department of Combined Court Related Operations and the Department of Child Support Enforcement. State and other non-tax revenues support approximately 40.4 percent of the cost of the Courts function. The balance of the costs is funded with County tax levy dollars.

The Department of Combined Court Related Operations the first judicial administrative district of the State Court System and has 47 judges and 22 court commissioners. The Department of Combined Court Related Operations includes the Chief Judge and is made up of three divisions

the Family Court Commissioner Division, the Register in Probate Division and the County-Funded State Court Services Division. The Family Court Commissioner Division is the legal extension of the Family Court Branch of the Circuit Court. This division conducts formal hearings in matters relating to marriage and actions affecting the family including matters related to domestic abuse and harassment. It also includes the Family Court Mediation Services Unit. The Register in Probate Division maintains the records and files of all probate proceedings and assists the courts in adjudicating matters involving probate, trusts, guardianships of persons and estates, conservatorship, protective placements, involuntary commitments, temporary restraining orders and injunctions in individuals at risk cases. The County-Funded State Court Services consists of three sections: the Chief Judge, Alternatives to Incarceration and the Clerk of Circuit Courts. The Chief Judge is responsible for the oversight of administration of judicial activities in the 47 Circuit Courts within the District. Alternatives to Incarceration provides programs designed to reduce pretrial failure to appear and re-arrest rates, enhance public safety, reduce overcrowding at the Criminal Justice Facility and House of Correction and enhance the processing and adjudication of criminal cases. The Clerk of Circuit Courts maintains the records, books and files of the circuit courts, civil, family, criminal and children's divisions; prepares the daily court calendar; and processes all cases. The Clerk of Circuit Court also summons eligible jurors.

The Department of Child Support Enforcement is required by Title IV-D of the Social Security Act to provide services to locate parents, establish paternity, enforce and establish child support and medical support orders. The department monitors approximately 132,000 cases annually for the establishment and enforcement of child support obligations and maintains family court orders on the statewide support computer system and represents the department's interests in family court hearings in the County.

- 3) **General Governmental Services** consists of the separately elected positions of the County Treasurer, the Register of Deeds, and the County Clerk, and their associated staff and related costs. The Election Commission is also included in this category. The County Treasurer invests County funds, handles cash receipts and disbursements, and collects delinquent property taxes. Recent state legislation has expanded TRIP to include the collection of delinquent property taxes. During 2009, the County Treasurer's office finished activating this aggressive method of tax collection and has placed its first TRIP's in place for January of 2010. In addition, the County Treasurer's Office expanded its website to include information on unclaimed funds being held by the County. The Register of Deeds records, indexes and optically scans real estate documents, files

and indexes birth, marriage and death certificates, and sells copies of the documents recorded and filed within the department. In addition this department reviews tax descriptions, assigns new tax key numbers due to real estate boundary changes and maintains plat books and property records. The County Clerk records the proceedings of the County Board of Supervisors, produces an index of ordinances and resolutions presented to the Board, issues marriage licenses, animal licenses and passports, processes garnishment actions, tax liens and wage assignment of County employees and assists the County Treasurer in signing all County checks. The Election Commission handles all matters related to the election process within Milwaukee County.

- 4) **Public Safety** consists of the Office of the Sheriff, District Attorney's Office, and the Medical Examiner.

The Office of the Sheriff is responsible for law enforcement, the safety and security of citizens and protection of property throughout the County. The Sheriff is a separately elected position within Milwaukee County. The Office of the Sheriff acts as an arm of the criminal justice system, carrying out criminal investigations, effecting arrests and warrants, detaining prisoners, providing court security, serving process papers, transporting prisoners and patients and extracting criminals. In addition, the Office of the Sheriff provides security at the Airport, and patrols for County parks and expressways. In 2009, the Community Correctional Center was closed and management of the House of Correction was transferred to the Office of the Sheriff. The County Correctional Facility South ("CCFS", formerly the House of Correction) receives and maintains custody of all sentenced prisoners in Milwaukee County for periods not exceeding one year. In addition, CCFS provides programs of work release, rehabilitation, education, work, recreation and training and processes and considers applications for parole and releases prisoners upon expiration of sentence. The Detention Bureau under the Office of the Sheriff is now responsible for the operation of the home detention program which uses electronic surveillance equipment and other systems of control to keep track of prisoners.

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

The Medical Examiner investigates all deaths in which there are unexplained, unusual or suspicious circumstances such as homicides,

suicides, accidental deaths, and all deaths in which there is no physician in attendance.

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

Countywide, the Department of Transportation and Public Works administers two County airports; the transit/paratransit system, transportation planning and engineering services; architectural, engineering and environmental services; highway maintenance; fleet management; and facilities management and real estate services. DTPW is responsible for the maintenance of buildings and grounds owned by Milwaukee County. In addition, the department has been instrumental in the implementation of a Guaranteed Energy Savings Performance Contract ("GESPC") pilot project to improve the County's energy efficiency and promote environmental sustainability. The County anticipates that the energy conservation measures will reduce utility costs in participating departments by approximately \$ 200 annually. In 2009, the department began implementation of phase two of the performance contract. Highway Maintenance maintains sixty-eight miles of freeways, ninety-nine centerline miles of state trunk highways and approximately eighty-seven centerline miles of county truck highways.

As stated above; Architectural, Engineering and Environmental Services; Transportation Services; and are under the Department of Transportation and Public Works for management purposes and are considered to be internal service funds of the County. These two internal services funds are consolidated into one fund for reporting purposes and are identified in the Comprehensive Annual Financial Report as "Public Works Services". The Public Works Services fund is reported as part of the governmental activities in the Government-wide Financial Statements and as part of the proprietary funds in the Fund Financial Statements.

In 2009 the County began reporting the activities of its Fleet Maintenance and Facilities Management activities as part of the General Fund. Prior to 2009, Fleet Maintenance and Facilities Management had been reported as internal service fund activities under the Department of Transportation and Public Works Internal Service Fund. For the purpose of budgeting and financial reporting the activities of these two departments were considered to be similar to other departments within the General Fund. See Note 16 for more information regarding this accounting change.

- 6) **Health and Human Services** in the General Fund consists of the Department on Aging, the Department on Aging – Care Maintenance Organization, the Department of Health and Human Services (DHHS), DHHS – Behavioral Health Division and the DHHS - County Health Programs.

The Department of Health and Human Services (DHHS) provides a wide range of life-sustaining, life-saving and life-enhancing services to children and adults through age 60. Programs focus on providing services for delinquent youth, persons who are developmentally disabled, physically disabled, mentally ill, homeless, and those in need of financial assistance. Many of the services provided are mandated by State Statute and/or provided through a State/County contract. The Department of Health and Human Services consists of eight service areas including the divisions of Economic Support, Delinquency and Court Services, Disabilities Services, Housing, and Management Services, County Health Programs and Behavioral Health. The Economic Support Division, which assists eligible people in obtaining Food Share, Medical Assistance (Title 19) and child day care benefits. In addition, this division is responsible for administering the State's BadgerCare Plus health program and specialized financial assistance programs. During 2009 the management of these services to County residents has shifted from the County to the State of Wisconsin. Under the supervision of state managers, the State of Wisconsin will be utilizing County represented employees to deliver program service. Delinquency and Court Services Division provides custodial intake services, administers a wide range of juvenile justice programs and provides support staff for the operation of the Children's Court. This division operates a Juvenile Detention Center and also administers the following programs oriented to alleged and adjudicated delinquent youth: pre-dispositional secure/non-secure out-of-home placements and monitoring, the First Time Offender program, post-dispositional placements, probation supervision, and programs that are designed to divert youth from placement in state correctional facilities. The Disabilities Services Division provides human services that are targeted at populations with special needs, including adults and children with physical and developmental disabilities and individuals who are homeless or experiencing a housing crisis. Services provided include case management for long-term support, residential services, work and day services, community treatment, community support, adult day care, fiscal agent services and service access and prevention. The services administered by this division allow these persons to live in the community and avoid institutional placement. The Division utilizes a Resource Center format to serve these clients. The Housing Division focuses on prioritizing the use of County housing resources to address the needs of persons with mental illness or other special needs. The

division administers the following HUD funded programs: Shelter Plus Care, which links housing subsidies with case management for persons with mental illness; Safe Haven which provides transitional housing for formerly homeless persons with mental illness; Housing Choice Voucher program which assists clients in finding affordable housing and provides rent subsidies; and HOME/Home Repair, which provides low or no interest loans to low-income persons for home repairs and improvements. In 2009, the Housing Division began administering the Community Development Block Grant program. The Management Services Division provides contract administration, accounting and business support to the other DHHS divisions.

The County Health Programs (CHP) division develops, implements and evaluates programs related to improving or providing for the health of Milwaukee County citizens and visitors. CHP creates and maintains innovative, high quality, community-based service through a variety of partnerships by utilizing a systematic approach for service integration and delivery. CHP is comprised of two areas of service: Administration and, the Emergency Medical Services Program (EMS). In 2009, the State assumed responsibility for healthcare for childless adults under an expansion of its BadgerCare Plus Medicaid program. EMS (Paramedics) supports the provision of paramedic services in Milwaukee County through a variety of initiatives. The Communication Center is staffed with emergency medical communicators to coordinate on-line medical control and hospital notification for local and regional emergency calls. The program also operates the Education/Training Center for members of the paramedic transport units serving Milwaukee County. Medical direction and control for the EMS program is provided through a professional services contract with the Medical College of Wisconsin.

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

The Department on Aging plans for and services the growing needs of Milwaukee County's large and diverse older adult population. Services provided by the Department of Aging are designed to provide an appropriate mix of community-based care and direct services to prevent the inappropriate and costly institutionalization of older adults. The Department contains four major program areas: Administration, Area Agency Services, and Resource Center and the Care Management Organization. Area Agency Services provides a network of support services to the aging population including the Senior Meal Program, contacts for the five senior centers in the County and provides a range of grants to community based agencies to provide specialized programming for elderly adults. This division also provides staff support to the Milwaukee County Commission on Aging which serves as the area's planning committee. The Resource Center serves as an information clearinghouse, provides eligibility assessments for person seeking assistance in any departmental program and acts as a point of entry for the Family Care Program.

The Care Management Organization (CMO) is a separately budgeted division of the Department on Aging. The County is required to maintain a separate and distinct accounting for this division under the State's Family Care program. The State's Family Care Program replaces the state's numerous long-term support programs with a single integrated long-term care entitlement program. Under Family Care, the CMO coordinates all long-term care services, including home and community based services and institutional services for eligible elders in Milwaukee County who require publicly funded long term care services. The majority of the CMO program revenue represents a capitated rate payment per member per month from the State. The capitated rate payment is adjusted on an annual basis after an actuarial review of costs. Forty percent of client service costs of the CMO are controlled by Medicaid rate rules. The remaining sixty percent, which is not covered by Medicaid rates, is based on rates established by the department or by contracts with providers. Due to the capitated rate payment, the CMO is required to maintain reserves against potential cost deficits. These reserves were fully funded at the end of 2009. At the end of 2009 the program had approximately 5,657 clients.

- 7) **Parks, Recreation and Culture** includes the Department of Parks, Recreation and Culture, the Zoological Department, Milwaukee County University Extension Service and funding for the Milwaukee Public Museum. The Department of Parks, Recreation and Culture operates the Milwaukee County Park System, which comprises 15,000 acres of parkland, including 153 parks and parkways. The parks and parkways are known nationally as one of the largest and most expansive park systems in the country. The Parks System operates 15 golf courses, numerous athletic

fields, numerous facilities for indoor and outdoor swimming, two family aquatic parks, two splash pads, 37 wading pools, an indoor ice arena, a sports complex, two public marinas, two community centers, a 100-mile recreational bike trail, a horticultural facility, a nature center and a botanical garden. The Zoological Department operates a zoo on a 200-acre site in western Milwaukee County. The Zoo's collection and exhibits are acquired with the assistance of private funding.

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

- 1) The **Airports** are an enterprise fund that is classified as a business-type activity in the Government-wide financial statements. Milwaukee County operates two airports: General Mitchell International Airport (GMIA) and Lawrence J. Timmerman Airport. User fees support both of these airports. Airport administrative, maintenance and operational cost reimbursement are guaranteed through contractual agreements with the major airline carriers serving GMIA. Seven major airlines and 16 regional commuter airlines provide scheduled passenger service at GMIA. During 2009, the Federal government passed the American Recovery and Reinvestment Act (ARRA) as part of the economic recovery package. GMIA was granted \$ 12.1 million in ARRA funds to improve two of its runway safety areas. Runway Safety Areas (RSAs) are areas of land surrounding runways that are required to be clear of objects, roadways, buildings and other obstructions for aircraft "overruns" and "undershoots". These RSAs must be capable of supporting the weight of an aircraft without the aircraft incurring significant damage. Phase one of the project, which was completed in 2009, consisted of constructing a tunnel over a major street by the airport that would serve as an overrun/undershoot area capable of supporting the weight of an aircraft. Phase two of the project, which was started in 2009, consists of extending the runway and taxiway pavement located at the south end of the runway area. It is anticipated that phase two of the project will be completed during 2010. Additional improvements planned for GMIA during 2010 include replacing its terminal heating ventilation and air conditioning equipment, continuing the improvements to its runway safety areas, applying a waterproofing membrane in the parking structure, remodeling Concourse D restrooms and reorienting the south terminal escalator. Due to increased security requirements implemented in the past nine years, security costs have become a significant part of the Airports normal operating budget and represented 11.4 percent of the Airports 2009 budget.
  
- 2) The **Milwaukee County Transit/Paratransit System** is an enterprise fund activity that is managed by Milwaukee Transport Services, Inc.; a private, non-profit corporation. The corporation uses facilities and equipment owned and provided by the County to transport passengers by bus to various locations within the County. The Paratransit system is also

operated by Milwaukee Transport Services. The Paratransit system provides transportation using private vendors for passengers who meet the paratransit eligibility requirements. As stated above under Public Works and Highways, the County's Department of Transportation and Public Works (DTPW) administers both the transit and paratransit systems. DTPW also oversees and administers federal and state capital grants for the transit system. DTPW - Transportation Services Division, an internal services fund, assists with the acquisition of capital equipment and facilities.

## Countywide Financial Activities

- 1) **Employee Benefits:** In response to the concerns raised about the increased level of benefits that were granted to employees and elected officials in 2001, the County Board voted in February 2002 to change certain benefits. The 2002 changes included the level of payout at retirement for earned sick leave benefits for non-represented positions. Depending on hire date, sick leave at retirement is either paid in cash or is used to buy retiree health insurance. Between 2005 and 2007, union labor agreements were negotiated to reduce future *cash payouts* at retirement for sick leave earned. Prior to the change, all employees were entitled to full payout at retirement of earned sick leave benefits. Sick leave for union members credited at retirement for retiree *health insurance payments* is generally still credited at 100 percent.

The benefit enhancements, accelerated retirement rate, and investment losses have caused a severe strain on the County's unfunded pension liability and pension expense. In 2001 and 2002, the County was contributing \$ 2.65 million and \$ 2.58 million respectively, to the Employee Retirement System (ERS). For 2007, 2008, and 2009, the County contributed \$ 49.3 million, \$ 34.8 million and \$ 457.8 million, respectively to ERS. The 2009 contribution was well above the annual required contribution due to a one-time contribution of 397.8 million and settlement of a lawsuit for 29.0 million. The 2008 and 2007 contributions were below the actuarial recommended contribution. Pension costs are expected to continue to increase.

In 2008, legislative approval was received that authorized the County to issue pension obligations bonds to help fund its rising pension obligation costs. In April 2009, the County issued \$ 265 million of Taxable General Obligation Pension Promissory Notes, Series 2009A and \$135 million of Taxable Pension Notes, Series 2009B. The bonds are being used to fund a portion of the County's unfunded prior service liability for its Employees' Retirement System and are intended to stabilize the County's annual contribution levels to the ERS.

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 backdrop program.

The County has aggressively moved to control the growth in employee health care costs. Some of the steps taken have been to move to a self-insured health plan and negotiate changes to health care deductibles and co-payments and the creation of a separate division to focus on employee benefits. Under the self-insured plan, which is accompanied by a stop-loss provision, the County is better able to control its costs versus the contracted rates under the fully insured health care option. The impact of these changes has resulted in a material decrease in the rate of health care cost increases for the period from 2006 to 2009. In 2010, the County is employing a healthcare actuarial firm to do a complete analysis of claims cost to better understand the County's trend line versus the industry standard.

## **B) FINANCIAL INFORMATION**

### **Internal Accounting Controls**

County management is responsible for establishing and maintaining an internal control structure designed to provide reasonable, but not absolute, assurance that County assets are safeguarded against loss from unauthorized use or disposition and assurance that the County financial records are free from material misstatement and accurately account for the County's assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgements by management.

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

## **Budgetary Process**

Milwaukee County has an executive budget process for the preparation of the annual operating and capital budgets. The Fiscal Affairs Division of the Department of Administrative Services provides the technical assistance required by the County Executive to review budget requests submitted by County departments and agencies. The Fiscal Affairs Division compiles departmental budget requests, along with non-departmental revenue projections, debt service requirements, capital improvements, contingency requirements and the required tax levy. It reviews areas where changes may be considered and transmits its findings to the County Executive. The County Executive holds public hearings with respect to the requests, meets with departments and submits a recommended budget to the County Board on or before October 1<sup>st</sup> of each year. Subsequent to the receipt of the budget from the County Executive, 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 Thursday 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. The County Board adopts a final budget, subject to any vetoes by the County Executive, and levies taxes to support the adopted budget.

## **Budgetary Controls**

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

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

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

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

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

### **County Tax Rate Limit**

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

The property tax rate established for general County operating purposes and special administrative levies, as part of the 1993 adopted budget, was \$ 4.08 per \$ 1,000 of equalized value. The maximum rate may only be increased if services are transferred between governmental units (transfers to other governmental units reduce the maximum rate), or if a referendum is approved by a majority of local electors to allow for an increase in the maximum rate. For 2009, the operating tax rate was \$ 3.14 per \$ 1,000 of equalized value.

The County adopted a debt levy rate of \$ 1.42 per \$ 1,000 of equalized value as part of the 1993 budget. The conditions under which the debt service rate may be increased include: 1) a referendum is held that approves the debt issuance; 2) the County Board of Supervisors adopts a resolution that sets forth its reasonable expectation that the issuance of the debt will not cause the County to increase the debt levy rate; 3) the issuance of the debt was authorized by an initial resolution adopted prior to the effective date of the rate limit; 4) the debt is issued for certain specified purposes, including financing regional projects under Section 67.05 (7)(f); 5) the debt is issued to fund or refund outstanding municipal obligations; or 6) the County Board of Supervisors adopts an initial resolution authorizing the issuance of the debt by a vote of at least three-fourths of the members-elect of the County Board. In accordance with the conditions outlined above, the County levied a debt levy rate of \$ 0.92 per \$ 1,000 of equalized value for the 2009 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 Finance and Audit Committee of the County Board monitors 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. In addition, the County Board has adopted policies limiting the amount of corporate purpose bonds issued by the County to finance capital projects. Under this policy, corporate purpose bond issuance could not exceed a maximum of \$ 30 million starting with fiscal year 2008 and in each subsequent fiscal year could be increased by no more than three percent over the principal amount of the preceding year's issue. This cap only applies to corporate purpose bonds that finance the capital improvements program; it does not apply to other debt issued by the County.

Wisconsin Statutes limit the County's direct general obligation borrowing to an amount equivalent to five percent of the equalized valuation of taxable property. At December 31, 2009, the County had \$ 866.5 million of general obligation debt, representing 25.9 percent of the \$ 3.3 billion debt limit. The debt limit is based upon equalized value of County property of \$ 66.8 billion.

Approximately 69.7 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 2009, total debt of the County, which includes general purpose and Airport revenue bond obligations, was \$ 1,050 million. As of December 31, 2009, approximately \$ 213.5 million or 20.3 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 behalf of the Airports.

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

Fitch IBCA  
AA

Moody's Investors Service  
Aa3

Standard & Poor's  
AA

In September 2003, the County authorized, but did not issue, general obligation promissory notes in the principal amount of \$14.2 million pursuant to the Credit Assistance agreement with a local company. These promissory notes would be issued in the event that the company defaults on Industrial Revenue Bonds issued to construct maintenance facilities for the company. In return for the credit assistance, the County obtained a mortgage on these maintenance facilities and \$ 4.9 million of debt reserves. Community Development Block Grant funds, for economic development, from the State of Wisconsin provided \$ 4.0 million of the reserve funds. These reserve funds accrue interest and total \$ 6.0 million as of December 31, 2009.

In 2004, the County provided a guarantee totaling \$ 1.0 million of a \$ 3.2 million loan for a non-profit corporation. The loan was used for the purchase of a building. The guarantee expired in December of 2009 and was not extended into future periods by the County.

During 2009 the County issued \$ 265.0 million of Taxable General Obligation Pension Promissory Notes and \$ 135.0 million of Taxable Pension Notes. Proceeds from the notes were contributed to the Milwaukee County Employee Retirement System.

During 2009, the County issued a total of \$ 90 million in General Obligation Corporate Purpose Bonds and Promissory Notes. The proceeds from the bonds and notes were used for various County capital improvement projects including highways and bridges, park improvements, building improvements and vehicles. The annual debt limit was exceeded by the County in order to utilize Build America Bonds, which were available, and offered a lower interest rate. The County accelerated capital plans to 2009 and 2010, and will forego capital bond issuances in 2011 and 2012.

In addition the County issued \$ 12.69 million of Airport Revenue Bonds to finance ongoing capital improvement projects at airport.

### **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 institutions is further limited to a maximum investment, per institution of \$ 0.5 million at one time, unless an acceptable form of collateral, or other guarantee exists assuring the principal repayment to the County. The County's investment policy limits the use of reverse repurchase agreements to transactions with commercial banks located in the State of Wisconsin to a period of time no longer than 14 days. The County enters into reverse repurchase agreements for cash flow purposes only.

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

### **Risk Management**

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

## **Pension Trust Fund Operations**

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

## **Long-term Financial Planning**

The Department of Administrative Services purchased forecasting software and related consulting services. Ten years of historical data was analyzed to assist in developing the assumptions. Forecasting methods included regression, use of specific data where available, and use of historical average annual changes. Each year, the actual data will be updated and assumptions will be refined. Standard forecasting schedules will be updated and provided to policy makers on a regular basis. During budget development, the forecast schedules will be provided to policy makers to provide them with information regarding the long-term financial impact of budget decisions.

In 2009, a work-group made up of administrative, departmental and County Board staff, along with external experts, developed a consensus-based five-year forecasting model to better understand the County’s financial position. The initial forecast projected a 2010 structural deficit, which if not addressed would increase over the course of the five-year period. It is not unusual for the County to project funding gaps due to structural imbalances. The County has faced a structural deficit for several years and continues to take aggressive measures to resolve this challenge. The County is required by state statute to pass a balanced budget.

The underlying causes for the structural deficit are declining revenues while expenditures, particularly employee health care benefits and pension benefits, continue to increase for the County. The projected budgetary gap will be resolved through a combination of expenditure reductions and revenue increases. The County has proposed healthcare, pension and overtime modifications to its eight labor unions to help combat its rising healthcare and pension costs, however these proposed concessions have to be agreed to by the labor unions. In addition, the County has been pursuing more efficient options in delivering services to help reduce expenditures.

While fiscal challenges still remain, the County has a tool, which will help in developing more strategic options for achieving long-term sustainability.

## **C) OTHER INFORMATION**

### **Independent Audit**

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

The selection of the independent audit firm was administered by the Department of Audit. A request for proposal was issued to solicit proposals from eligible firms. The proposals received by the County were reviewed and ranked by the committee. The County Board and County Executive then approved the contract of the successful firm.

The audit was performed to provide reasonable assurance that the financial statements are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2009 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of the CAFR.

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

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the year ended December 31, 2008. This was the thirtieth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**Acknowledgements**

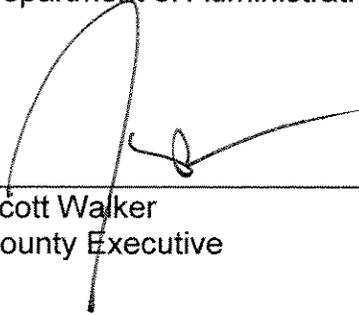
The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Department of Administrative Services, Fiscal Affairs Division, the assistance of personnel in the various departments and through the competent service of the independent public accountants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

Respectfully submitted,



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Steven R. Kreklow, Fiscal and Budget Administrator  
Department of Administrative Services



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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, 2008

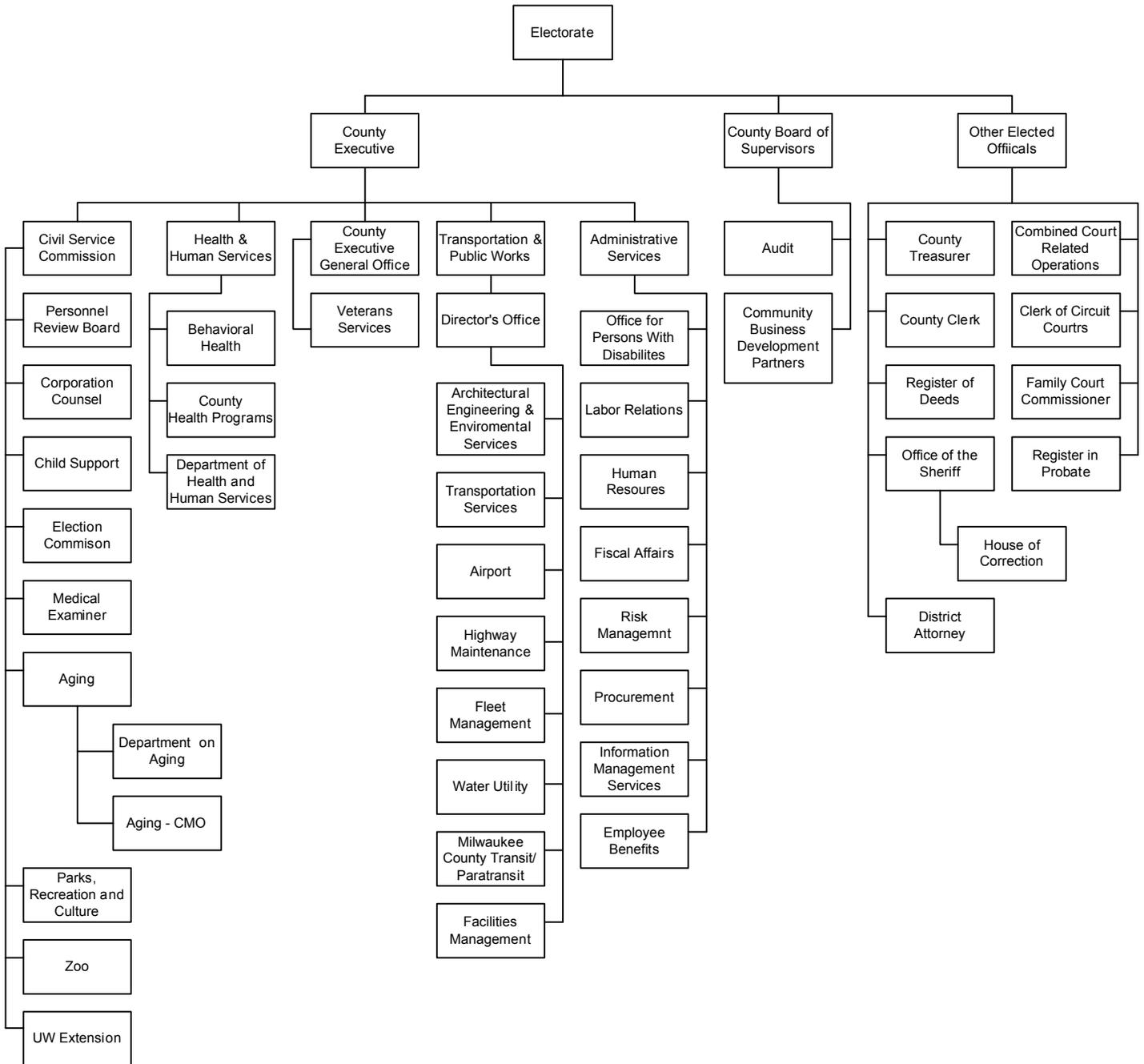
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# County of Milwaukee Organizational Chart 2009



**COUNTY OF MILWAUKEE**

**LIST OF PRINCIPAL OFFICIALS**

**ELECTED**

|                   |   |                     |
|-------------------|---|---------------------|
| County Executive  | - | Scott Walker        |
| County Treasurer  | - | Daniel J. Diliberti |
| District Attorney | - | John T. Chisholm    |
| County Clerk      | - | Joseph Czarnezki    |
| Clerk of Courts   | - | John Barrett        |
| Sheriff           | - | David A. Clarke Jr. |
| Register of Deeds | - | John La Fave        |

**Supervisors and Their District by Number**

|                         |                           |
|-------------------------|---------------------------|
| 1- Theodore A. Lipscomb | 11- Mark A. Borkowski     |
| 2- Toni M. Clark        | 12- Peggy West            |
| 3- Gerry P. Broderick   | 13- Willie Johnson, Jr.   |
| 4- Marina Dimitrijevic  | 14- Christopher J. Larson |
| 5- Lee Holloway         | 15- Lynne D. De Bruin     |
| 6- Joseph Rice          | 16- John F. Weishan, Jr.  |
| 7- Michael Mayo, Sr.    | 17- Joe Sanfelippo        |
| 8- Patricia D. Jursik   | 18- Johnny L. Thomas      |
| 9- Paul M. Cesarz       | 19- Jim Schmitt           |
| 10- Elizabeth M. Coggs  |                           |

**APPOINTED**

**Departments**

**Title**

|                                 |                     |                      |
|---------------------------------|---------------------|----------------------|
| Human Services                  | Acting Director     | Lisa Marks           |
| Mental Health Division          | Administrator       | John Chianelli       |
| Circuit Courts                  | Chief Judge         | Jeffrey A. Kremers   |
| Corporation Counsel             | Corporation Counsel | William Domina       |
| Administration                  | Director            | Cynthia Archer       |
| Audit                           | Director            | Jerome Heer          |
| Labor Relations                 | Director            | Gregory L. Gracz     |
| Human Resources                 | Director            | Dr. Karen R. Jackson |
| Transportation and Public Works | Acting Director     | Jack Takerian        |
| Family Court Commissioner       | Commissioner        | Michael J. Bruch     |

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

**APPOINTED Continued**

| <b><u>Departments</u></b>      | <b><u>Title</u></b> |                       |
|--------------------------------|---------------------|-----------------------|
| House of Correction            | Sheriff             | David A. Clarke Jr.   |
| Medical Examiner               | Medical Examiner    | Dr. Christopher Happy |
| Parks, Recreation, and Culture | Parks Director      | Susan Black           |
| Register in Probate            | Register in Probate | John Barrett          |
| Zoological Department          | Director            | Charles Wikenhauser   |

## **FINANCIAL SECTION**

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



Baker Tilly Virchow Krause, LLP  
115 S 84<sup>th</sup> St, Ste 400  
Milwaukee, WI 53214-1475  
tel 414 777 5500  
fax 414 777 5555  
bakertilly.com

## 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, 2009, which collectively comprise the County of Milwaukee's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Milwaukee's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Milwaukee County War Memorial Center, Inc., the Marcus Center for the Performing Arts, and the Milwaukee County Research Park Corporation, which represent 41 percent, 96 percent and 47 percent, respectively, of the assets, net assets and the operating revenues of the discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Milwaukee County War Memorial Center, Inc., the Marcus Center for the Performing Arts, and the Milwaukee County Research Park Corporation, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. 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*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Milwaukee, Wisconsin, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

As described in Note 1 to the financial statements, the County of Milwaukee changed the financial reporting of the activities of the Fleet Maintenance and Facilities Management operations from being reported as part of the Public Works Services Internal Service Fund to being included as part of the General Fund effective January 1, 2009.

In accordance with *Government Auditing Standards*, we have issued our report dated July 6, 2010 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 considered in assessing the results of our audit.

The management's discussion and analysis, the schedules of funding progress and the schedules of employer contributions as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

The "Introductory Section" and "Statistical Section" 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 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.

*Baker Tilly Vinchow Krause, LLP*

Milwaukee, Wisconsin  
July 6, 2010

## **Management's Discussion and Analysis**

### **Required Supplementary Information**

#### **(Unaudited)**

This section of the County of Milwaukee's comprehensive annual financial report provides a narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2009. 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 \$ 334,839 on a government-wide basis as of December 31, 2009. The unrestricted net assets of the County were a negative \$ (116,921).
- For the fiscal year, program and general revenues of the County's governmental activities totaled \$ 1,153,374. Expenses totaled \$ 1,154,620 including operating transfers out of \$ 21,521.
- For 2009, revenues of the County's business-type activities were \$ 256,580 including operating transfers in of \$ 21,521. Expenses totaled \$ 252,513.

#### **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, 2009, the County's governmental funds reported combined ending fund balances of \$ 154,160, as compared to \$ 116,869 for the year ended December 31, 2008.
- As of December 31, 2009, unreserved fund balance for the General Fund was \$ 4,007 or 0.4% of total General Fund expenditures. At the end of the 2008 fiscal year the unreserved fund balance of the General Fund was \$ 9,989.

## FINANCIAL HIGHLIGHTS (CONTINUED):

### Highlights for Fund Financial Statements (Continued)

- The County's enterprise funds had combined net assets of \$ 203,212 as of December 31, 2009, compared to \$ 199,145 as of December 31, 2008.

### General Financial Highlights

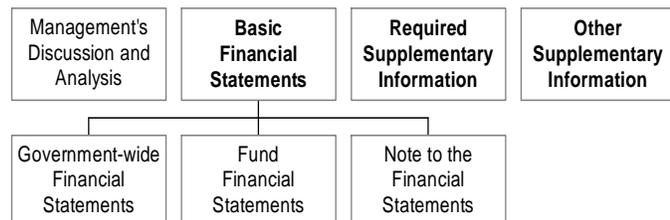
- In April 2009, the County issued \$ 265,000 of Taxable General Obligation Bonds and \$135,000 of Taxable Pension Notes. All proceeds of these two debt issues were contributed to the Milwaukee County Employee Retirement System.
- In August 2009, the County issued \$ 24,775 of General Obligation Bonds and \$17,250 of General Obligation Refunding Bonds to refund prior year's debt and finance various capital needs.
- In November 2009, the County issued \$ 30,365 of General Obligation Bonds and \$15,610 of General Obligation Promissory Notes to finance various capital needs.

## 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.

Components of the Financial Section



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

The statements and notes are followed by required supplementary information that contains the trend data pertaining to the retirement systems. Directly following this information is other supplementary information with combining and individual fund

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 2009. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for not only current uses of cash flow but also for items that will result in cash flows in a future fiscal period (e.g. uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of Milwaukee County that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The governmental activities of Milwaukee County include legislative, executive and staff, courts and judiciary services, general government, public safety, public works and highways, human services, and parks, recreation and culture. The business-type activities of Milwaukee County include the Airports and the Transit System.

The government-wide financial statements include the County's governmental and business-type activities (collectively referred to as the primary government), but also legally separate entities (known as discretely presented component units) for which the County is financially accountable. Together, the primary government and its discretely presented component units are referred to as the reporting entity. The Milwaukee Public Museum, the Milwaukee County Research Park, the Milwaukee County War Memorial Center, and the Marcus Center for Performing Arts are the County's discretely presented component units.

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

The government-wide financial statements can be found on pages 52 - 54 of this report.

# OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

The governmental fund financial statements are on pages 55 - 59 of this report.

# OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

## Fund Financial Statements (Continued)

### ***Proprietary funds***

The County maintains two different types of proprietary funds: enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities of the Airports and the Transit System. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its public works services, information management services, and its risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The proprietary fund financial statements can be found on pages 60 – 62 of this report.

### ***Fiduciary funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds, the economic resources measurement focus and the accrual basis of accounting.

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

The fiduciary fund financial statements can be found on pages 63 - 64 of this report.

# OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

## Fund Financial Statements (Continued)

### *Notes to the Financial Statements*

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

The notes can be found on pages 67 – 152 of this report.

### Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees.

Required supplementary information can be found on pages 155 - 160 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 163 - 178 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 \$ 334,839 at the close of the fiscal year. The County's net assets increased for this fiscal year by \$ 2,821.

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# GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

## County of Milwaukee, Wisconsin

### Net Assets

(In Thousands)

|                             | Governmental<br>Activities |                   | Business-type<br>Activities |                   | Primary Government<br>Total |                   |
|-----------------------------|----------------------------|-------------------|-----------------------------|-------------------|-----------------------------|-------------------|
|                             | 2009                       | 2008              | 2009                        | 2008              | 2009                        | 2008              |
|                             | Current and Other Assets   | \$ 572,053        | \$ 553,945                  | \$ 103,377        | \$ 92,393                   | \$ 675,430        |
| Long-Term Assets            | 403,937                    | 10,717            | 10                          | 3,431             | 403,947                     | 14,148            |
| Capital Assets              | 631,086                    | 627,221           | 365,470                     | 354,458           | 996,556                     | 981,679           |
| Total Assets                | <u>1,607,076</u>           | <u>1,191,883</u>  | <u>468,857</u>              | <u>450,282</u>    | <u>2,075,933</u>            | <u>1,642,165</u>  |
| Current Liabilities         | 490,378                    | 497,632           | 46,626                      | 45,034            | 537,004                     | 542,666           |
| Long-term Liabilities       | 985,071                    | 561,378           | 219,019                     | 206,103           | 1,204,090                   | 767,481           |
| Total Liabilities           | <u>1,475,449</u>           | <u>1,059,010</u>  | <u>265,645</u>              | <u>251,137</u>    | <u>1,741,094</u>            | <u>1,310,147</u>  |
| Net Assets:                 |                            |                   |                             |                   |                             |                   |
| Invested in Capital Assets, |                            |                   |                             |                   |                             |                   |
| Net of Related Debt         | 198,007                    | 222,474           | 178,590                     | 177,253           | 376,597                     | 399,727           |
| Restricted                  | 55,797                     | 62,346            | 19,366                      | 19,115            | 75,163                      | 81,461            |
| Unrestricted                | <u>(122,177)</u>           | <u>(151,947)</u>  | <u>5,256</u>                | <u>2,777</u>      | <u>(116,921)</u>            | <u>(149,170)</u>  |
| Total Net Assets            | <u>\$ 131,627</u>          | <u>\$ 132,873</u> | <u>\$ 203,212</u>           | <u>\$ 199,145</u> | <u>\$ 334,839</u>           | <u>\$ 332,018</u> |

The largest portion of the County's net assets reflects its investment in capital assets (e.g. land, land improvements, buildings, vehicles, equipment and infrastructure, net of depreciation and amortization) less the outstanding debt that was used to acquire those assets. For 2009, the balance of capital assets net of related debt was \$ 376,597. 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 represent resources that are subject to external restrictions on how they may be used. Restricted net assets at the end of 2009 totaled \$ 75,163. This amount is subject to external restrictions, some of which include debt service, airport passenger facility charges (PFC) revenue and the airports capital projects. The airport PFC revenue is restricted for airport bond repayment and future airport capital needs.

Unrestricted net assets represent the remaining amount of net assets that are neither related to capital assets nor are restricted for specific purposes. The unrestricted net assets were a negative \$ (116,921) at the end of 2009. The unrestricted net assets increased by \$ 32,249 in 2009.

# GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

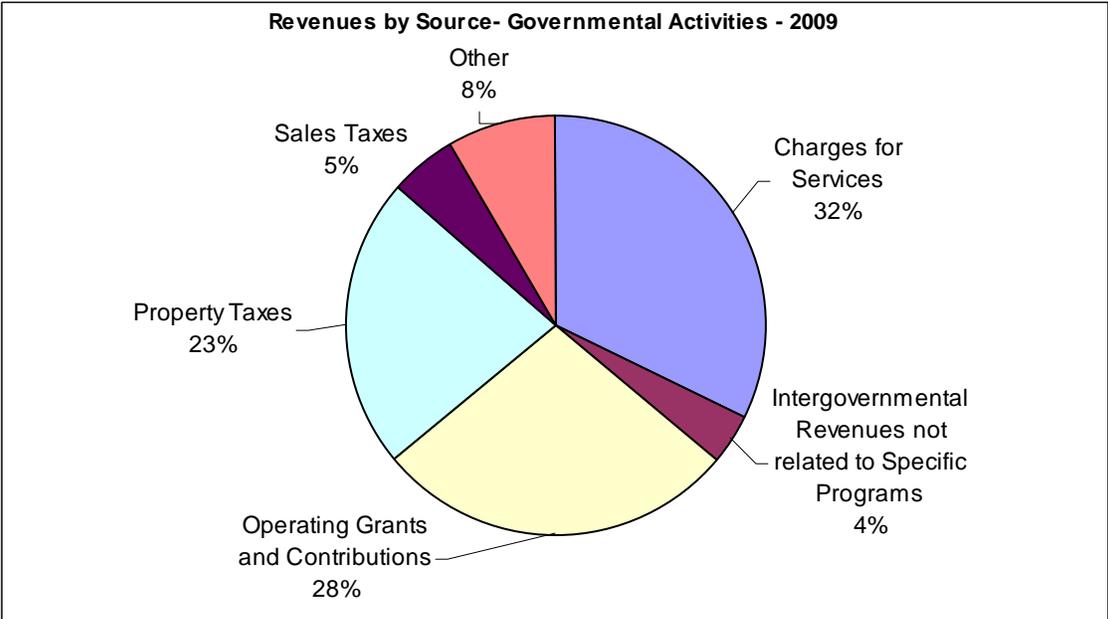
## Statement of Activities

The following table provides the summary of the changes in net assets for the primary government for the fiscal years ended December 31, 2009 and 2008:

| County of Milwaukee, Wisconsin<br>Summary of Changes in Net Assets<br>(In Thousands) |                            |                   |                             |                   |                             |                   |
|--|----------------------------|-------------------|-----------------------------|-------------------|-----------------------------|-------------------|
|  | Governmental<br>Activities |                   | Business-type<br>Activities |                   | Primary Government<br>Total |                   |
|  | 2009                       | 2008              | 2009                        | 2008              | 2009                        | 2008              |
| <b>Revenues:</b>   |                            |                   |                             |                   |                             |                   |
| Program Revenues:  |                            |                   |                             |                   |                             |                   |
| Charges for Services   | \$ 372,086                 | \$ 407,870        | \$ 126,421                  | \$ 130,722        | \$ 498,507                  | \$ 538,592        |
| Operating Grants and Contributions   | 319,328                    | 329,573           | 90,110                      | 88,522            | 409,438                     | 418,095           |
| Capital Grants and Contributions   | 32,712                     | 6,395             | 17,583                      | 10,923            | 50,295                      | 17,318            |
| General Revenues:  |                            |                   |                             |                   |                             |                   |
| Property Taxes   | 260,724                    | 251,495           | -                           | -                 | 260,724                     | 251,495           |
| Sales Taxes  | 59,258                     | 67,112            | -                           | -                 | 59,258                      | 67,112            |
| Intergovernmental Revenues not<br>Related to Specific Programs                       | 46,056                     | 39,734            | -                           | -                 | 46,056                      | 39,734            |
| Investment Income and Rents  | 7,120                      | 13,516            | 945                         | 1,417             | 8,065                       | 14,933            |
| Proceeds from Settlement of Lawsuit  | 29,000                     | -                 | -                           | -                 | 29,000                      | -                 |
| Gain on Sale of Capital Assets   | -                          | 146               | -                           | 18                | -                           | 164               |
| Other Revenue  | 27,090                     | 17,037            | -                           | -                 | 27,090                      | 17,037            |
| <b>Total Revenues</b>  | <b>1,153,374</b>           | <b>1,132,878</b>  | <b>235,059</b>              | <b>231,602</b>    | <b>1,388,433</b>            | <b>1,364,480</b>  |
| <b>Expenses:</b>   |                            |                   |                             |                   |                             |                   |
| Legislative, Executive, and Staff  | 52,144                     | 54,395            | -                           | -                 | 52,144                      | 54,395            |
| Courts and Judiciary   | 63,839                     | 67,435            | -                           | -                 | 63,839                      | 67,435            |
| General Governmental Services  | 7,991                      | 8,912             | -                           | -                 | 7,991                       | 8,912             |
| Public Safety  | 148,192                    | 180,186           | -                           | -                 | 148,192                     | 180,186           |
| Public Works and Highways  | 93,756                     | 81,522            | -                           | -                 | 93,756                      | 81,522            |
| Human Services   | 648,296                    | 675,169           | -                           | -                 | 648,296                     | 675,169           |
| Parks, Recreation, and Culture   | 83,520                     | 85,321            | -                           | -                 | 83,520                      | 85,321            |
| Other  | -                          | -                 | -                           | -                 | -                           | -                 |
| Interest   | 35,361                     | 16,351            | -                           | -                 | 35,361                      | 16,351            |
| Airport  | -                          | -                 | 74,305                      | 77,432            | 74,305                      | 77,432            |
| Transit  | -                          | -                 | 178,208                     | 174,725           | 178,208                     | 174,725           |
| <b>Total Expenses</b>  | <b>1,133,099</b>           | <b>1,169,291</b>  | <b>252,513</b>              | <b>252,157</b>    | <b>1,385,612</b>            | <b>1,421,448</b>  |
| <b>Change in Net Assets Before Transfers</b>   | <b>20,275</b>              | <b>(36,413)</b>   | <b>(17,454)</b>             | <b>(20,555)</b>   | <b>2,821</b>                | <b>(56,968)</b>   |
| Transfers  | (21,521)                   | (16,103)          | 21,521                      | 16,103            | -                           | -                 |
| <b>Change in Net Assets</b>  | <b>(1,246)</b>             | <b>(52,516)</b>   | <b>4,067</b>                | <b>(4,452)</b>    | <b>2,821</b>                | <b>(56,968)</b>   |
| <b>Net Assets- Beginning of the Year</b>   | <b>132,873</b>             | <b>185,389</b>    | <b>199,145</b>              | <b>203,597</b>    | <b>332,018</b>              | <b>388,986</b>    |
| <b>Net Assets- End of the Year</b>   | <b>\$ 131,627</b>          | <b>\$ 132,873</b> | <b>\$ 203,212</b>           | <b>\$ 199,145</b> | <b>\$ 334,839</b>           | <b>\$ 332,018</b> |

# GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

## Governmental Activities



Revenues for the County’s governmental activities were \$ 1,153,374 for the fiscal year 2009, representing an increase of \$ 20,496, or 2.0%, over fiscal year 2008. Sources of revenue for 2009 as a percentage of total revenues are shown above. Charges for Services constitute the largest source of County revenues, amounting to \$ 372,086 for fiscal year 2009, a decrease of \$ 35,784 from 2008. Charges for services represent collections from those who directly benefit from County services. In 2009, the County discontinued collecting payments related the County’s General Assistance Medical Program (GAMP), which had accounted for \$ 57,491 of 2008 Charges for Services Revenue. The decrease in GAMP revenue was offset by an increase of \$ 20,119 in Charges for Services revenue related to the County’s Aging Care Maintenance Organization (CMO). The increase in Aging CMO revenue was due to an increase in the reimbursement rate for services and an increase in the number of program participants.

Property tax revenue increased by \$ 9,229 over the prior year; however, property tax revenue as a percent of total governmental activity revenues only increased by 1.0% from the prior year. Sales tax revenue decrease by \$ 7,854 as a result of decreased consumer spending.

Operating grants and contributions continue to support a significant portion of County services with \$ 319,328 of revenue in 2009. Operating grants and contributions generally represent federal and state grant revenues. \$ 261,271 of the 2009 operating grants and contributions supported human service programs.

# GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

## Governmental Activities (Continued)

Total expenses for all of the County's governmental activities for the fiscal year 2009 were \$ 1,133,099, representing a decrease of \$ 36,192 or 3.0% from 2008. As the chart below indicates, human service programs continue to represent the County's largest expense category, totaling \$ 648,296 in 2009, a decrease of \$ 26,873 from 2008. The discontinuance of the County's General Assistance Medical Program (GAMP) in 2009 caused Human Services expense to decrease by \$50,391. The decrease due to GAMP was offset by an increase in Aging CMO expenses of \$ 19,564. Aging CMO expenses increased due to higher program participation and an increase in reimbursement costs related to nursing home services.

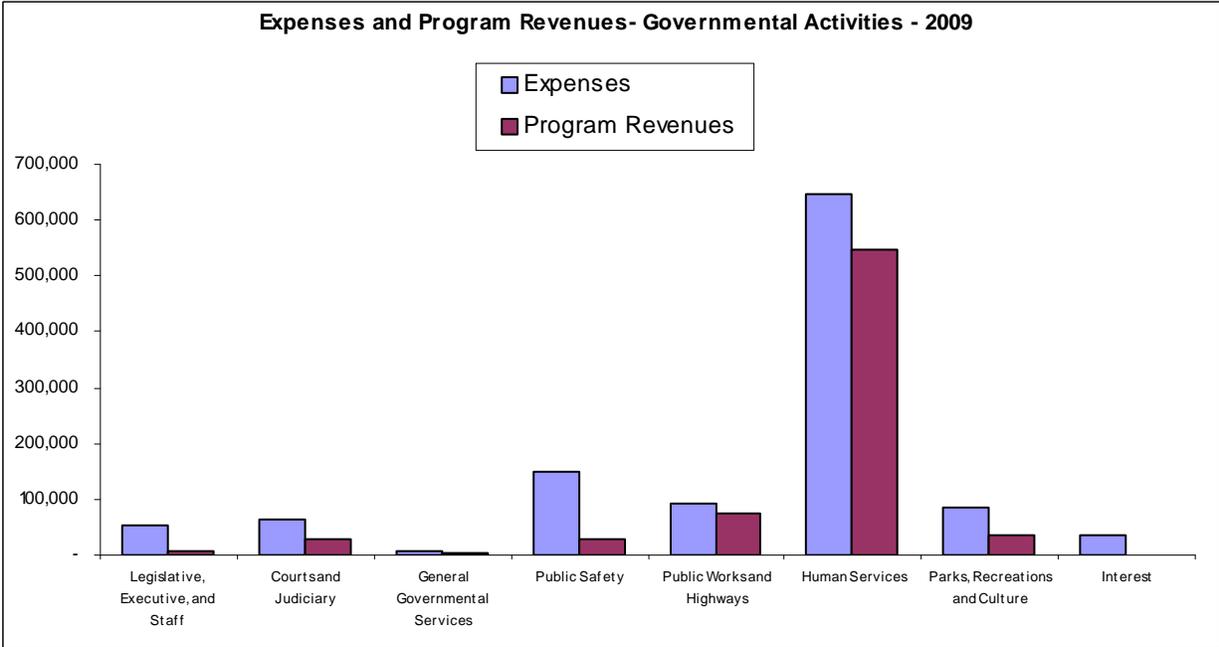
Public Safety represents the second largest expense category totaling \$ 148,192 for the operation of correctional facilities, pre-trial holding facilities, county sheriff services, the district attorney and the medical examiner. Total Public Safety expenses decreased by \$ 31,994, or 17.2% from the prior year. In 2009, the State Supreme Court ruled in favor of the County on a lawsuit related to the County's House of Corrections. As a result, the estimated liability related to unfunded claims and judgments was decreased by \$ 18,000. This amount was credited to Public Safety expenses for 2009 contributing to the decreased expenses. Another \$9,534 of the decrease in Public Safety expenses was due to the elimination of interdepartmental charges from the Fleet Maintenance and Facilities Management Divisions. In 2009, activities of the Fleet Maintenance and Facilities Management Divisions were accounted for in the General Fund; therefore, any charges from these divisions to other General Fund departments were eliminated for financial statement presentation. Prior to 2009, these activities had been accounted for in an internal service fund; therefore, the charges were not removed from General Fund departmental expense accounts. The net 2009 tax contribution for Public Safety was \$ 119,275, a 16.6% decrease from 2008.

Expenses for Public Works and Highways in 2009 totaled \$ 93,756 in 2009, which represents an increase of \$ 12,234, or 15.0%, from the prior year. The increase is due to the expenditures for Fleet Maintenance and Facilities Management being reflected in this expenditure line, instead of being cross-charged to other departments.

Total 2009 expenses for Parks, Recreation and Culture were \$83,520, a decrease of \$1,801 over the prior year. The decrease was due primarily to reductions in costs from the prior year, and the elimination of Fleet Maintenance and Facilities Management Division interdepartmental charges.

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# GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



### Business-type activities

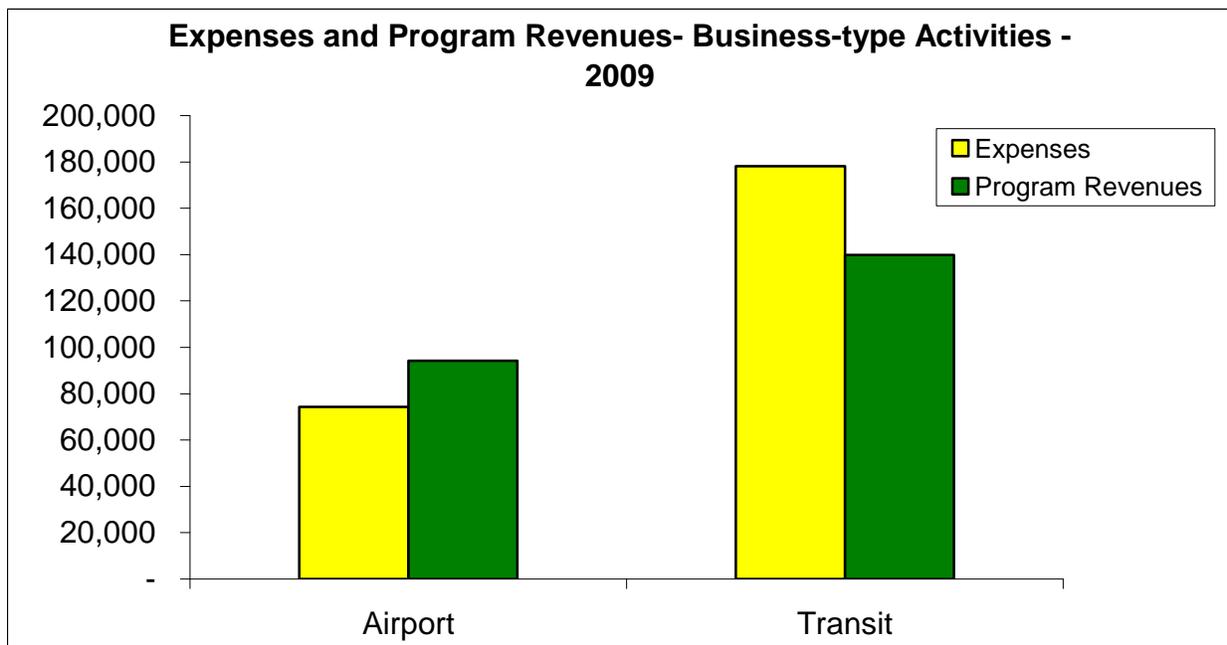
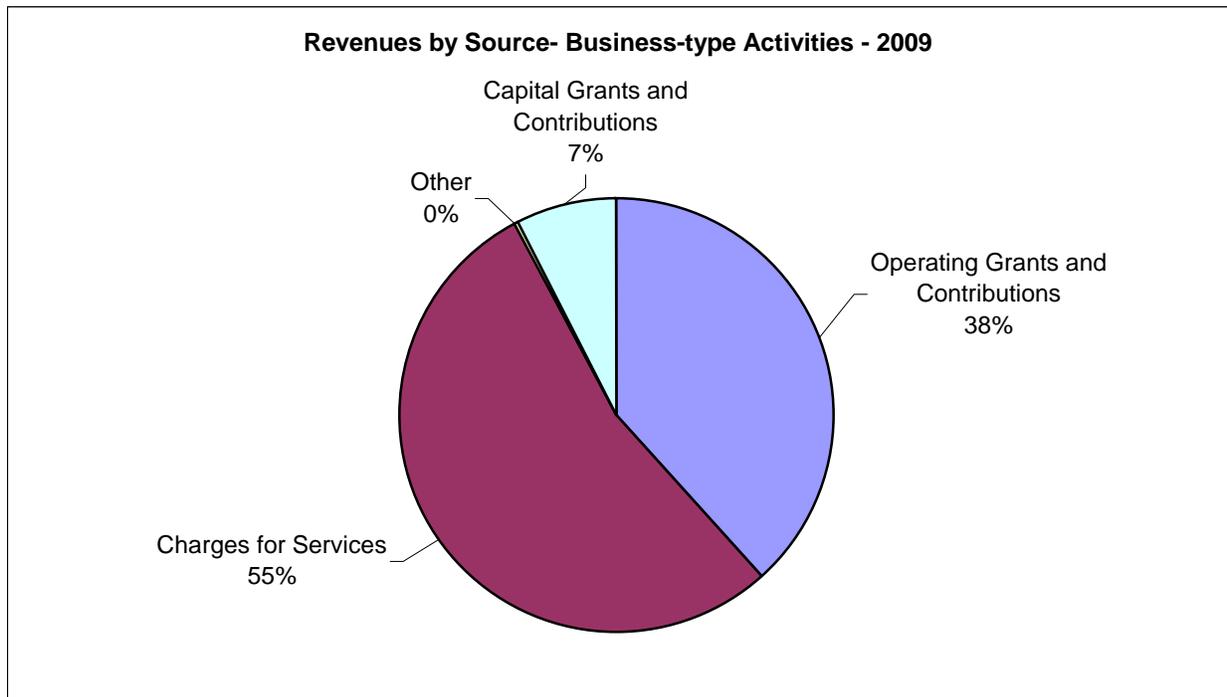
In 2009, the Airports revenue from fees charged to airlines for use of the airports, including fees received from ancillary services of the airports, exceeded its annual operating costs by \$ 5,696. Charges for Services revenue from the Airport decreased by \$ 3,224, or 4.3% from the prior year. Operating transfers are negligible for the Airports.

The Transit System requires operating assistance from the governmental activities funds to balance its revenues and expenses. Total governmental activity operating support through operating transfers for the Transit System was \$ 23,004 for fiscal year 2009. Total state and federal grants for the Transit System was \$ 89,931 for 2009, an increase of 1.6% over 2008. Direct support from users of the Transit System was \$ 52,297 or 29.5% of total expenses.

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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, 2009, the County's governmental funds reported combined ending fund balances of \$ 154,160. *Unreserved fund balance* of \$ 4,007 represents 9.1% of the total fund balance, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has been committed. The reserved fund balance consists of \$ 1,837 for inventories, \$ 70,673 for encumbrances, \$ 6,220 for debt service, \$ 4,144 for 2010 appropriations, \$ 4,144 for 2011 appropriations, \$ 8,978 for the Behavioral Health Division, \$ 6,499 for the Fleet and Facilities Divisions, \$ 10,012 for the Department of Aging Care Maintenance Organization, \$ 13,558 for delinquent property taxes, and \$ 24,088 for endowments, bequests, restricted donations, and restricted user fees.

Restricted user fees are Airport passenger facilities charges (PFC) collected by airlines that are restricted for revenue bond debt and or future capital needs of the Airports. These fees are recorded in the non-major governmental funds. The general, debt service, and capital projects funds are reported as major funds.

The general fund is the chief operating fund of the County. At December 31, 2009, unreserved fund balance of the general fund was \$ 4,007 while total fund balance was \$ 43,907. 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 0.4% of total fund expenditures, while total fund balance represents 3.9% of that same amount.

The debt service fund has a total fund balance of \$ 6,220 all of which is reserved for the payment of debt service. The net decrease in the debt service reserve for the current year was \$ 4,537. The County used a portion of the debt service reserve in 2009 for debt service interest costs.

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

## Governmental funds (Continued)

The capital projects fund has a total fund balance of \$ 64,468 all of which is reserved for commitments made on capital projects in progress. The net increase in fund balance during the current year in the capital projects fund was \$ 52,873. The increase in fund balance was due to unspent bond proceeds at the end of 2009.

## Proprietary funds.

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

At the end of 2009, unrestricted net assets of the two major funds, the Airports and the Transit System, totaled \$ 5,256. Total net assets of these same two major funds were \$ 203,212 at the end of 2009, compared to \$ 199,145 at the end of 2008. The total net assets for the Airports increased by \$ 19,452 while total net assets for the Transit System decreased by \$ 15,385.

## GENERAL FUND BUDGETARY HIGHLIGHTS

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Net Assets - Budgetary Basis**  
**For the Year Ending December 31, 2009**  
**(In Thousands)**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance</u>    |
|---|----------------------------|-------------------------|---------------------|--------------------|
| <b><u>Revenues and Other Sources</u></b>  |                            |                         |                     |                    |
| Intergovernmental Revenue                 | \$ 345,533                 | \$ 388,488              | \$ 364,721          | \$ (23,767)        |
| Taxes                                     | 327,673                    | 327,722                 | 319,562             | (8,160)            |
| Charges for Services                      | 381,171                    | 344,462                 | 336,802             | (7,660)            |
| Other                                     | 73,696                     | 61,345                  | 70,586              | 9,241              |
| <b>Total</b>                              | <b>\$ 1,128,073</b>        | <b>\$ 1,122,017</b>     | <b>\$ 1,091,671</b> | <b>\$ (30,346)</b> |
| <b><u>Expenditures and Other Uses</u></b> |                            |                         |                     |                    |
| Expenditures                              | \$ 1,016,099               | \$ 1,041,599            | \$ 1,011,880        | \$ 29,719          |
| Transfers                                 | 111,974                    | 80,418                  | 84,533              | (4,115)            |
| <b>Total</b>                              | <b>\$ 1,128,073</b>        | <b>\$ 1,122,017</b>     | <b>\$ 1,096,413</b> | <b>\$ 25,604</b>   |
| <b>Change in Fund Balance</b>             | <b>\$ -</b>                | <b>\$ -</b>             | <b>\$ (4,742)</b>   | <b>\$ (4,742)</b>  |

## GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

As shown above, expenditures and other financing uses exceeded revenues and other financing sources by \$ 4,742 in the General Fund for the year ended December 31, 2009. This table is based on a budgetary basis presentation. The budgetary basis of actual revenues and expenditures presented above differs from the combined statement of revenues, expenditures, and changes in net assets due to the inclusion of encumbrances of \$ 7,526 in expenditures offset by the inclusion of the contribution from reserves for 2009 appropriations of \$ 7,947.

Actual General Fund revenues were below the budgeted revenues by \$ 30,346, or 2.7%, during fiscal year 2009.

Intergovernmental revenues were \$ 23,767, or 6.1%, below the final budget amount for 2009. Changes in the County's Children's and Adult Long-term Support Services programs resulted in approximately \$17,100 less federal and state aid than included in the County's final budget. This revenue shortfall was offset by lower expenditures for long-term support services. Another \$6,900 of the revenue shortfall was due to lower than anticipated spending for Housing and Community Development Block Grant programs.

Taxes were \$ 8,160, or 2.5%, below budget for 2009 due to a shortfall in sales tax collections of \$ 8,598. Sales tax collections were lower than anticipated due to decreased consumer spending.

Other Revenues in 2009 exceeded the budget by \$ 9,241 of the final budget amount. In 2009, the County received \$ 29,000 from a lawsuit settlement. The proceeds from the lawsuit settlement created a budget surplus in other revenues; however, this surplus is offset by shortfalls in other revenue categories including a \$ 7,558 shortfall in sale of County property. Elimination of interdepartmental charges accounts for another \$ 9,276 of the shortfall in Other Revenues.

General Fund expenditures were \$ 29,719, or 2.9%, below the amount budgeted while transfers to other funds exceeded the budget by \$ 4,115. In 2009, the County contributed \$29,000 it received from a lawsuit settlement to the Milwaukee County Employee Retirement System. This payment was not budgeted; therefore, departmental expenditures were \$ 58,719 below budgeted expenditures for 2009. As discussed above, changes were made to the County's Children and Adult Long-term Support Services program in 2009. These changes account for approximately \$ 17,100 of the departmental expenditure savings. Another \$ 6,900 is due to lower than anticipated spending in the Housing and Community Development Block Grant Programs. Expenditures for employee health care benefits account for another \$12,000 in the expenditure savings. The unused portion of the Unallocated Contingency Fund contributed \$ 10,468 to the budget surplus related to expenditures. The Sheriff's Department and House of Correction's actual expenditures were \$ 7,442 under budget for 2009. In 2009, the House of Correction was merged with the Sheriff's Department resulting in savings in salaries, overtime and other operating expenditures. Other

## GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

departments with significant expenditure savings included the following: Department of Human Resources, \$ 1,943; Department of Administrative Services, \$ 1,195; District Attorney, \$ 1,341; Fleet Services, \$ 2,894; County Health Related Programs, \$ 2,065; Department on Aging, \$ 2,311; Aging Care Maintenance Organization, \$ 4,203; Parks Department, \$ 2,290; and the Zoological Department, \$1,690.

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

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

The \$ 6,056 difference between the original budget revenue of \$ 1,128,073 and the final budget revenue of \$ 1,122,017 is due primarily to the following:

- An increase of \$ 14,821 in capitation reimbursement revenue from the State to the Department of Aging for providing Care Management Organization (CMO) services under the Family Care program.
- A decrease of \$31,122 to adjust the Department of Health and Human Services (DHHS) budget resulting from a delay in implementation of the Family Care program. The decrease was offset by an increase of \$ 2,942 due to various cost saving measures.
- Recognition of \$ 1,550 American Recovery and Reinvestment Act of 2009 grant funds for various Sheriff programs
- An increase of \$ 11,166 in revenue from the State for funding additional cases receiving Long Term Support services from DHHS.
- An increase of \$ 1,109 in non-departmental revenue due to an unrestricted private donation.
- A decrease of \$ 52,134 in State revenue due to a delay in expanding the Department of Aging Family Care program for providing CMO services.
- An increase of \$ 7,125 in revenue from the Debt Service Reserve. Of this, \$ 6,000 from revenue recognized in 2008 for 2009 and \$1,125 from a private donation in 2008 for 2009.
- An increase of \$ 5,220 in Medicaid revenue for increased DHHS clients due to the success of the Reach program.

## GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

- A decrease in revenue of \$ 5,000 from the realignment of revenue and expenses due to an additional delay in changes related to the Family Care program.

The difference between the original budget expenditures of \$ 1,016,099 (before transfers) and the final budget expenditures of \$ 1,041,599 (before transfers) resulted in an increased appropriation of \$ 25,500 due primarily to the following:

- An increase of \$ 5,360 for the Department of Aging CMO services under Family Care, including service provider increases of \$ 3,355 and provider agency rate increases of \$ 1,639.
- A decrease in expenditures of \$ 29,330 resulting from a delay in implementation of the Family Care program.
- Expenditure increase of \$ 1,550 funded from the American Recovery and Reinvestment Act of 2009 for various Sheriff equipment improvements.
- An increase of \$ 11,166 in expenditures related to increased clients receiving Long Term Support program services.
- A \$ 59,756 decrease in expenditures due to a delay in expanding the Family Care program resulting in fewer individuals receiving services.
- An increase of \$ 1,275 for a contribution from the Housing Reserve to provide increased assistance due to economic conditions.
- Increased expenditures of \$ 5,220 for increased clients and cost per client due to the success of the DHHS Reach program.
- An increase in expenditures of \$ 2,351 to support various DHHS housing programs.
- An increase of \$ 3,800 in expenditures for the Department of Aging CMO due to State mandated changes and service utilization increases of \$ 5,800, partially offset by a \$ 2,000 reduction due to a delay in expanding the Family Care Program.

Transfers also represent the net budgeted funds to be provided by the General Fund to provide support to the remaining governmental fund departments, proprietary fund departments, and component units (original budget of \$ 111,974 and amended budget of \$ 80,418). The net contribution actually made by the General Fund to other funds was \$ 84,533. The General Fund collects all of the property tax and sales tax revenues of the County, which was \$ 319,562 for 2009. The General Fund also collected intergovernmental revenues not related to a specific program of \$ 46,056. These revenues are then transferred at the end of the year to the other governmental funds and the proprietary funds to offset any shortfalls between revenues and expenditures. Any gains in these same funds are returned to the General Fund, except for the Airport, which is required to maintain any gains or losses as part of its lease 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, 2009 was \$ 996,556 (net of accumulated depreciation of \$ 1,004,964). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery, vehicles and equipment, and infrastructure and leased equipment. All infrastructure assets of the County are included in this report. The County's total investment in capital assets for the current fiscal year decreased by 1.5% (a 0.6% increase in governmental activities and a 3.1% decrease for business-type activities).

Major capital asset events in the current year included the following:

- Transportation and Public Works major projects included bridge repairs on Honey Creek for \$ 1,779, reconstruction on West Good Hope Road for \$ 6,495, and Silver Spring reconstruction for \$ 4,971.
- Major Parks projects included the Lincoln Park Family Aquatic Center for \$5,559. The Milwaukee County Historical Society Renovation was \$1,865.
- The Airport continued improvements on runway safety for NEPA (National Environmental Policy Act) compliance for \$16,153.
- The County's Fleet Division invested \$14,431 in equipment for the Sheriff's Department, Fleet and the Airport.

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

|                                 | Governmental<br>Activities |                   | Business-type<br>Activities |                   | Total             |                   |
|---------------------------------|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
|                                 | 2009                       | 2008              | 2009                        | 2008              | 2009              | 2008              |
| Land                            | \$ 59,303                  | \$ 59,521         | \$ 21,367                   | \$ 21,367         | \$ 80,670         | \$ 80,888         |
| Construction in Progress        | 19,246                     | 8,256             | 25,012                      | 13,755            | 44,258            | 22,011            |
| Land Improvements               | 106,761                    | 114,005           | 74,299                      | 60,701            | 181,060           | 174,706           |
| Building and Improvements       | 288,461                    | 305,100           | 202,677                     | 208,398           | 491,138           | 513,498           |
| Infrastructure                  | 95,471                     | 86,964            | -                           | -                 | 95,471            | 86,964            |
| Machinery, Vehicles & Equipment | 61,844                     | 53,375            | 42,115                      | 50,237            | 103,959           | 103,612           |
| <b>Total</b>                    | <b>\$ 631,086</b>          | <b>\$ 627,221</b> | <b>\$ 365,470</b>           | <b>\$ 354,458</b> | <b>\$ 996,556</b> | <b>\$ 981,679</b> |

Additional information on the County's capital assets can be found in Note 5 on pages 104 - 110 of this report.

# CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

## Long-term debt

At December 31, 2009, the County had total debt outstanding of \$ 1,050,177. Of this amount, \$ 866,547 comprised of general obligation bonds and \$ 183,630 of airport revenue bonds.

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

|                          | Governmental<br>Activities |                   | Business-type<br>Activities |                   | Total               |                   |
|--------------------------|----------------------------|-------------------|-----------------------------|-------------------|---------------------|-------------------|
|                          | 2009                       | 2008              | 2009                        | 2008              | 2009                | 2008              |
| General Obligation Bonds | \$ 836,667                 | \$ 410,818        | \$ 29,880                   | \$ 26,443         | \$ 866,547          | \$ 437,261        |
| Revenue Bonds            | -                          | -                 | 183,630                     | 176,815           | 183,630             | 176,815           |
| <b>Totals</b>            | <u>\$ 836,667</u>          | <u>\$ 410,818</u> | <u>\$ 213,510</u>           | <u>\$ 203,258</u> | <u>\$ 1,050,177</u> | <u>\$ 614,076</u> |

The County's total debt increased by \$ 436,101 during the year ended December 31, 2009. This increase is due primarily to the issuance of \$400,000 in pension obligation bonds used to reduce the County's outstanding pension liability.

New general obligation bonds were issued in August 2009 and November 2009 for \$ 90,000 to finance the following capital projects: parks, recreation and culture \$ 20,827, highways and bridges \$ 33,821; human services \$ 3,115, public safety \$ 6,397, general government buildings and related improvements for \$ 15,895, and refunding of prior year debt for \$9,945.

Additional information on the County's long-term debt can be found in Note 8 on pages 113 – 125 of this report.

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

- Milwaukee County unemployment rate increased from 5.9% in 2008 to 8.6% in 2009. The national average unemployment rate for 2009 was 9.3%.
- Equalized value of taxable property decreased to \$ 66.8 billion in 2009 from \$ 68.2 billion in 2008.

During the 2009 fiscal year, the County had a net excess of revenues over expenditures of \$ 4,144 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 2011 Appropriations, and will be added to the revenue of the 2011 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, 2009  
(In Thousands)

|  | Primary Government         |                             |                     | Component<br>Units |
|--|----------------------------|-----------------------------|---------------------|--------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total               |                    |
| <b>ASSETS</b>                                      |                            |                             |                     |                    |
| Current Assets:                                    |                            |                             |                     |                    |
| Cash and Investments                               | \$ 187,896                 | \$ 55,265                   | \$ 243,161          | \$ 6,052           |
| Cash and Investments -- Restricted                 | 28,337                     | 29,269                      | 57,606              | -                  |
| Receivables:                                       |                            |                             |                     |                    |
| Accounts (Net of Allowances for Doubtful Accounts) | 14,253                     | 3,547                       | 17,800              | 1,538              |
| Property Taxes:                                    |                            |                             |                     |                    |
| Current Levy                                       | 264,102                    | -                           | 264,102             | -                  |
| Delinquent   | 10,797                     | -                           | 10,797              | -                  |
| Accrued Interest and Dividends                     | 7,533                      | -                           | 7,533               | 4                  |
| Notes  | 980                        | -                           | 980                 | -                  |
| Other  | 8,351                      | 3,585                       | 11,936              | -                  |
| Due From Other Governments                         | 47,906                     | 8,427                       | 56,333              | -                  |
| Inventories  | 1,837                      | 3,008                       | 4,845               | 150                |
| Prepaid Items                                      | 61                         | 276                         | 337                 | 244                |
| Total Current Assets                               | <u>572,053</u>             | <u>103,377</u>              | <u>675,430</u>      | <u>7,988</u>       |
| Noncurrent Assets:                                 |                            |                             |                     |                    |
| Long-term Investments                              | -                          | -                           | -                   | 7,401              |
| Receivables:                                       |                            |                             |                     |                    |
| Contributions                                      | -                          | -                           | -                   | 1,033              |
| Delinquent Property Taxes                          | 7,198                      | -                           | 7,198               | -                  |
| Notes  | 951                        | -                           | 951                 | -                  |
| Deferred Charges                                   | 181                        | -                           | 181                 | -                  |
| Net Pension Asset                                  | 395,607                    | -                           | 395,607             | -                  |
| Other Post Employment Benefit Asset                | -                          | 10                          | 10                  | -                  |
| Other Assets                                       | -                          | -                           | -                   | 559                |
| Capital Assets (Net)                               |                            |                             |                     |                    |
| Land   | 59,303                     | 21,367                      | 80,670              | -                  |
| Construction in Progress                           | 19,246                     | 25,012                      | 44,258              | 2,386              |
| Land Improvements                                  | 236,373                    | 170,746                     | 407,119             | -                  |
| Buildings and Improvements                         | 646,754                    | 347,825                     | 994,579             | 38,647             |
| Infrastructure                                     | 163,833                    | -                           | 163,833             | -                  |
| Machinery, Vehicles and Equipment                  | 154,623                    | 156,438                     | 311,061             | 11,841             |
| Less: Accumulated Depreciation                     | <u>(649,046)</u>           | <u>(355,918)</u>            | <u>(1,004,964)</u>  | <u>(22,584)</u>    |
| Total Capital Assets (Net)                         | <u>631,086</u>             | <u>365,470</u>              | <u>996,556</u>      | <u>30,290</u>      |
| Total Noncurrent Assets                            | <u>1,035,023</u>           | <u>365,480</u>              | <u>1,400,503</u>    | <u>39,283</u>      |
| Total Assets                                       | <u>\$ 1,607,076</u>        | <u>\$ 468,857</u>           | <u>\$ 2,075,933</u> | <u>\$ 47,271</u>   |

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

COUNTY OF MILWAUKEE  
Statement of Net Assets  
December 31, 2009  
(In Thousands)

|   | Primary Government         |                             |                     | Component<br>Units |
|---|----------------------------|-----------------------------|---------------------|--------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total               |                    |
| <b>LIABILITIES</b>                              |                            |                             |                     |                    |
| Current Liabilities:                            |                            |                             |                     |                    |
| Accounts Payable                                | \$ 46,616                  | \$ 4,962                    | \$ 51,578           | \$ 665             |
| Accrued Liabilities                             | 35,263                     | 3,172                       | 38,435              | 848                |
| Accrued Interest Payable                        | 7,925                      | 1,286                       | 9,211               | 56                 |
| Accrued Pension Payable                         | 39,414                     | -                           | 39,414              | -                  |
| Due to Other Governments                        | 1,480                      | -                           | 1,480               | -                  |
| Unearned Revenues                               | 272,892                    | 11,537                      | 284,429             | 2,478              |
| Bonds and Notes Payable - General Obligation    | 56,183                     | 3,527                       | 59,710              | 386                |
| Bonds and Notes Payable - Revenue               | -                          | 7,865                       | 7,865               | -                  |
| Unfunded Claims and Judgments                   | 1,000                      | -                           | 1,000               | -                  |
| Landfill Postclosure Costs                      | 115                        | -                           | 115                 | -                  |
| Pollution Remediation Costs                     | 316                        | -                           | 316                 | -                  |
| Compensated Absences Payable                    | 21,395                     | 6,225                       | 27,620              | -                  |
| Risk Claims                                     | 7,125                      | 4,013                       | 11,138              | -                  |
| Capital Leases                                  | 441                        | 196                         | 637                 | 38                 |
| Other Current Liabilities                       | 213                        | 3,843                       | 4,056               | 101                |
| Accrued Pension and Postretirement Benefits     | -                          | -                           | -                   | 87                 |
| Total Current Liabilities                       | <u>490,378</u>             | <u>46,626</u>               | <u>537,004</u>      | <u>4,659</u>       |
| Noncurrent Liabilities:                         |                            |                             |                     |                    |
| Bonds and Notes Payable - General Obligation    | 780,484                    | 26,353                      | 806,837             | 16,681             |
| Bonds and Notes Payable - Revenue               | -                          | 175,765                     | 175,765             | -                  |
| Net Pension Obligation                          | -                          | -                           | -                   | -                  |
| Unfunded Claims and Judgments                   | 1,000                      | -                           | 1,000               | -                  |
| Landfill Postclosure Costs                      | 3,415                      | -                           | 3,415               | -                  |
| Pollution Remediation Costs                     | 180                        | -                           | 180                 | -                  |
| Compensated Absences Payable                    | 27,732                     | 6,453                       | 34,185              | -                  |
| Risk Claims                                     | 3,769                      | 4,577                       | 8,346               | -                  |
| Other Post Employment Benefits                  | 164,855                    | 5,686                       | 170,541             | -                  |
| Capital Leases                                  | 3,636                      | 185                         | 3,821               | 40                 |
| Other Noncurrent Liabilities                    | -                          | -                           | -                   | 793                |
| Accrued Pension and Postretirement Benefits     | -                          | -                           | -                   | 8,609              |
| Total Noncurrent Liabilities                    | <u>985,071</u>             | <u>219,019</u>              | <u>1,204,090</u>    | <u>26,123</u>      |
| Total Liabilities                               | <u>1,475,449</u>           | <u>265,645</u>              | <u>1,741,094</u>    | <u>30,782</u>      |
| <b>NET ASSETS</b>                               |                            |                             |                     |                    |
| Unrestricted Surplus (Deficit)                  | (122,177)                  | 5,256                       | (116,921)           | (3,140)            |
| Restricted for:                                 |                            |                             |                     |                    |
| Debt Service                                    | 6,220                      | 14,253                      | 20,473              | -                  |
| Aging Care Maintenance Organization             | 10,012                     | -                           | 10,012              | -                  |
| Capital Asset Needs                             | -                          | 5,113                       | 5,113               | -                  |
| Airport - PFC and Debt                          | 22,179                     | -                           | 22,179              | -                  |
| Behavioral Health Division                      | 8,978                      | -                           | 8,978               | -                  |
| Fleet and Facilities Divisions                  | 6,499                      | -                           | 6,499               | -                  |
| Museum  | -                          | -                           | -                   | 6,060              |
| Other   | 1,909                      | -                           | 1,909               | 302                |
| Invested in Capital Assets, Net of Related Debt | 198,007                    | 178,590                     | 376,597             | 13,267             |
| Total Net Assets                                | <u>131,627</u>             | <u>203,212</u>              | <u>334,839</u>      | <u>16,489</u>      |
| Total Liabilities and Net Assets                | <u>\$ 1,607,076</u>        | <u>\$ 468,857</u>           | <u>\$ 2,075,933</u> | <u>\$ 47,271</u>   |

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

COUNTY OF MILWAUKEE  
Statement of Activities  
For The Year Ended December 31, 2009  
(In Thousands)

|  | Program Revenues      |                         |  |  | Net (Expense) Revenue and<br>Changes in Net Assets |                             |                  | Component<br>Units |
|--|-----------------------|-------------------------|--|--|--|-----------------------------|------------------|--------------------|
|  | Expenses              | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                 |                             |                  |                    |
|  |                       |                         |  |  | Governmental<br>Activities                         | Business-Type<br>Activities | Total            |                    |
| <b>Functions / Programs</b>                                |                       |                         |  |  |  |                             |                  |                    |
| <b>Primary Government:</b>                                 |                       |                         |  |  |  |                             |                  |                    |
| Governmental Activities:                                   |                       |                         |  |  |  |                             |                  |                    |
| Legislative, Executive and Staff                           | \$ (52,144)           | \$ 5,811                | \$ 355                                   | \$ -                                   | \$ (45,978)  | \$ -                        | \$ (45,978)      | \$ -               |
| Courts and Judiciary                                       | (63,839)              | 4,758                   | 22,063                                   | -                                      | (37,018)   | -                           | (37,018)         | -                  |
| General Governmental Services                              | (7,991)               | 4,782                   | 79                                       | -                                      | (3,130)  | -                           | (3,130)          | -                  |
| Public Safety  | (148,192)             | 10,500                  | 17,967                                   | -                                      | (119,725)  | -                           | (119,725)        | -                  |
| Public Works and Highways                                  | (93,756)              | 27,746                  | 16,913                                   | 30,638                                 | (18,459)   | -                           | (18,459)         | -                  |
| Human Services   | (648,296)             | 286,763                 | 261,271                                  | -                                      | (100,262)  | -                           | (100,262)        | -                  |
| Parks, Recreation and Culture                              | (83,520)              | 31,726                  | 680                                      | 2,074                                  | (49,040)   | -                           | (49,040)         | -                  |
| Interest and Other Charges                                 | (35,361)              | -                       | -  | -                                      | (35,361)   | -                           | (35,361)         | -                  |
| Total Governmental Activities                              | (1,133,099)           | 372,086                 | 319,328                                  | 32,712                                 | (408,973)  | -                           | (408,973)        | -                  |
| Business-Type Activities:                                  |                       |                         |  |  |  |                             |                  |                    |
| Airport  | (74,305)              | 70,997                  | 179                                      | 23,119                                 | -  | 19,990                      | 19,990           | -                  |
| Transit  | (178,208)             | 55,424                  | 89,931                                   | (5,536)                                | -  | (38,389)                    | (38,389)         | -                  |
| Total Business-Type Activities                             | (252,513)             | 126,421                 | 90,110                                   | 17,583                                 | -  | (18,399)                    | (18,399)         | -                  |
| <b>Total Primary Government</b>                            | <b>\$ (1,385,612)</b> | <b>\$ 498,507</b>       | <b>\$ 409,438</b>                        | <b>\$ 50,295</b>                       | <b>(408,973)</b>                                   | <b>(18,399)</b>             | <b>(427,372)</b> | <b>-</b>           |
| <b>Component Units:</b>                                    |                       |                         |  |  |  |                             |                  |                    |
| Museum   | \$ (15,033)           | \$ 9,792                | \$ 3,503                                 | \$ -                                   | -  | -                           | -                | (1,738)            |
| War Memorial Center  | (2,897)               | 322                     | 1,748                                    | -                                      | -  | -                           | -                | (827)              |
| Marcus Center  | (7,988)               | 3,904                   | 1,280                                    | -                                      | -  | -                           | -                | (2,804)            |
| Research Park Corporation                                  | (963)                 | 94                      | -  | -                                      | -  | -                           | -                | (869)              |
| Total Component Units                                      | \$ (26,881)           | \$ 14,112               | \$ 6,531                                 | \$ -                                   | -  | -                           | -                | (6,238)            |
| General Revenues:  |                       |                         |  |  |  |                             |                  |                    |
| Property Taxes   |                       |                         |  |  | 260,724  | -                           | 260,724          | -                  |
| Sales Taxes  |                       |                         |  |  | 59,258   | -                           | 59,258           | -                  |
| Intergovernmental Revenues Not Related to Specific Program |                       |                         |  |  | 46,056   | -                           | 46,056           | -                  |
| Investment Income  |                       |                         |  |  | 7,120  | 945                         | 8,065            | 5,315              |
| Other Revenue  |                       |                         |  |  | 27,090   | -                           | 27,090           | 1,366              |
| Transfers  |                       |                         |  |  | (21,521)   | 21,521                      | -                | -                  |
| Special Item - Proceeds from Settlement of Lawsuit         |                       |                         |  |  | 29,000   | -                           | 29,000           | -                  |
| Total General Revenues, Transfers and Special Items        |                       |                         |  |  | 407,727  | 22,466                      | 430,193          | 6,681              |
| Change in Net Assets                                       |                       |                         |  |  | (1,246)  | 4,067                       | 2,821            | 443                |
| Net Assets -- Beginning                                    |                       |                         |  |  | 132,873  | 199,145                     | 332,018          | 16,046             |
| Net Assets -- Ending                                       |                       |                         |  |  | \$ 131,627   | \$ 203,212                  | \$ 334,839       | \$ 16,489          |

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

COUNTY OF MILWAUKEE  
Balance Sheet  
Governmental Funds  
December 31, 2009  
(In Thousands)

|  | <u>General</u>    | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------|-------------------------|-----------------------------|--|---|
| <b>ASSETS</b>                                      |                   |                         |                             |  |   |
| Cash and Investments                               | \$ 72,374         | \$ 6,047                | \$ 71,422                   | \$ 17,507                                  | \$ 167,350                              |
| Cash and Investments -- Restricted                 | 6,158             | -                       | -                           | 22,179                                     | 28,337                                  |
| Receivables:                                       |                   |                         |                             |  |   |
| Accounts (Net of Allowances for Doubtful Accounts) | 13,992            | 179                     | -                           | -  | 14,171                                  |
| Property Taxes:                                    |                   |                         |                             |  |   |
| Current Levy                                       | 264,102           | -                       | -                           | -  | 264,102                                 |
| Delinquent   | 17,995            | -                       | -                           | -  | 17,995                                  |
| Accrued Interest                                   | 7,533             | -                       | -                           | -  | 7,533                                   |
| Notes Receivable                                   | 662               | 1,269                   | -                           | -  | 1,931                                   |
| Other  | 8,242             | -                       | 109                         | -  | 8,351                                   |
| Due From Other Governments                         | 46,620            | -                       | 993                         | -  | 47,613                                  |
| Inventories  | 1,837             | -                       | -                           | -  | 1,837                                   |
| <b>Total Assets</b>                                | <u>\$ 439,515</u> | <u>\$ 7,495</u>         | <u>\$ 72,524</u>            | <u>\$ 39,686</u>                           | <u>\$ 559,220</u>                       |
| <b>LIABILITIES AND FUND BALANCE</b>                |                   |                         |                             |  |   |
| Liabilities:                                       |                   |                         |                             |  |   |
| Accounts Payable                                   | \$ 37,909         | \$ -                    | \$ 8,056                    | \$ 121                                     | \$ 46,086                               |
| Accrued Liabilities                                | 35,257            | 6                       | -                           | -  | 35,263                                  |
| Accrued Pension Payable                            | 39,414            | -                       | -                           | -  | 39,414                                  |
| Other Liabilities                                  | 213               | -                       | -                           | -  | 213                                     |
| Due to Other Governments                           | 1,480             | -                       | -                           | -  | 1,480                                   |
| Deferred Revenues                                  | 281,335           | 1,269                   | -                           | -  | 282,604                                 |
| <b>Total Liabilities</b>                           | <u>395,608</u>    | <u>1,275</u>            | <u>8,056</u>                | <u>121</u>                                 | <u>405,060</u>                          |
| Fund Balance:                                      |                   |                         |                             |  |   |
| Reserved for 2010 Appropriations                   | 4,144             | -                       | -                           | -  | 4,144                                   |
| Reserved for 2011 Appropriations                   | 4,144             | -                       | -                           | -  | 4,144                                   |
| Reserved for Debt Service                          | -                 | 6,220                   | -                           | -  | 6,220                                   |
| Reserved for Encumbrances                          | 6,205             | -                       | 64,468                      | -  | 70,673                                  |
| Reserved for Aging Care Maintenance Organization   | 10,012            | -                       | -                           | -  | 10,012                                  |
| Reserved for Inventories                           | 1,837             | -                       | -                           | -  | 1,837                                   |
| Reserved for Health and Safety                     | -                 | -                       | -                           | 136  | 136                                     |
| Reserved for Zoo                                   | -                 | -                       | -                           | 652  | 652                                     |
| Reserved for Parks                                 | -                 | -                       | -                           | 998  | 998                                     |
| Reserved for Persons with Disabilities             | -                 | -                       | -                           | 123  | 123                                     |
| Reserved for Behavioral Health Division            | -                 | -                       | -                           | 8,978                                      | 8,978                                   |
| Reserved for Airport - PFC and Debt                | -                 | -                       | -                           | 22,179                                     | 22,179                                  |
| Reserved for Fleet and Facilities Divisions        | -                 | -                       | -                           | 6,499                                      | 6,499                                   |
| Reserved for Delinquent Property Tax               | 13,558            | -                       | -                           | -  | 13,558                                  |
| Unreserved -- Designated for Economic Development  | 196               | -                       | -                           | -  | 196                                     |
| Unreserved -- Designated for Housing               | 813               | -                       | -                           | -  | 813                                     |
| Unreserved -- Designated for Aging CMO             | 437               | -                       | -                           | -  | 437                                     |
| Unreserved -- Designated for Investments           | 2,561             | -                       | -                           | -  | 2,561                                   |
| <b>Total Fund Balance</b>                          | <u>43,907</u>     | <u>6,220</u>            | <u>64,468</u>               | <u>39,565</u>                              | <u>154,160</u>                          |
| <b>Total Liabilities and Fund Balance</b>          | <u>\$ 439,515</u> | <u>\$ 7,495</u>         | <u>\$ 72,524</u>            | <u>\$ 39,686</u>                           | <u>\$ 559,220</u>                       |

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

COUNTY OF MILWAUKEE  
 Reconciliation of the Balance Sheet  
 of Governmental Funds  
 to the Statement of Net Assets  
 For the Year Ended December 31, 2009  
 (In Thousands)

Total Fund Balances for Governmental Funds as of 12/31/09 \$ 154,160

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

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

|                                   |           |
|-----------------------------------|-----------|
| Land                              | 59,303    |
| Construction in Progress          | 17,176    |
| Land Improvements                 | 233,119   |
| Buildings and Improvements        | 643,766   |
| Infrastructure                    | 163,833   |
| Machinery, Vehicles and Equipment | 119,270   |
| Less: Accumulated Depreciation    | (615,560) |

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:

(3,168)

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.

9,712

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities, except for portions payable early in the following year for which sufficient resources have been accumulated in the funds to liquidate liabilities. These liabilities, except internal service fund liabilities, consist of:

|                                 |           |
|---------------------------------|-----------|
| Bonds and Notes Payable         | (821,978) |
| Unamortized Debt Issuance Costs | 181       |
| Capital Leases                  | (4,033)   |
| Unfunded Claims and Judgments   | (2,000)   |
| Landfill Postclosure Costs      | (3,530)   |
| Pollution Remediation Costs     | (496)     |
| Compensated Absences Payable    | (45,943)  |
| Other Post Employment Benefits  | (160,004) |

Contributions to the County's Employee Retirement System resulted in a decrease to fund balance in the Governmental Funds; however, the contributions created an asset in the Governmental Activities to be amortized in future years.  
 Net Pension Asset

395,607

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.

(7,787)

Total Net Assets of Governmental Activities as of 12/31/09

\$ 131,627

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, 2009  
(In Thousands)

|   | General          | Debt<br>Service  | Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|------------------|------------------|---------------------|-----------------------------------|--------------------------------|
| <b>Revenues:</b>                                    |                  |                  |                     |                                   |                                |
| Intergovernmental                                   | \$ 364,721       | \$ -             | \$ 15,819           | \$ -                              | \$ 380,540                     |
| Property Taxes                                      | 260,724          | -                | -                   | -                                 | 260,724                        |
| Sales Taxes   | 58,838           | -                | 420                 | -                                 | 59,258                         |
| Charges for Services                                | 333,104          | -                | -                   | 11,487                            | 344,591                        |
| Fines and Forfeits                                  | 3,245            | -                | -                   | -                                 | 3,245                          |
| Licenses and Permits                                | 453              | -                | -                   | -                                 | 453                            |
| Investment Income and Rents                         | 10,108           | -                | 550                 | 694                               | 11,352                         |
| Other   | 22,525           | 2,534            | 14,908              | 175                               | 40,142                         |
| <b>Total Revenues</b>                               | <u>1,053,718</u> | <u>2,534</u>     | <u>31,697</u>       | <u>12,356</u>                     | <u>1,100,305</u>               |
| <b>Expenditures:</b>                                |                  |                  |                     |                                   |                                |
| <b>Current:</b>                                     |                  |                  |                     |                                   |                                |
| Legislative, Executive and Staff                    | 22,191           | -                | -                   | -                                 | 22,191                         |
| Courts and Judiciary                                | 59,984           | -                | -                   | -                                 | 59,984                         |
| General Governmental Services                       | 7,395            | -                | -                   | -                                 | 7,395                          |
| Public Safety                                       | 146,994          | -                | -                   | -                                 | 146,994                        |
| Public Works and Highways                           | 40,169           | -                | -                   | 23,893                            | 64,062                         |
| Human Services                                      | 628,202          | -                | -                   | 372                               | 628,574                        |
| Parks, Recreation and Culture                       | 65,823           | -                | -                   | 983                               | 66,806                         |
| Capital Outlay                                      | -                | -                | 56,994              | -                                 | 56,994                         |
| <b>Debt Service:</b>                                |                  |                  |                     |                                   |                                |
| Principal Retirement                                | -                | 48,164           | -                   | -                                 | 48,164                         |
| Interest and Other Charges                          | -                | 32,215           | -                   | -                                 | 32,215                         |
| <b>Total Expenditures</b>                           | <u>970,758</u>   | <u>80,379</u>    | <u>56,994</u>       | <u>25,248</u>                     | <u>1,133,379</u>               |
| <b>Excess (Deficiency) of Revenues Over (Under)</b> |                  |                  |                     |                                   |                                |
| Expenditures  | <u>82,960</u>    | <u>(77,845)</u>  | <u>(25,297)</u>     | <u>(12,892)</u>                   | <u>(33,074)</u>                |
| <b>Other Financing Sources (Uses):</b>              |                  |                  |                     |                                   |                                |
| General Obligation Bonds Issued                     | 231              | 11,160           | 78,609              | -                                 | 90,000                         |
| Pension Obligation Bonds Issued                     | 775              | 399,225          | -                   | -                                 | 400,000                        |
| Premium on Debt Issued                              | -                | -                | 539                 | -                                 | 539                            |
| Discount on Debt Issued                             | -                | -                | (619)               | -                                 | (619)                          |
| Principal Payment - Current Refunding               | -                | (9,214)          | -                   | -                                 | (9,214)                        |
| Transfers In  | 12,560           | 69,829           | 453                 | 7,010                             | 89,852                         |
| Transfers Out                                       | (101,689)        | -                | (812)               | -                                 | (102,501)                      |
| <b>Total Other Financing Sources (Uses)</b>         | <u>(88,123)</u>  | <u>471,000</u>   | <u>78,170</u>       | <u>7,010</u>                      | <u>468,057</u>                 |
| <b>Special Items:</b>                               |                  |                  |                     |                                   |                                |
| Proceeds from Legal Settlement                      | 29,000           | -                | -                   | -                                 | 29,000                         |
| Contribution to Employee Retirement System          | (29,000)         | (397,692)        | -                   | -                                 | (426,692)                      |
| <b>Total Special Items</b>                          | <u>-</u>         | <u>(397,692)</u> | <u>-</u>            | <u>-</u>                          | <u>(397,692)</u>               |
| <b>Net Change in Fund Balances</b>                  | (5,163)          | (4,537)          | 52,873              | (5,882)                           | 37,291                         |
| Fund Balances - Beginning                           | 49,070           | 10,757           | 11,595              | 45,447                            | 116,869                        |
| <b>Fund Balances - Ending</b>                       | <u>\$ 43,907</u> | <u>\$ 6,220</u>  | <u>\$ 64,468</u>    | <u>\$ 39,565</u>                  | <u>\$ 154,160</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, 2009  
(In Thousands)

Net change in fund balances -- total governmental funds \$ 37,291

**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 | 56,994   |
| Items reported as capital outlay that were not capitalized            | (7,140)  |
| Depreciation reported in the government-wide statements               | (41,556) |
| Net book value of assets retired                                      | (1,869)  |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 13,065

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             | (490,000) |
| Premium on debt issued  | (539)     |
| Discount on debt issued | 619       |
| Principal repaid        | 57,378    |

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. (20,184)

Principal payments reduce notes receivable on the Statement of Net Assets but are reported as revenues in the funds. (1,133)

Reassignment of Capital Assets net of Long-Term Liabilities for the Internal Service Funds 12,231

Contributions to the County's Employee Retirement System resulted in a decrease to fund balance in the Governmental Funds; however, the contributions created an asset in the Governmental Activities to be amortized in future years. Contributions to Employee Retirement System 426,692

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      | (2,780)  |
| Amortization of Bond Costs    | (2,501)  |
| Net Pension Obligation        | 7,281    |
| Unfunded Claims and Judgments | 18,000   |
| Landfill Postclosure Costs    | 715      |
| Pollution Remediation Costs   | (181)    |
| Compensated Absences Payable  | 645      |
| Other Postemployment Benefits | (63,291) |

Change in net assets of governmental activities \$ (1,246)

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, 2009**  
**(In Thousands)**

|  | Original<br><u>Budget</u> | Final<br><u>Budget</u> | <u>Actual</u>    | Variance<br>With Final<br><u>Budget</u> |
|--|---------------------------|------------------------|------------------|---|
| <b>Revenues:</b>   |                           |                        |                  |   |
| Intergovernmental  | \$ 345,533                | \$ 388,488             | \$ 364,721       | \$ (23,767)                             |
| Property Taxes   | 260,237                   | 260,286                | 260,724          | 438                                     |
| Sales Taxes  | 67,436                    | 67,436                 | 58,838           | (8,598)                                 |
| Charges for Services   | 377,272                   | 340,565                | 333,104          | (7,461)                                 |
| Fines and Forfeits   | 3,409                     | 3,408                  | 3,245            | (163)                                   |
| Licenses and Permits   | 490                       | 489                    | 453              | (36)                                    |
| Investment Income and Rents                                  | 12,684                    | 12,609                 | 10,108           | (2,501)                                 |
| Other  | 52,889                    | 39,181                 | 22,525           | (16,656)                                |
| Total Revenues   | <u>1,119,950</u>          | <u>1,112,462</u>       | <u>1,053,718</u> | <u>(58,744)</u>                         |
| <b>Expenditures:</b>   |                           |                        |                  |   |
| <b>Current:</b>  |                           |                        |                  |   |
| Legislative, Executive and Staff                             | 26,040                    | 29,198                 | 24,647           | 4,551                                   |
| Courts and Judiciary   | 61,306                    | 63,721                 | 62,044           | 1,677                                   |
| General Governmental Services                                | 7,738                     | 8,601                  | 8,068            | 533                                     |
| Public Safety  | 157,699                   | 161,931                | 153,170          | 8,761                                   |
| Public Works and Highways                                    | 46,726                    | 45,656                 | 40,749           | 4,907                                   |
| Human Services   | 652,080                   | 666,398                | 633,244          | 33,154                                  |
| Parks, Recreation and Culture                                | 64,510                    | 66,094                 | 60,958           | 5,136                                   |
| Total Expenditures   | <u>1,016,099</u>          | <u>1,041,599</u>       | <u>982,880</u>   | <u>58,719</u>                           |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | <u>103,851</u>            | <u>70,863</u>          | <u>70,838</u>    | <u>(25)</u>                             |
| <b>Other Financing Sources (Uses):</b>                       |                           |                        |                  |   |
| Application of Fund Balance                                  | 7,947                     | 7,947                  | 7,947            | -                                       |
| General Obligation Bonds Issued                              | 176                       | 833                    | 231              | (602)                                   |
| Pension Obligation Bonds Issued                              | -                         | 775                    | 775              | -                                       |
| Transfers In   | -                         | -                      | 12,560           | 12,560                                  |
| Transfers Out  | (105,443)                 | (73,887)               | (90,562)         | (16,675)                                |
| Transfers To Component Units                                 | (6,531)                   | (6,531)                | (6,531)          | -                                       |
| Total Other Financing Sources (Uses)                         | <u>(103,851)</u>          | <u>(70,863)</u>        | <u>(75,580)</u>  | <u>(4,717)</u>                          |
| <b>Special Items:</b>  |                           |                        |                  |   |
| Proceeds from Legal Settlement                               | -                         | -                      | 29,000           | 29,000                                  |
| Contribution to Employee Retirement System                   | -                         | -                      | (29,000)         | (29,000)                                |
| Total Special Items  | <u>-</u>                  | <u>-</u>               | <u>-</u>         | <u>-</u>                                |
| Net Change in Fund Balance                                   | -                         | -                      | (4,742)          | (4,742)                                 |
| Fund Balances -- Beginning                                   | 49,070                    | 49,070                 | 49,070           | -                                       |
| Fund Balances -- Ending                                      | <u>\$ 49,070</u>          | <u>\$ 49,070</u>       | <u>\$ 44,328</u> | <u>\$ (4,742)</u>                       |

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

COUNTY OF MILWAUKEE  
Balance Sheet  
Proprietary Funds  
December 31, 2009  
(In Thousands)

|  | Business-Type Activities -- Enterprise Funds |                   |                   | Governmental<br>Activities --<br>Internal<br>Service<br>Funds |
|--|--|-------------------|-------------------|---|
|  | Airports                                     | Transit<br>System | Total             |   |
| <b>Assets</b>  |  |                   |                   |   |
| <b>Current Assets:</b>   |  |                   |                   |   |
| Cash and Investments   | \$ 31,997                                    | \$ 23,268         | \$ 55,265         | \$ 20,546   |
| Cash and Investments -- Restricted   | 29,269                                       | -                 | 29,269            | -   |
| <b>Receivables:</b>  |  |                   |                   |   |
| Accounts (Net of Allowances for Uncollectible<br>Accounts and Contractual Adjustments) | 3,037  | 510               | 3,547             | 82  |
| Other  | 79   | 3,506             | 3,585             | -   |
| Due From Other Governments   | 8,427  | -                 | 8,427             | 293   |
| Inventories  | -  | 3,008             | 3,008             | -   |
| Prepaid Items  | -  | 276               | 276               | 61  |
| <b>Total Current Assets</b>  | <b>72,809</b>                                | <b>30,568</b>     | <b>103,377</b>    | <b>20,982</b>   |
| <b>Noncurrent Assets:</b>  |  |                   |                   |   |
| Other Post Employment Benefit Asset  | -  | 10                | 10                | -   |
| <b>Capital Assets:</b>   |  |                   |                   |   |
| Land   | 18,594                                       | 2,773             | 21,367            | -   |
| Construction in Progress   | 23,569                                       | 1,443             | 25,012            | 2,071   |
| Land Improvements  | 164,186                                      | 6,560             | 170,746           | 3,254   |
| Building and Improvements  | 286,976                                      | 60,849            | 347,825           | 2,988   |
| Machinery, Vehicles and Equipment  | 11,772                                       | 144,666           | 156,438           | 35,353  |
| <b>Total Capital Assets</b>  | <b>505,097</b>                               | <b>216,291</b>    | <b>721,388</b>    | <b>43,666</b>   |
| Less: Accumulated Depreciation   | (208,838)                                    | (147,080)         | (355,918)         | (33,486)  |
| <b>Total Capital Assets (Net)</b>  | <b>296,259</b>                               | <b>69,211</b>     | <b>365,470</b>    | <b>10,180</b>   |
| <b>Total Noncurrent Assets</b>   | <b>296,259</b>                               | <b>69,221</b>     | <b>365,480</b>    | <b>10,180</b>   |
| <b>Total Assets</b>  | <b>\$ 369,068</b>                            | <b>\$ 99,789</b>  | <b>\$ 468,857</b> | <b>\$ 31,162</b>  |
| <b>Liabilities</b>   |  |                   |                   |   |
| <b>Current Liabilities:</b>  |  |                   |                   |   |
| Accounts Payable   | \$ 3,484                                     | \$ 1,478          | \$ 4,962          | \$ 529  |
| Accrued Liabilities  | 359  | 2,813             | 3,172             | -   |
| Accrued Interest Payable   | 823  | 463               | 1,286             | 138   |
| Unearned Revenues  | 8,325  | 3,212             | 11,537            | 1   |
| Bonds and Notes Payable - General Obligation   | 1,165  | 2,362             | 3,527             | 1,782   |
| Bonds and Notes Payable - Revenue  | 7,865  | -                 | 7,865             | -   |
| Compensated Absences   | 1,525  | 4,700             | 6,225             | 1,370   |
| Risk Claims  | -  | 4,013             | 4,013             | 7,125   |
| Capital Leases   | 196  | -                 | 196               | 5   |
| Other Liabilities  | 10   | 3,833             | 3,843             | -   |
| <b>Total Current Liabilities</b>   | <b>23,752</b>                                | <b>22,874</b>     | <b>46,626</b>     | <b>10,950</b>   |
| <b>Long-Term Liabilities:</b>  |  |                   |                   |   |
| Bonds and Notes Payable - General Obligation   | 2,616  | 23,737            | 26,353            | 12,907  |
| Bonds and Notes Payable - Revenue  | 175,765                                      | -                 | 175,765           | -   |
| Compensated Absences Payable   | 1,524  | 4,929             | 6,453             | 1,814   |
| Risk Claims  | -  | 4,577             | 4,577             | 3,769   |
| Other Post Employment Benefits   | 5,686  | -                 | 5,686             | 4,851   |
| Capital Leases   | 185  | -                 | 185               | 39  |
| <b>Total Long-Term Liabilities</b>   | <b>185,776</b>                               | <b>33,243</b>     | <b>219,019</b>    | <b>23,380</b>   |
| <b>Total Liabilities</b>   | <b>209,528</b>                               | <b>56,117</b>     | <b>265,645</b>    | <b>34,330</b>   |
| <b>Net Assets</b>  |  |                   |                   |   |
| Unrestricted   | 4,926  | 330               | 5,256             | 1,385   |
| <b>Restricted for:</b>   |  |                   |                   |   |
| Debt Service   | 14,253                                       | -                 | 14,253            | -   |
| Capital Asset Needs  | 5,113  | -                 | 5,113             | -   |
| Invested in Capital Assets, Net of Related Debt  | 135,248                                      | 43,342            | 178,590           | (4,553)   |
| <b>Total Net Assets</b>  | <b>159,540</b>                               | <b>43,672</b>     | <b>203,212</b>    | <b>(3,168)</b>  |
| <b>Total Liabilities and Net Assets</b>  | <b>\$ 369,068</b>                            | <b>\$ 99,789</b>  | <b>\$ 468,857</b> | <b>\$ 31,162</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, 2009  
(In Thousands)

|   | <u>Business-Type Activities -- Enterprise Funds</u> |                           |                   | Governmental<br>Activities --         |
|---|---|---------------------------|-------------------|---------------------------------------|
|   | <u>Airports</u>                                     | <u>Transit<br/>System</u> | <u>Total</u>      | <u>Internal<br/>Service<br/>Funds</u> |
| Operating Revenues:                                   |   |                           |                   |                                       |
| Rentals and Other Service Fees                        | \$ 57,431   | \$ 98                     | \$ 57,529         | \$ 32,065                             |
| Admissions and Concessions                            | 13,552  | -                         | 13,552            | -                                     |
| Transit Fares   | -   | 52,297                    | 52,297            | -                                     |
| Total Charges for Services                            | <u>70,983</u>                                       | <u>52,395</u>             | <u>123,378</u>    | <u>32,065</u>                         |
| Other Revenues  | 14  | 3,029                     | 3,043             | 421                                   |
| Total Operating Revenues                              | <u>70,997</u>                                       | <u>55,424</u>             | <u>126,421</u>    | <u>32,486</u>                         |
| Operating Expenses:                                   |   |                           |                   |                                       |
| Personnel Services                                    | 19,685  | 115,120                   | 134,805           | 14,761                                |
| Contractual Services                                  | 16,350  | 30,018                    | 46,368            | 5,398                                 |
| Intra-County Services                                 | 9,354   | 1,583                     | 10,937            | 2,159                                 |
| Commodities   | 4,073   | 16,132                    | 20,205            | 294                                   |
| Depreciation and Amortization                         | 15,054  | 12,505                    | 27,559            | 2,564                                 |
| Maintenance   | 481   | 562                       | 1,043             | 876                                   |
| Other   | 304   | 1,137                     | 1,441             | -                                     |
| Insurance and Claims                                  | -   | -                         | -                 | 6,490                                 |
| Client Payments                                       | -   | -                         | -                 | 22                                    |
| Total Operating Expenses                              | <u>65,301</u>                                       | <u>177,057</u>            | <u>242,358</u>    | <u>32,564</u>                         |
| Operating Income (Loss)                               | <u>5,696</u>  | <u>(121,633)</u>          | <u>(115,937)</u>  | <u>(78)</u>                           |
| Nonoperating Revenues (Expenses):                     |   |                           |                   |                                       |
| Intergovernmental Revenues                            | 179   | 89,931                    | 90,110            | 663                                   |
| Investment Income                                     | 945   | -                         | 945               | -                                     |
| Reassignment of Long-term Liabilities to General Fund | -   | -                         | -                 | 35,151                                |
| Reassignment of Capital Assets to General Fund        | -   | -                         | -                 | (47,382)                              |
| Interest Expense                                      | (9,004)   | (1,151)                   | (10,155)          | (648)                                 |
| Total Nonoperating Revenues (Expenses)                | <u>(7,880)</u>                                      | <u>88,780</u>             | <u>80,900</u>     | <u>(12,216)</u>                       |
| Income (Loss) Before Contributions and Transfers      | (2,184)   | (32,853)                  | (35,037)          | (12,294)                              |
| Capital Contributions (Returned)                      | 23,119  | (5,536)                   | 17,583            | 982                                   |
| Transfers In  | 1,393   | 23,004                    | 24,397            | -                                     |
| Transfers Out   | <u>(2,876)</u>                                      | <u>-</u>                  | <u>(2,876)</u>    | <u>(8,872)</u>                        |
| Change in Net Assets                                  | 19,452  | (15,385)                  | 4,067             | (20,184)                              |
| Net Assets -- Beginning                               | 140,088   | 59,057                    | 199,145           | 17,016                                |
| Net Assets -- Ending                                  | <u>\$ 159,540</u>                                   | <u>\$ 43,672</u>          | <u>\$ 203,212</u> | <u>\$ (3,168)</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, 2009  
(In Thousands)

|   | Business-Type Activities -- Enterprise Funds |                     |                    | Governmental<br>Activities   |
|---|--|---------------------|--------------------|------------------------------|
|   | Airports                                     | Transit<br>System   | Total              | Internal<br>Service<br>Funds |
| <b>Cash Flows Provided (Used) by Operating Activities:</b>  |  |                     |                    |                              |
| Receipts from Customers and Interfund Users   | \$ 67,230                                    | \$ 55,089           | \$ 122,319         | \$ 4,587                     |
| Receipts from Interfund Services  | -  | -                   | -                  | 27,981                       |
| Payments to Suppliers   | (20,161)                                     | (47,720)            | (67,881)           | (12,937)                     |
| Payments to Employees   | (17,840)                                     | (111,546)           | (129,386)          | (13,115)                     |
| Payments for Interfund Services Used  | (9,354)                                      | (1,583)             | (10,937)           | (1,932)                      |
| Net Cash Flows Provided (Used) by Operating Activities  | <u>19,875</u>                                | <u>(105,760)</u>    | <u>(85,885)</u>    | <u>4,584</u>                 |
| <b>Cash Flows Provided (Used) by Noncapital Financing Activities:</b>                                       |  |                     |                    |                              |
| Intergovernmental Revenues  | 179  | 94,983              | 95,162             | 659                          |
| Transfers From Other Funds  | 1,393  | 23,004              | 24,397             | -                            |
| Transfers (To) Other Funds  | (2,876)                                      | -                   | (2,876)            | (8,872)                      |
| Net Cash Flows Provided (Used) by Noncapital Financing Activities   | <u>(1,304)</u>                               | <u>117,987</u>      | <u>116,683</u>     | <u>(8,213)</u>               |
| <b>Cash Flows Provided (Used) by Capital and Related Financing Activities:</b>                              |  |                     |                    |                              |
| Proceeds from Bonds   | 14,473                                       | 7,251               | 21,724             | 2,234                        |
| Capital Contributions   | 23,119                                       | (5,536)             | 17,583             | -                            |
| Principal Payment on Bonds  | (8,880)                                      | (2,641)             | (11,521)           | (1,825)                      |
| Interest Paid on Bonds  | (8,969)                                      | (966)               | (9,935)            | (636)                        |
| Payments on Capital Lease   | (258)  | -                   | (258)              | (5)                          |
| Acquisition of Capital Assets   | (36,278)                                     | (1,899)             | (38,177)           | (2,488)                      |
| Net Cash Flows Provided (Used) by Capital and Related Financing Activities                                  | <u>(16,793)</u>                              | <u>(3,791)</u>      | <u>(20,584)</u>    | <u>(2,720)</u>               |
| <b>Cash Flows Provided (Used) by Investing Activities:</b>  |  |                     |                    |                              |
| Investment Income   | 945  | -                   | 945                | -                            |
| Net Cash Flows Provided (Used) by Investing Activities  | <u>945</u>                                   | <u>-</u>            | <u>945</u>         | <u>-</u>                     |
| Net Increase (Decrease) in Cash and Cash Equivalents  | 2,723  | 8,436               | 11,159             | (6,349)                      |
| Cash and Cash Equivalents at Beginning of Year (As Restated)  | 58,543                                       | 14,832              | 73,375             | 26,895                       |
| Cash and Cash Equivalents at End of Year  | <u>\$ 61,266</u>                             | <u>\$ 23,268</u>    | <u>\$ 84,534</u>   | <u>\$ 20,546</u>             |
| <b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |  |                     |                    |                              |
| Capital Assets Financed by Capital Leases   | <u>\$ 394</u>                                | <u>\$ -</u>         | <u>\$ 394</u>      | <u>\$ -</u>                  |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>        |  |                     |                    |                              |
| Operating Income (Loss)   | \$ 5,696                                     | \$ (121,633)        | \$ (115,937)       | \$ (78)                      |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities: |  |                     |                    |                              |
| Depreciation and Amortization   | 15,054                                       | 12,505              | 27,559             | 2,564                        |
| (Increase) Decrease in Assets:  |  |                     |                    |                              |
| Accounts Receivable   | (4,590)                                      | (429)               | (5,019)            | 12                           |
| Other Receivables   | -  | (92)                | (92)               | -                            |
| Inventories   | -  | (64)                | (64)               | -                            |
| Prepaid Items   | -  | 40                  | 40                 | 72                           |
| Other Post Employment Asset   | -  | 3,421               | 3,421              | -                            |
| Other Assets  | -  | 258                 | 258                | -                            |
| Increase (Decrease) in Liabilities:   |  |                     |                    |                              |
| Accounts Payable  | 1,047  | (1,134)             | (87)               | 41                           |
| Accrued Liabilities   | 177  | 259                 | 436                | 18                           |
| Unearned Revenues   | 823  | (72)                | 751                | -                            |
| Compensated Absences  | 79   | (183)               | (104)              | (13)                         |
| Risk Claims   | -  | 77                  | 77                 | 327                          |
| Other Post Employment Benefits  | 1,589  | -                   | 1,589              | 1,641                        |
| Other Liabilities   | -  | 1,287               | 1,287              | -                            |
| Total Adjustments   | <u>14,179</u>                                | <u>15,873</u>       | <u>30,052</u>      | <u>4,662</u>                 |
| Net Cash Flows Provided (Used) by Operating Activities  | <u>\$ 19,875</u>                             | <u>\$ (105,760)</u> | <u>\$ (85,885)</u> | <u>\$ 4,584</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, 2009  
 (In Thousands)

|   | Pension<br>Trust<br>Fund | Agency<br>Funds |
|---|--------------------------|-----------------|
| <b><u>Assets</u></b>                            |                          |                 |
| Cash and Investments:                           |                          |                 |
| Domestic Common and Preferred Stocks            | \$ 397,634               | \$ -            |
| Corporate Bonds and Convertible Debentures      | 514,877                  | -               |
| International Common and Preferred Stocks       | 345,155                  | -               |
| Real Estate Investments Trusts                  | 42,241                   | -               |
| Federal Agency and Mortgage-Backed Certificates | 68,792                   | -               |
| U.S. Government and State Obligations           | 53,048                   | -               |
| International Fixed Income                      | 24,433                   | -               |
| Private Equity                                  | 22,206                   | -               |
| Deposits  | 327,962                  | 19,709          |
| Total Cash and Investments                      | 1,796,348                | 19,709          |
| Receivables:                                    |                          |                 |
| Pension Trust Fund Contribution                 | 31,647                   | -               |
| Accrued Interest and Dividends                  | 5,345                    | -               |
| Other   | 56,445                   | -               |
| Securities Lending                              | 56,643                   | -               |
| Other Assets                                    | 5,927                    | -               |
| Total Assets                                    | 1,952,355                | 19,709          |
| <b><u>Liabilities</u></b>                       |                          |                 |
| Accounts Payable                                | -                        | 176             |
| Agency Deposits                                 | -                        | 19,533          |
| Securities Lending                              | 56,643                   | -               |
| Other Liabilities                               | 73,172                   | -               |
| Total Liabilities                               | 129,815                  | 19,709          |
| <b><u>Net Assets</u></b>                        |                          |                 |
| Held in Trust for Pension Benefits              | \$ 1,822,540             | \$ -            |

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, 2009  
 (In Thousands)

|  | Total        |
|--|--------------|
| Additions:   |              |
| Contributions:                                     |              |
| County of Milwaukee                                | \$ 457,789   |
| Plan Participants                                  | 132          |
| Total Contributions                                | 457,921      |
| Investment Income                                  |              |
| Net Appreciation (Depreciation) in Fair Value      | 287,625      |
| Interest and Dividends                             | 31,951       |
| Other Income                                       | 239          |
| Total Investment Income                            | 319,815      |
| Security Lending Income                            | 273          |
| Less: Security Lending Rebates and Fees            | (91)         |
| Net Security Lending Activity                      | 182          |
| Investment Expense                                 | (3,488)      |
| Net Investment Income (Loss)                       | 316,509      |
| Total Additions, Net of Losses                     | 774,430      |
| Deductions:  |              |
| Benefits Paid to Retirees and Beneficiaries        | (145,346)    |
| Administrative Expenses                            | (4,358)      |
| Total Deductions                                   | (149,704)    |
| Change In Plan Net Assets                          | 624,726      |
| Plan Net Assets Held In Trust for Pension Benefits |              |
| Beginning of Year                                  | 1,197,814    |
| End of Year  | \$ 1,822,540 |

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, 2009  
(In Thousands)

|   | <u>Museum</u>    | <u>War<br/>Memorial<br/>Center</u> | <u>Marcus<br/>Center</u> | <u>Research<br/>Park<br/>Corporation</u> | <u>Total</u>     |
|---|------------------|------------------------------------|--------------------------|--|------------------|
| <b><u>Assets</u></b>                            |                  |                                    |                          |  |                  |
| Current Assets:                                 |                  |                                    |                          |  |                  |
| Cash and Investments                            | \$ 3,081         | \$ 77                              | \$ 2,477                 | \$ 417                                   | \$ 6,052         |
| Accounts Receivable                             | 1,283            | -                                  | 125                      | 130                                      | 1,538            |
| Accrued Interest Receivable                     | -                | -                                  | 4                        | -  | 4                |
| Inventories                                     | 146              | -                                  | 4                        | -  | 150              |
| Prepaid Items                                   | 197              | -                                  | 41                       | 6  | 244              |
| Total Current Assets                            | <u>4,707</u>     | <u>77</u>                          | <u>2,651</u>             | <u>553</u>                               | <u>7,988</u>     |
| Noncurrent Assets:                              |                  |                                    |                          |  |                  |
| Long-Term Investments                           | 3,955            | -                                  | 1,391                    | 2,055                                    | 7,401            |
| Accounts Receivable                             | 1,033            | -                                  | -                        | -  | 1,033            |
| Other   | 152              | -                                  | 407                      | -  | 559              |
| Capital Assets (Net)                            |                  |                                    |                          |  |                  |
| Construction in Progress                        | -                | -                                  | 2,386                    | -  | 2,386            |
| Buildings and Improvements                      | 19,221           | -                                  | 19,426                   | -  | 38,647           |
| Machinery, Vehicles and Equipment               | 10,020           | -                                  | 1,821                    | -  | 11,841           |
| Less: Accumulated Depreciation                  | <u>(11,070)</u>  | <u>-</u>                           | <u>(11,514)</u>          | <u>-</u>                                 | <u>(22,584)</u>  |
| Total Capital Assets (Net)                      | <u>18,171</u>    | <u>-</u>                           | <u>12,119</u>            | <u>-</u>                                 | <u>27,904</u>    |
| Total Noncurrent Assets                         | <u>23,311</u>    | <u>-</u>                           | <u>13,917</u>            | <u>2,055</u>                             | <u>39,283</u>    |
| Total Assets                                    | <u>\$ 28,018</u> | <u>\$ 77</u>                       | <u>\$ 16,568</u>         | <u>\$ 2,608</u>                          | <u>\$ 47,271</u> |
| <b><u>Liabilities</u></b>                       |                  |                                    |                          |  |                  |
| Current Liabilities:                            |                  |                                    |                          |  |                  |
| Accounts Payable                                | \$ 388           | \$ -                               | \$ 213                   | \$ 64                                    | \$ 665           |
| Accrued Liabilities                             | 659              | -                                  | 186                      | 3  | 848              |
| Accrued Interest Payable                        | 56               | -                                  | -                        | -  | 56               |
| Unearned Revenues                               | 1,026            | -                                  | 1,340                    | 112                                      | 2,478            |
| Bonds and Notes Payable                         | 122              | -                                  | 238                      | 26                                       | 386              |
| Capital Leases                                  | 22               | -                                  | 16                       | -  | 38               |
| Other Current Liabilities                       | -                | -                                  | 101                      | -  | 101              |
| Accrued Pension and Postretirement Benefits     | 87               | -                                  | -                        | -  | 87               |
| Total Current Liabilities                       | <u>2,360</u>     | <u>-</u>                           | <u>2,094</u>             | <u>205</u>                               | <u>4,659</u>     |
| Noncurrent Liabilities:                         |                  |                                    |                          |  |                  |
| Bonds and Notes Payable                         | 16,337           | -                                  | 286                      | 58                                       | 16,681           |
| Capital Leases                                  | 13               | -                                  | 27                       | -  | 40               |
| Other Noncurrent Liabilities                    | -                | -                                  | 793                      | -  | 793              |
| Accrued Pension and Postretirement Benefits     | 8,609            | -                                  | -                        | -  | 8,609            |
| Total Noncurrent Liabilities                    | <u>24,959</u>    | <u>-</u>                           | <u>1,106</u>             | <u>58</u>                                | <u>26,123</u>    |
| Total Liabilities                               | <u>27,319</u>    | <u>-</u>                           | <u>3,200</u>             | <u>263</u>                               | <u>30,782</u>    |
| <b><u>Net Assets</u></b>                        |                  |                                    |                          |  |                  |
| Unrestricted Surplus (Deficit)                  | (7,060)          | -                                  | 1,792                    | 2,128                                    | (3,140)          |
| Restricted                                      | 6,060            | 77                                 | 8                        | 217                                      | 6,362            |
| Invested in Capital Assets, Net of Related Debt | 1,699            | -                                  | 11,568                   | -  | 13,267           |
| Total Net Assets                                | <u>699</u>       | <u>77</u>                          | <u>13,368</u>            | <u>2,345</u>                             | <u>16,489</u>    |
| Total Liabilities and Net Assets                | <u>\$ 28,018</u> | <u>\$ 77</u>                       | <u>\$ 16,568</u>         | <u>\$ 2,608</u>                          | <u>\$ 47,271</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, 2009  
(In Thousands)

|                                   | <u>Museum</u> | <u>War<br/>Memorial<br/>Center</u> | <u>Marcus<br/>Center</u> | <u>Research<br/>Park<br/>Corporation</u> | <u>Total</u>     |
|-----------------------------------|---------------|------------------------------------|--------------------------|--|------------------|
| Revenues:                         |               |                                    |                          |  |                  |
| County Program Support            | \$ 3,503      | \$ 1,748                           | \$ 1,280                 | \$ -                                     | \$ 6,531         |
| Charges for Services:             |               |                                    |                          |  |                  |
| Contributions and memberships     | 4,925         | 92                                 | 207                      | 56                                       | 5,280            |
| Other                             | 4,867         | 230                                | 3,697                    | 38                                       | 8,832            |
| Interest on Investments and Rents | 507           | 740                                | 3,013                    | 1,055                                    | 5,315            |
| Other                             | 728           | 95                                 | 534                      | 9  | 1,366            |
| Total Revenues                    | <u>14,530</u> | <u>2,905</u>                       | <u>8,731</u>             | <u>1,158</u>                             | <u>27,324</u>    |
| Expenses:                         |               |                                    |                          |  |                  |
| Public Works and Highways         | -             | -                                  | -                        | 963                                      | 963              |
| Parks, Recreation and Culture     | 15,033        | 2,897                              | 7,988                    | -  | 25,918           |
| Total Expenses                    | <u>15,033</u> | <u>2,897</u>                       | <u>7,988</u>             | <u>963</u>                               | <u>26,881</u>    |
| Changes in Net Assets             | (503)         | 8                                  | 743                      | 195                                      | 443              |
| Net Assets -- Beginning           | 1,202         | 69                                 | 12,625                   | 2,150                                    | 16,046           |
| Net Assets -- Ending              | <u>\$ 699</u> | <u>\$ 77</u>                       | <u>\$ 13,368</u>         | <u>\$ 2,345</u>                          | <u>\$ 16,489</u> |

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

**Milwaukee County**  
**Notes to the Financial Statements**  
**December 31, 2009**  
**(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 2009, the County adopted Governmental Accounting Standards Board Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments". This Statement requires endowments to report their land and other real estate investments at fair market value in order to establish consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. In addition governments are required to report changes in fair value as investment income. It also requires them to disclose the methods and significant assumptions employed to determine fair value, and to provide other information that they currently present for other investments reported at fair value. It is effective for the fiscal periods beginning after June 15, 2008. As of December 31, 2009, the County did not have any land or real estate held as investments by endowments.

In 2009, the County began reporting the activities of its Fleet Maintenance and Facilities Management activities as part of the General Fund. Prior to 2009, Fleet Maintenance and Facilities Management had been reported as part of the Public Works Services Internal Service Fund. The County has determined that for the purpose of budgeting and financial reporting, the activities of Fleet Maintenance and Facilities Management are similar to other departments reported in the General Fund. As a result, the County began reporting financial position and

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

activities of these two departments as part of the General Fund on January 1, 2009.

### 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.

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

### Component Units

There are two ways to report component units; blended component units and discretely presented component units. Blended component units are legally separate entities that are in substance part of government operations, as they either have governing bodies that are substantively the same as the board or

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

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

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

they provide their services exclusively or almost exclusively to the government. There are no blended component units reported by Milwaukee County.

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

**The Milwaukee County War Memorial Center, Inc** (“The War Memorial Center”) is a non-profit organization whose purpose is to operate and maintain the War Memorial Center and the Charles Allis/Villa Terrace Art Museums. The Center also provides services to the Milwaukee Art Museum. The governing board of the Center consists of fifteen members who oversee the day-to-day operations. The County Executive appoints four board members. The Board of County Supervisors appoints four other board members. The War Memorial Center is presented as a discretely presented component unit of the County because the County appoints the voting majority of the Center’s governing body and therefore has the ability to impose its will on the Center. In addition, the County provides the majority of the Center’s financial support, thus the War Memorial Center has the ability to impose specific financial burdens on the County. The War Memorial Center has a December 31<sup>st</sup> year-end.

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

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

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

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

**The Milwaukee Public Museum, Inc** (“The Museum”), is a non-profit natural history museum, whose purpose is to preserve and protect the collections of the museum and to educate the public through exhibits and research into natural history. The governing body of the Museum consists of a twenty-seven member Board of Directors who oversees the day-to-day operations. The Museum Board appoints 18 members, the County Executive appoints five members, and the County Board Chairman appoints four members. The Museum is presented as a discretely presented component unit of the County because the County owns the majority of the economic resources available to the Museum (the building and the artifacts) and because the County provides a significant amount of financial support to the Museum. As a result, the Museum has the ability to impose specific financial burdens on the County. The Museum building is not included in the Museum’s capital assets reported on the Component Unit Statement of Net Assets. It is included in the County’s Governmental Activities Statement of Net Assets. The Museum has a fiscal year ending August 31<sup>st</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. The economic resources held by the Corporation are contributed to the Research Park through land sales and rent, by agreement of the County, for the direct benefit of the County and its constituents. The Corporation has a fiscal year ending December 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

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

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

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

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

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

#### **Related Organizations**

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

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

### **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.

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

#### **Fund Financial Statements**

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

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

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

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

purposes, or which may be utilized for either operations or capital expenditures at the discretion of the County, are recognized as non-operating revenues in the accounting period in which they are earned. Intergovernmental grants restricted for the acquisition or construction of capital assets in the proprietary funds are recorded as a component of income.

#### **All Financial Statements**

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

#### **Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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 intergovernmental revenues to be available if they are collected within 90 days of the end of the current fiscal period. Property taxes, intergovernmental revenues, sales taxes, investment income, rents, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, fines and forfeitures and all other revenue items are considered to be measurable and available only when the county receives cash. Uncollected property taxes of municipalities within the County are purchased and then collected by the County. There is no recourse to the municipalities for the collection of these taxes. The County uses a two-month availability period for these receivables of \$ 17,995.

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.

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

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

#### **Proprietary Funds**

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

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

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

#### **Fiduciary Funds**

The County uses fiduciary funds to account for assets held in a trustee or agency capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. Trust funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Agency funds report only assets and liabilities and therefore do not have a measurement focus; however, agency funds use the accrual basis of accounting to recognize receivables and payables.

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

### C. Basis of Presentation

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

**The General Fund** is the government's primary operating fund. It accounts for 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 accumulation of resources and the payment of principal and interest on long-term general obligation debt.

**The Capital Projects Fund** accounts for the financial 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.

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

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

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

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

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

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

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

### C. Basis of Presentation (Continued)

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

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

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

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

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

Public Works Services includes Architectural and Engineering Professional Services and a Water Utility. Prior to 2009, Public Works Services included Fleet Maintenance and Facilities Management in addition to the Architectural and Engineering Professional Services and Water Utility. In 2009, the County began reporting the activities of Fleet Maintenance and Facilities Management as part of the General Fund.

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

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

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

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

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

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

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

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

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

#### **2. Receivables**

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

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

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

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

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

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

Property taxes are levied based on the equalized value, which is computed from January 1, the assessment date, of all general property located in the County. The equalized value excludes tax incremental financing districts. The taxes are due on the last day of January but may be paid in two or more installments, depending on local ordinance.

Delinquent property tax receivable is comprised of the unpaid property taxes the County purchases from other taxing authorities, except the City of Milwaukee, to facilitate the collection of taxes. The purchases are a financing arrangement and are reflected as a reservation of fund balance at year-end for amounts considered unavailable. The County's portion of uncollected property taxes within the boundaries of the City of Milwaukee is sold, at the unpaid balance, to the City each year.

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

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

Inventories are valued at average cost or current cost, which approximates the first-in/first-out (FIFO) method. Inventories in the governmental and proprietary funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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

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

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

Certain proceeds of the Airports enterprise fund revenue bonds, as well as certain resources set aside for repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. At the end of 2009, these restricted assets were \$ 17,341 stated earlier (see item 1 under section D in the notes), the Special Revenue and Agency funds are also restricted resources and are not available to the County to finance its operations.

The Airport Revenue Bond Interest and Principal Account is used to segregate resources accumulated for the semi-annual debt service payments. The Airport Revenue Bond Debt Service Reserve Account is used to report resources set aside to make up for any future deficiencies that may occur in the Airport Revenue Bond Principal and Interest Account. In addition, Airport Revenue Bond covenants require that fund equity be reserved for Debt Coverage, and Operations and Maintenance Reserves. The Debt Coverage Reserve Account and the Operations and Maintenance Reserve Account are used to report resources set aside to subsidize potential deficiencies from the Airport operation that could adversely affect debt service payments. When both restricted and unrestricted resources are available to make certain payments, the County uses unrestricted resources to liquidate payments.

Restricted Airport passenger facility charges totaled \$ 16,175 at the end of 2009. Passenger facility charges are collected by the Airport and are used for capital projects of repayment of bonds for approved capital projects. The passenger facility charges are accounted for in a separate Special Revenue Fund.

In addition, at the end of 2009, the Airport had \$ 11,928 of 2004, 2005, 2006, 2007, and 2009 revenue bond proceeds that were unspent, and for purposes of this report, are considered restricted.

In addition, the County has restricted \$ 6,004 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 \$ 4,900 of cash provided by the company and the State of Wisconsin. These funds act as a debt reserve, and are included in the Airport special revenue fund. During 2009, the company announced that another company was purchasing it. Milwaukee County is currently in the process of determining if the change in ownership will have a significant impact on the debt guarantee.

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

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

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

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 \$ 6,158. This restricted cash is for a working capital reserve, restricted reserve and a solvency reserve under the contract.

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

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

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

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

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:

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## 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)

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

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

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

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

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

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

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

fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

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

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

Generally, accumulated sick pay is forfeited upon termination other than retirement. When an employee retires, accumulated sick leave benefits vest. Most represented employees are entitled to payment upon retirement for a majority of accumulated sick leave hours earned. Full payment is either made in cash or is used to pay for post-employment health insurance costs of the employee. Non-represented employees who retire are entitled to payment for accumulated sick leave up to a maximum of 400 hours plus 16 hours per 100 hours, or fraction thereof, of accrued sick leave in excess of the 400 hours, instead of full payment for all accumulated sick leave. Payments for retiree sick pay benefits were \$ 1,406 in 2009.

Amounts of vacation and sick pay earned and vested by employees have been accrued in the government-wide and proprietary fund financial statements. The short-term portions of compensated absences are classified as current liabilities. For the governmental activities and the business-type activities the short-term portion is \$ 21,395 and \$ 6,225, respectively. The long-term portion of compensated absences, generally for sick leave payable upon retirement, is classified as compensated absences. Amounts paid to employees in the governmental fund types within 60 days of year-end have been recorded as an expense in the governmental funds.

#### **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

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

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

#### **7. Long-Term Obligations (Continued)**

discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Gains and losses on prior refundings are amortized over the remaining life of the prior debt, or the life of the new debt, whichever is shorter. Bonds payable are reported net of the applicable bond premium or discount and gains or losses, as applicable. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

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

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

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- 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”.

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

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

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

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

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

#### **9. Allowance for Doubtful Accounts**

The County’s Behavioral Health Division (BHD) provides an allowance for all third-party payers such as Medicare, Medicaid, HMO’s, and other types of health insurance. The County’s Aging Care Maintenance Organization (Aging CMO) provides an allowance for amounts due from the State in the event a client is not eligible for service reimbursement and for client service co-payments. The County’s Department of Health and Human Services (DHHS) provides an allowance for amounts due from recipients of housing loans provided to low-income homeowners. BHD, Aging CMO, and DHHS adjust revenue in the current year of operations for the difference between amounts billed (or loans made) and expected reimbursement. In as much as the adjustment is an

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

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

#### **9. Allowance for Doubtful Accounts (Continued)**

estimate, any difference between the amount accrued and the amount settled is recorded in operations in the year of settlement. At December 31, 2009, the total allowance for BHD, Aging CMO, and DHHS was \$ 11,572. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectable as reported at December 31, 2009. All allowances are netted against receivables for financial statement presentation.

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

Interest is capitalized on business-type assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting debt interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested, unspent debt proceeds over the same period. During 2009, the net amount of capitalized interest was \$ 878.

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

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the "revenue reduction" approach in accounting for rebateable arbitrage. This approach treats excess earnings as a reduction of revenue. There was no liability for rebateable arbitrage as of December 31, 2009.

#### **12. Landfill Post-Closure Costs**

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

#### **13. Pollution Remediation Costs**

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

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

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

#### **13. Pollution Remediation Costs (Continued)**

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

#### **14. Capital Contributions**

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

#### **15. Unearned Revenues**

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

#### **16. Pension Obligation Asset**

Pension expenditures of governmental fund types are recognized on the modified accrual basis; which means that the amount of pension expense recognized is equal to the amount contributed to the plan or expected to be liquidated with expendable available financial resources. In the government-wide and proprietary financial statements, pension expense is recognized on the accrual basis; which means that the amount recognized in the current period is equal to annual pension cost. The pension obligation/asset represents the difference between the annual required contribution plus interest, net of payments. In 2009, the County issued \$400,000 of pension obligation bonds. The bond proceeds were used to contribute funds to the Milwaukee County Employee Retirement System. The payment of bond proceeds to the pension fund contributed to the creation of a net pension asset.

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

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

#### **17. Encumbrances**

Encumbrance accounting is employed in governmental funds. Encumbrances of purchase orders, contracts and other commitments for the expenditure of funds are recorded as 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.

#### **18. 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. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

#### **19. Other Post Employment Benefit Obligations**

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

## **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

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

### **Budgetary Information (Continued)**

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 2009 appropriations and encumbrances. For budget purposes, fund balance-reserved for 2009 appropriations – is reflected as other financing sources whereas, for accounting purposes, it is reflected as part of fund balance. For budget purposes, encumbrances are recorded as expenditures as opposed to a reservation of fund balance.

The Board of Supervisors legally adopts annual budgets for the general, debt service, capital projects, enterprise and internal service funds. The legal level of budgetary control is by department. For budget purposes, the Debt Service and Capital Projects Funds are considered departments. Once the budget is adopted, transfers of appropriations among departments require approval by the board of supervisors and are permitted only during the last three months of the year. Supplemental appropriations for the purpose of public emergencies may be made from unanticipated revenues received or surplus earned, as defined by resolution adopted by a vote of two-thirds of the members of the board of supervisors. Supplemental appropriations from the issuance of tax anticipation notes require an affirmative vote of three-fourths of the members of the board of supervisors. During the 2009 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 2009 Appropriations is available for financial expenditures and is reflected as other financing sources (uses). In the Non-GAAP Budgetary Basis statements, principal and interest payments on pension obligation bonds are considered a departmental personnel service appropriation and are reflected as an expenditure, instead of a debt service fund operating transfer under other financing sources (uses). The “Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds” is prepared on a basis

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

**Budgetary Basis of Accounting (Continued)**

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                          | \$ 970,758               | \$ (88,123)                           |
| Principal and Interest Payments for |                          |                                       |
| Pension Obligation Bonds            | 11,127                   | 11,127                                |
| Encumbrances                        | 7,526                    | -                                     |
| Reserved for 2009 Appropriation     | -                        | 7,947                                 |
| Transfers to Component Units        | <u>(6,531)</u>           | <u>(6,531)</u>                        |
| <b>Non-GAAP Budgetary Basis</b>     | <b><u>\$ 982,880</u></b> | <b><u>\$ (75,580)</u></b>             |

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

**Deficit Fund Net Assets**

The Information Management Services Internal Service Fund had a negative balance of net assets (net liabilities) of \$ 4,751 as of December 31, 2009. The net liabilities were due to the fund incurring depreciation expense on assets purchased with the debt proceeds at a faster rate than the payment of principal on the outstanding debt. The net liabilities will breakeven in future years as the principal is paid down by the fund.

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

Section 59.605 of the Wisconsin 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 2009, the County’s actual operating and debt service levy rates were \$ 3.14 per \$ 1,000 of equalized value and \$ .92 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 trusts and funds, which have been designated as interest earning funds. The remaining investment earnings are provided as an offset to costs for the government as a whole. A “zero balance account” mechanism provides for the sweep of deposits made to bank accounts and the payment for checks presented against accounts. The Primary Government, excluding the Pension Trust, then makes a decision to either transfer funds to an investment manager for the purchase of government securities, or to maintain the funds in the financial institution. Funds sent to the investment manager are used to purchase investments that meet the County’s investment policy and State Statute requirements. The net funds maintained at the County’s primary financial institution will earn a guaranteed rate of return set to the current market LIBOR rates. The funds maintained at the County’s primary financial institution are secured by collateral in the County’s name at a Federal Reserve Bank. The County maintains other bank accounts for convenience of deposit. These accounts are transferred to the primary account as warranted.

The following information presents the deposits and investments of the Primary Government, excluding the pension trust fund. The pension trust fund is presented at the end of the footnote, and will be designated as “Pension Trust Fund”.

**Statement of Net Assets:**

|                                  |                |
|----------------------------------|----------------|
| Cash and Investments             | \$ 243,161     |
| Cash and Investments- Restricted | 57,606         |
| <b>Subtotal</b>                  | <b>300,767</b> |

**Statement of Fiduciary Net Assets:**

|                      |                     |
|----------------------|---------------------|
| Cash and Investments |                     |
| Pension Trust Fund   | 1,796,348           |
| Agency Fund          | 19,709              |
| <b>Total</b>         | <b>\$ 2,116,824</b> |

|                           |                     |
|---------------------------|---------------------|
| Deposits-County/Agency    | \$ 129,450          |
| Investments-County/Agency | 191,026             |
| Pension Deposits          | 327,962             |
| Pension Investments       | 1,468,386           |
| <b>Total</b>              | <b>\$ 2,116,824</b> |

**Cash Deposits**

The carrying amount of the County’s deposits at December 31, 2009 was \$ 129,450 and the bank balance was \$ 136,516.

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

### **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. Interest bearing deposits with banks are insured by the FDIC in the amount of \$ 250. Non-interest bearing deposits are insured by the FDIC at full value. The State Deposit Guarantee Fund insures deposits up to a total of \$ 400 per entity, not per banking institution. The County does not have a deposit policy for custodial credit risk. Of the \$ 136,516 of deposits with financial institutions, \$ 6,216 was covered by Federal depository insurance and State governmental insurance, subject to availability of funds in the State's Deposit Guarantee Fund and \$ 130,300 was collateralized with government securities held in a separate financial institution in the County's name.

### **Investments**

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

The primary objectives of the County's Statement of Investment Policies is to preserve and protect investment principal, maximize the return on the investment portfolio, and to avoid assuming unreasonable investment risk. The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and liquidity needs. The County's investment portfolio will remain sufficiently liquid to enable the County to meet reasonably anticipated day-to-day operating requirements. The County will employ mechanisms to control risk and diversify its investments with respect to specific security types or individual security issuers.

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

#### Investments (Continued)

As of December 31, 2009 the County had the following investments:

| <u>Investment Type</u>  |           | <u>Fair Value</u>     |
|---|-----------|-----------------------|
| U.S. Treasury Bonds   | \$        | 15,407                |
| U.S. Treasury Inflation-Protected Bonds                             |           | 12,005                |
| U.S. Treasury Notes   |           | 18,550                |
| U.S. Treasury Bills   |           | 200                   |
| U.S. Agency Fixed Rate Securities                                   |           | 36,301                |
| U.S. Agency Guaranteed Adjustable Rate Securities                   |           | 14,906                |
| GNMA Fixed Rate Securities  |           | 6,903                 |
| GNMA Guaranteed Adjustable Rate Securities                          |           | 581                   |
| Small Business Administration Guaranteed Adjustable Rate Securities |           | 4,277                 |
| Municipal Fixed Rate Securities                                     |           | 5,150                 |
| Treasury Mutual Fund  |           | 9,741                 |
| Guaranteed Investment Contracts                                     |           | 7,599                 |
| Corporate Government Guaranteed Notes                               |           | 8,905                 |
| Corporate Asset Backed Securities                                   |           | 2,819                 |
| Corporate Certificates of Deposit                                   |           | 716                   |
| Corporate Notes   |           | 7,133                 |
| Futures Hedge Contract with Commodities Broker                      |           | 366                   |
| Certificates of Deposit   |           | 15,081                |
| Money Market Cash Equivalents                                       |           | 24,386                |
| <b>Total</b>  | <b>\$</b> | <b><u>191,026</u></b> |

In its normal course of operations, the Transit System enters into futures contracts for heating oil as a hedge for its diesel fuel purchases. The aggregate fair value of these hedging derivative instruments in asset positions at December 31, 2009 was \$ 366. This represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. This maximum exposure is reduced by \$ 566 for collateral held with the counterparty, resulting in no credit risk to the County. The County has one contract for hedging derivative instruments with a single counterparty: Transit System hedge on diesel fuel. This counterparty is not rated. The County is exposed to basis risk on the hedging derivative instruments because the expected commodity purchase being hedged will price based on a pricing point different than the pricing point at which the futures contract is expected to settle.

## Note 3- Deposits and Investments (Continued)

### 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.

### Interest Rate Risk-Investments

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

As of December 31, 2009, the County had the following investments and maturities:

| Investment Type   | Fair Value | Investment Maturities (In Years) |           |       |              |
|---|------------|----------------------------------|-----------|-------|--------------|
|   |            | Less Than 1                      | 1-5       | 6-10  | More Than 10 |
| U.S. Treasury Bonds   | \$ 15,407  | \$ 1,004                         | \$ 14,403 | -     | -            |
| U.S. Treasury Inflation Protected Bonds                             | 12,005     | 2,574                            | 7,257     | 2,174 | -            |
| U.S. Treasury Notes   | 18,550     | 4,528                            | 14,022    | -     | -            |
| U.S. Treasury Bills   | 200        | 200                              | -         | -     | -            |
| U.S. Agency Fixed Rate Securities                                   | 36,301     | 1,559                            | 33,998    | -     | 744          |
| U.S. Agency Guaranteed Adjustable Rate Securities                   | 14,906     | 14,867                           | 39        | -     | -            |
| GNMA Fixed Rate Securities  | 6,903      | -                                | -         | -     | 6,903        |
| GNMA Guaranteed Adjustable Rate Securities                          | 581        | 486                              | 95        | -     | -            |
| Small Business Administration Guaranteed Adjustable Rate Securities | 4,277      | 4,277                            | -         | -     | -            |
| Municipal Fixed Rate Securities                                     | 5,150      | 1,410                            | 2,164     | -     | 1,576        |
| Treasury Mutual Fund  | 9,741      | 9,741                            | -         | -     | -            |
| Guaranteed Investment Contracts                                     | 7,599      | -                                | -         | -     | 7,599        |

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

#### Interest Rate Risk-Investments (Continued)

As of December 31, 2009, the County had the following investments and maturities (continued):

| Investment Type                                   | Fair Value        | Investment Maturities (In Years) |                  |                 |                  |
|---|-------------------|----------------------------------|------------------|-----------------|------------------|
|   |                   | Less Than 1                      | 1-5              | 6-10            | More Than 10     |
| Corporate Government Guaranteed Notes             | \$ 8,905          | -                                | \$ 8,905         | -               | -                |
| Corporate Asset Backed Securities                 | 2,819             | -                                | 2,819            | -               | -                |
| Corporate Certificates of Deposit                 | 716               | -                                | 716              | -               | -                |
| Corporate Notes                                   | 7,133             | 776                              | 6,357            | -               | -                |
| Futures Hedge Contract with<br>Commodities Broker | 366               | 366                              | -                | -               | -                |
| Certificates of Deposit                           | 15,081            | 9,357                            | 5,724            | -               | -                |
| Money Market Cash Equivalents                     | 24,386            | 24,386                           | -                | -               | -                |
| <b>Total</b>                                      | <b>\$ 191,026</b> | <b>\$ 75,531</b>                 | <b>\$ 96,499</b> | <b>\$ 2,174</b> | <b>\$ 16,822</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.

| Investment Type   | Fair Value | Standard & Poor's | Moody's Investor Service |
|---|------------|-------------------|--------------------------|
| U.S. Treasury Bonds   | \$ 15,407  | AAA               | Aaa                      |
| U.S. Treasury Inflation Protected Bonds                             | 12,005     | AAA               | Aaa                      |
| U.S. Treasury Notes   | 18,550     | AAA               | Aaa                      |
| U.S. Treasury Bills   | 200        | AAA               | Aaa                      |
| U.S. Agency Fixed Rate Securities                                   | 36,301     | AAA               | Aaa                      |
| U.S. Agency Guaranteed Adjustable Rate Securities                   | 14,906     | AAA               | Aaa                      |
| GNMA Fixed Rate Securities  | 6,903      | AAA               | NR                       |
| GNMA Guaranteed Adjustable Rate Securities                          | 581        | AAA               | NR                       |
| Small Business Administration Guaranteed Adjustable Rate Securities | 4,277      | AAA               | NR                       |
| Municipal Fixed Rate Securities                                     | 569        | AAA               | Aaa                      |
| Municipal Fixed Rate Securities                                     | 1,204      | AAA               | Aa2                      |
| Municipal Fixed Rate Securities                                     | 1,006      | AA+               | Aa1                      |
| Municipal Fixed Rate Securities                                     | 569        | AA+               | NR                       |
| Municipal Fixed Rate Securities                                     | 603        | AA                | NR                       |

## Note 3- Deposits and Investments (Continued)

### Credit Risk-Investments (Continued)

| <b>Investment Type</b>                            | <b>Fair<br/>Value</b> | <b>Standard &amp;<br/>Poor's</b> | <b>Moody's Investor<br/>Service</b> |
|---|-----------------------|----------------------------------|-------------------------------------|
| Municipal Fixed Rate Securities                   | \$ 1,199              | NR                               | Aaa                                 |
| Treasury Mutual Fund                              | 9,741                 | NR                               | Aaa                                 |
| Guaranteed Investment Contracts                   | 7,599                 | AAA                              | Aaa                                 |
| Corporate Government Guaranteed Notes             | 8,905                 | AAA                              | Aaa                                 |
| Corporate Asset Backed Securities                 | 2,819                 | AAA                              | Aaa                                 |
| Corporate Certificates of Deposit                 | 716                   | N/A                              | N/A                                 |
| Corporate Notes                                   | 2,919                 | AA+                              | Aa2                                 |
| Corporate Notes                                   | 1,062                 | AA-                              | A1                                  |
| Corporate Notes                                   | 1,048                 | A+                               | Aa3                                 |
| Corporate Notes                                   | 1,071                 | A                                | A2                                  |
| Corporate Notes                                   | 1,033                 | A                                | A3                                  |
| Futures Hedge Contract with<br>Commodities Broker | 366                   | N/A                              | N/A                                 |
| Certificates of Deposit                           | 15,081                | N/A                              | N/A                                 |
| Money Market Cash Equivalents                     | 24,386                | AAA                              | Aaa                                 |
| <b>Total</b>                                      | <b>\$ 191,026</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, 2009, the County is not exposed to a concentration of credit risk.

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

The carrying amount of Pension Trust Fund deposits at December 31, 2009 was \$ 327,962 and the bank balance was \$ 330,129.

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

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pension Trust Fund will not be able to recover the value of its deposits. Interest bearing deposits with banks are insured by the FDIC in the amount of \$ 250. Non-interest bearing deposits are insured by the FDIC at full value. The State Deposit Guarantee Fund insures deposits up to a total of \$ 400 per entity, not per banking institution. As of December 31, 2009, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund. The Pension Trust Fund does not have a formal policy pertaining to custodial credit risk. However, substantially all assets of the Pension Trust Fund are held in its name.

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

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, 2009 the Pension Trust Fund had the following investments:

| Investment Type                                 | Fair<br>Value       |
|---|---------------------|
| Domestic Common and Preferred Stocks            | \$ 397,634          |
| Corporate Bonds and Convertible Debentures      | 514,877             |
| International Common and Preferred Stocks       | 345,155             |
| Real Estate Investments Trusts                  | 42,241              |
| Federal Agency and Mortgage-Backed Certificates | 68,792              |
| U.S. Government and State Obligations           | 53,048              |
| International Fixed Income                      | 24,433              |
| Private Equity                                  | 22,206              |
| <b>Total</b>                                    | <b>\$ 1,468,386</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, 2009, \$ 2,048 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 for a security is the percentage price sensitivity to interest rate changes of 100 basis points (or 1.0%). For example, an Option-Adjusted Duration of 5.20 means that the price of the security should fall approximately 5.20% for a 1.0% rise in the level of interest rates. Conversely, the price of a security should rise approximately 5.20% for a 1.00% fall in the level of interest rates. Interest rate changes will affect securities with negative durations in the opposite direction. The Option-Adjusted Duration method of measuring duration takes into account 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, 2009 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> | <u>Fixed Income Sector</u>      | <u>Fair Value</u> | <u>Option Adjusted Duration (In Years)</u> |
|---------------------------------|-------------------|--|---------------------------------|-------------------|--|
| ABS-Airplane Receivables        | \$ 2,290          | 0.36                                       | Household Products              | \$ 107            | 5.19                                       |
| ABS-Car Loan                    | 684               | 1.68                                       | House Related                   | 7,511             | 5.28                                       |
| ABS-Credit Cards                | 1,378             | 2.55                                       | Industrial                      | 46,527            | 5.50                                       |
| ABS-Equipment                   | 199               | 0.44                                       | Insurance                       | 1,993             | 9.43                                       |
| ABS-Home Equity                 | 595               | 0.00                                       | International Corporate Bonds   | 5,345             | 1.07                                       |
| Automobiles & Components        | 126               | 3.25                                       | International Government Bonds  | 5,671             | 4.60                                       |
| Banking & Finance               | 42,112            | 4.45                                       | Mining                          | 1,730             | 11.09                                      |
| BSDT Reserve Deposit Accts.     | 40                | 0.00                                       | News/Media                      | 5,997             | 11.88                                      |
| Capital Goods                   | 185               | 2.82                                       | Oil & Gas                       | 10,644            | 6.59                                       |
| Chemicals                       | 65                | 6.53                                       | Other Corporate Bonds           | 392               | 8.68                                       |
| CMO-Conduit                     | 3,031             | 3.20                                       | Paper & Forest Products         | 1,139             | 3.88                                       |
| CMO-U.S. Agencies               | 1,871             | 5.63                                       | Pvt Placements-More than 1 yr   | 11,102            | 5.25                                       |
| CMO-Comm/Corp                   | 12,214            | 0.97                                       | Retail                          | 2,535             | 10.37                                      |
| Commingled Fds Cash Equivalents | 310,883           | 0.05                                       | Supranational issues            | 1,056             | 8.79                                       |
| Convertible Bonds               | 7,049             | 3.85                                       | Taxable Municipals              | 1,522             | 8.06                                       |
| Convertible Preferred           | 397               | 2.31                                       | Technology                      | 954               | 5.69                                       |
| FHLMC Multiclass                | 20,197            | 3.11                                       | Transportation                  | 6,308             | 3.66                                       |
| FHLMC Pools                     | 6,165             | 2.08                                       | Treasury Bills-Less Than 1 Year | 16,076            | 0.57                                       |
| FNMA Pools                      | 17,301            | 2.63                                       | U.S. Agencies                   | 4,907             | 2.36                                       |

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

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

As of December 31, 2009 the Pension Trust Fund had the following option-adjusted durations for the fixed income investment (continued):

| <u>Fixed Income Sector</u> | <u>Fair Value</u>       | <u>Option Adjusted Duration (In Years)</u> | <u>Fixed Income Sector</u> | <u>Fair Value</u>        | <u>Option Adjusted Duration (In Years)</u> |
|----------------------------|-------------------------|--|----------------------------|--------------------------|--|
| FNMA REMIC                 | \$ 17,246               | 3.67                                       | U.S. Governments           | \$ 53,048                | 6.16                                       |
| Food Beverage & Tobacco    | 435                     | 10.75                                      | Utility-Electric           | 13,945                   | 5.27                                       |
| Food Products              | 100                     | 6.23                                       | Utility-Gas                | 1,149                    | 5.69                                       |
| GNMA Multi Family Pools    | 111                     | 0.99                                       | Utility-Telephone          | 21,413                   | 6.30                                       |
| GNMA Single Family Pools   | 837                     | 0.01                                       | Whole Loan-CMO             | 169                      | 0.00                                       |
| Govt of Canada-Direct      | 3,473                   | 2.15                                       | Yankee Bonds               | 1,154                    | 8.50                                       |
| Health Care                | <u>7,669</u>            | 2.21                                       | Other*                     | <u>309,076</u>           | 8.50                                       |
| <b>Sub-total</b>           | <b><u>\$456,653</u></b> |  | <b>Sub-total</b>           | <b><u>\$ 531,470</u></b> |  |
|                            |                         |  | <b>Total</b>               | <b><u>\$ 988,123</u></b> |  |

\* Represents \$ 308,919 in units of participation and \$ 157 FHLMC Pools 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 risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investor Services (Moody's), Standard & Poor (S & P) and Fitch Ratings (Fitch's). With the exception of the Loomis Sayles-High Yield and the MCM Aggregate Bond portfolios, bonds purchased and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P and Fitch's). The average quality of each portfolio must be A or better. For Loomis Sayles-High Yield, bonds must have a minimum quality rating of B3 (Moody's) or B- (S & P and Fitch's) at the time of purchase. The fixed income securities for the MCM Aggregate Bond portfolio should have a minimum quality rating of A, with the exception of 15% of the portfolio, which may have a minimum quality rating of BBB.

As of December 31, 2009 the Pension Trust Fund had the following credit quality ratings of investments in fixed income securities as recognized by Moody's Investor Services:

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

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

| <u>Moody's<br/>Quality Ratings</u>               | <u>Fair<br/>Value</u> |
|--|-----------------------|
| AAA  | \$ 13,773             |
| AA1  | 1,328                 |
| AA2  | 4,012                 |
| AA3  | 5,770                 |
| A1   | 8,755                 |
| A2   | 12,006                |
| A3   | 11,396                |
| BAA1   | 26,680                |
| BAA2   | 17,953                |
| BAA3   | 23,948                |
| BA1  | 11,580                |
| BA2  | 5,412                 |
| BA3  | 12,572                |
| B1   | 19,447                |
| B2   | 10,767                |
| B3   | 9,299                 |
| CAA1   | 9,894                 |
| CAA2   | 1,490                 |
| CAA3   | 238                   |
| CA   | 3,020                 |
| C  | -                     |
| NR   | 21,051                |
| <b>Total Credit Risk Fixed Income Securities</b> | <b>\$ 230,391</b>     |
| U.S. Government and Agencies                     | 121,840               |
| Units of Participation (Not Rated)               | 308,919               |
| <b>Total Investment in Fixed Income</b>          | <b>\$ 661,150</b>     |

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

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer, generally investments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U. S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. For the year ending December 31, 2009, the Pension Trust Fund has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of total investments.

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

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit. The Pension Trust

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

#### Foreign Currency Risk Investments-Pension Trust Fund (Continued)

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, 2009 the Pension Fund had the following investments exposed to foreign currency risk:

| <b>Current Unit</b>   | <b>Equity Incl<br/>Private Equity</b> | <b>Fixed Income<br/>Incl Conv Deb</b> | <b>Cash and<br/>Cash Equivalents</b> | <b>Total</b>     |
|-----------------------|---------------------------------------|---------------------------------------|--------------------------------------|------------------|
| Australian Dollar     | \$ 4,362                              | \$ 1,856                              | \$ -                                 | \$ 6,218         |
| Brazilian Real        | 517                                   | 1,393                                 | -                                    | 1,910            |
| British Pond Sterling | 3,414                                 | -                                     | -                                    | 3,414            |
| Canadian Dollar       | 480                                   | 3,473                                 | -                                    | 3,953            |
| Euro Currency Unit    | 3,838                                 | -                                     | 22                                   | 3,860            |
| Hong Kong Dollar      | 6,263                                 | -                                     | -                                    | 6,263            |
| Japanese Yen          | 5,313                                 | -                                     | 26                                   | 5,339            |
| Mexican New Paso      | -                                     | 2,357                                 | -                                    | 2,357            |
| New Zealand Dollar    |                                       | 1,126                                 | -                                    | 1,126            |
| Norwegian Krone       | 449                                   | 2,003                                 | -                                    | 2,452            |
| Singapore Dollar      | 1,226                                 | 181                                   | -                                    | 1,407            |
| South Korean Won      | -                                     | 1,288                                 | -                                    | 1,288            |
| Swedish Krona         | 184                                   | -                                     | -                                    | 184              |
| Swiss Franc           | 340                                   | -                                     | 111                                  | 451              |
| Thailand Baht         | -                                     | 1,479                                 | -                                    | 1,479            |
| <b>Totals</b>         | <b>\$ 26,386</b>                      | <b>\$ 15,156</b>                      | <b>\$ 159</b>                        | <b>\$ 41,701</b> |

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

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## Note 4- Receivables

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

|                                       | <u>General</u>          | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Total</u>            |
|---------------------------------------|-------------------------|-------------------------|-----------------------------|-------------------------|
| <b>Receivables:</b>                   |                         |                         |                             |                         |
| Accounts                              | \$ 25,564               | \$ 179                  | \$ -                        | \$ 25,743               |
| Taxes:                                |                         |                         |                             |                         |
| Current Levy                          | 264,102                 | -                       | -                           | 264,102                 |
| Delinquent                            | 17,995                  | -                       | -                           | 17,995                  |
| Interest                              | 7,533                   | -                       | -                           | 7,533                   |
| Notes                                 | 662                     | 1,269                   | -                           | 1,931                   |
| Other                                 | 8,242                   | -                       | 109                         | 8,351                   |
| Due from Other Governments            | <u>46,620</u>           | <u>-</u>                | <u>993</u>                  | <u>47,613</u>           |
| Gross Receivables                     | 370,718                 | 1,448                   | 1,102                       | 373,268                 |
| Less: Allowance for<br>Uncollectibles | <u>(11,572)</u>         | <u>-</u>                | <u>-</u>                    | <u>(11,572)</u>         |
| <b>Net Total Receivables</b>          | <b><u>\$359,146</u></b> | <b><u>\$ 1,448</u></b>  | <b><u>\$ 1,102</u></b>      | <b><u>\$361,696</u></b> |

Of the delinquent taxes receivable of \$ 17,995, \$ 7,198 are not expected to be collected within one year.

At December 31, 2009 accounts receivable of the Enterprise funds are as follows:

|                            | <u>Airport</u>          | <u>Transit<br/>System</u> | <u>Total</u>            |
|----------------------------|-------------------------|---------------------------|-------------------------|
| <b>Receivables:</b>        |                         |                           |                         |
| Accounts                   | \$ 3,037                | \$ 510                    | \$ 3,547                |
| Other                      | 79                      | 3,506                     | 3,585                   |
| Due from Other Governments | <u>8,427</u>            | <u>-</u>                  | <u>8,427</u>            |
| <b>Total Receivables</b>   | <b><u>\$ 11,543</u></b> | <b><u>\$ 4,016</u></b>    | <b><u>\$ 15,559</u></b> |

All amounts are expected to be collected within one year. As of December 31, 2009 no amounts are deemed uncollectible.

## Note 4- Receivables (Continued)

The gross amount of notes receivable consisted of the following at December 31, 2009:

|  |                        |
|--|------------------------|
| General Fund                             | \$ 662                 |
| Debt Service Fund                        | <u>1,269</u>           |
| <b>Total</b>                             | <b><u>\$ 1,931</u></b> |
| <br>                                     |                        |
| <b>Amounts Due Within One Year</b>       | <b><u>\$ 980</u></b>   |
| <br>                                     |                        |
| <b>Amounts Due In More Than One Year</b> | <b><u>\$ 951</u></b>   |

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:

|  |                          |
|--|--------------------------|
| 2009 Property Tax Levy   | \$ 264,102               |
| Delinquent Tax Receivables                                     | 8,347                    |
| State and Federal Revenue Unavailable for Current Expenditures | 3,259                    |
| Housing Loan Receivables                                       | 3,632                    |
| Other Unearned Revenue   | 3,041                    |
| Deferred Credits - Public Works Services                       | <u>223</u>               |
| <b>Total Deferred Revenue</b>                                  | <b>\$ 282,604</b>        |
| Less: Amounts Earned but Not Available                         | <u>(9,712)</u>           |
| <b>Net Unearned Revenue</b>                                    | <b><u>\$ 272,892</u></b> |

### Unearned Revenue - Business-Type Activities:

|                               |                         |
|-------------------------------|-------------------------|
| Airport - Lease Revenue       | \$ 8,325                |
| Deferred Credits - Transit    | <u>3,212</u>            |
| <b>Total Unearned Revenue</b> | <b><u>\$ 11,537</u></b> |

## Note 5- Capital Assets

### Primary Government

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2009.

|  | <u>Beginning<br/>Balance</u>    | <u>Increases</u>              | <u>Decreases</u>                | <u>Ending<br/>Balance</u>       |
|--|---------------------------------|-------------------------------|---------------------------------|---------------------------------|
| <b>Governmental Activities</b>                     |                                 |                               |                                 |                                 |
| <b>Capital Assets, not being Depreciated:</b>      |                                 |                               |                                 |                                 |
| Land   | \$ 59,521                       | \$ -                          | \$ (218)                        | \$ 59,303                       |
| Construction in progress                           | 8,256                           | 15,846                        | (4,856)                         | 19,246                          |
| <b>Total Capital Assets, not being Depreciated</b> | <u><b>67,777</b></u>            | <u><b>15,846</b></u>          | <u><b>(5,074)</b></u>           | <u><b>78,549</b></u>            |
| <b>Capital Assets, Being Depreciated</b>           |                                 |                               |                                 |                                 |
| Land Improvements                                  | 241,408                         | 742                           | (5,777)                         | 236,373                         |
| Buildings  | 598,413                         | 1,642                         | (542)                           | 599,513                         |
| Fixed Equipment Buildings                          | 46,938                          | 470                           | (167)                           | 47,241                          |
| Infrastructure                                     | 150,112                         | 16,855                        | (3,134)                         | 163,833                         |
| Machinery and Equipment                            | 89,117                          | 2,646                         | (2,935)                         | 88,828                          |
| Vehicles and Related Equipment                     | 47,120                          | 14,910                        | (2,118)                         | 59,912                          |
| Furniture and Fixtures                             | 5,758                           | 133                           | (8)                             | 5,883                           |
| <b>Total Capital Assets, Being Depreciated</b>     | <u><b>1,178,866</b></u>         | <u><b>37,398</b></u>          | <u><b>(14,681)</b></u>          | <u><b>1,201,583</b></u>         |
| <b>Less: Accumulated Depreciation</b>              |                                 |                               |                                 |                                 |
| Land Improvements                                  | (127,403)                       | (7,865)                       | 5,656                           | (129,612)                       |
| Buildings  | (312,902)                       | (16,273)                      | 650                             | (328,525)                       |
| Fixed Equipment Buildings                          | (27,349)                        | (2,419)                       | -                               | (29,768)                        |
| Infrastructure                                     | (63,148)                        | (8,348)                       | 3,134                           | (68,362)                        |
| Machinery and Equipment                            | (61,237)                        | (7,739)                       | 3,315                           | (65,661)                        |
| Vehicles and related Equipment                     | (26,640)                        | (1,673)                       | 1,996                           | (26,317)                        |
| Furniture and Fixtures                             | (743)                           | (64)                          | 6                               | (801)                           |
| <b>Total Accumulated Depreciation</b>              | <u><b>(619,422)</b></u>         | <u><b>(44,381)</b></u>        | <u><b>14,757</b></u>            | <u><b>(649,046)</b></u>         |
| <b>Net Capital Assets Being Depreciated</b>        | <u><b>559,444</b></u>           | <u><b>(6,983)</b></u>         | <u><b>76</b></u>                | <u><b>552,537</b></u>           |
| <b>Governmental Activities Capital Assets- Net</b> | <u><u><b>\$ 627,221</b></u></u> | <u><u><b>\$ 8,863</b></u></u> | <u><u><b>\$ (4,998)</b></u></u> | <u><u><b>\$ 631,086</b></u></u> |

Governmental activities capital assets, net of accumulated depreciation, at December 31, 2009 are comprised of the following:

|   |                                 |
|---|---------------------------------|
| General Capital Assets, Net               | \$ 620,906                      |
| Internal Service Fund Capital Assets, Net | <u>10,180</u>                   |
| <b>Total Capital Assets, Net</b>          | <u><u><b>\$ 631,086</b></u></u> |

## Note 5- Capital Assets (Continued)

### Primary Government (Continued)

Depreciation was charged to governmental functions as follows:

#### Governmental Activities:

|                                      |           |                      |
|--------------------------------------|-----------|----------------------|
| Legislative and Executive, and Staff | \$        | 6,188                |
| Courts and Judiciary                 |           | 123                  |
| General Governmental Services        |           | 34                   |
| Public Safety                        |           | 6,373                |
| Public Works and Highways            |           | 14,116               |
| Human Services                       |           | 4,273                |
| Parks, Recreation, and Culture       |           | 13,274               |
| <b>Total</b>                         | <b>\$</b> | <b><u>44,381</u></b> |

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2009.

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>        | <u>Decreases</u>   | <u>Ending<br/>Balance</u> |
|---|------------------------------|-------------------------|--------------------|---------------------------|
| <b>Business-type Activities</b>                     |                              |                         |                    |                           |
| <b>Capital Assets, not being Depreciated</b>        |                              |                         |                    |                           |
| Land  | \$ 21,367                    | \$ -                    | \$ -               | \$ 21,367                 |
| Construction in progress                            | 13,755                       | 11,257                  | -                  | 25,012                    |
| <b>Total Capital Assets, not being Depreciated</b>  | <b><u>35,122</u></b>         | <b><u>11,257</u></b>    | <b>-</b>           | <b><u>46,379</u></b>      |
| <b>Capital Assets, Being Depreciated</b>            |                              |                         |                    |                           |
| Land Improvements                                   | 151,796                      | 18,950                  | -                  | 170,746                   |
| Buildings   | 168,140                      | 1,225                   | -                  | 169,365                   |
| Fixed Equipment Buildings                           | 175,067                      | 3,393                   | -                  | 178,460                   |
| Machinery and Equipment                             | 12,682                       | 2,418                   | -                  | 15,100                    |
| Vehicles and related Equipment                      | 137,547                      | 332                     | -                  | 137,879                   |
| Furniture and Fixtures                              | 2,463                        | 996                     | -                  | 3,459                     |
| <b>Total Capital Assets, Being Depreciated</b>      | <b><u>647,695</u></b>        | <b><u>27,314</u></b>    | <b>-</b>           | <b><u>675,009</u></b>     |
| <b>Less: Accumulated Depreciation</b>               |                              |                         |                    |                           |
| Land Improvements                                   | (91,095)                     | (5,352)                 | -                  | (96,447)                  |
| Buildings   | (106,250)                    | (3,186)                 | -                  | (109,436)                 |
| Fixed Equipment Buildings                           | (28,559)                     | (7,153)                 | -                  | (35,712)                  |
| Machinery and Equipment                             | (6,861)                      | (1,492)                 | -                  | (8,353)                   |
| Vehicles and Related Equipment                      | (93,959)                     | (10,213)                | -                  | (104,172)                 |
| Furniture and Fixtures                              | (1,635)                      | (163)                   | -                  | (1,798)                   |
| <b>Total Accumulated Depreciation</b>               | <b><u>(328,359)</u></b>      | <b><u>(27,559)</u></b>  | <b>-</b>           | <b><u>(355,918)</u></b>   |
| <b>Net Capital Assets Being Depreciated</b>         | <b><u>319,336</u></b>        | <b><u>(245)</u></b>     | <b>-</b>           | <b><u>319,091</u></b>     |
| <b>Business-type Activities Capital Assets- Net</b> | <b><u>\$ 354,458</u></b>     | <b><u>\$ 11,012</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 365,470</u></b>  |

## Note 5- Capital Assets (Continued)

### Primary Government (Continued)

Depreciation was charged to business-type activities as follows:

#### Business-type Activities:

|                |           |                      |
|----------------|-----------|----------------------|
| Airport        | \$        | 15,054               |
| Transit System |           | <u>12,505</u>        |
| <b>Total</b>   | <b>\$</b> | <b><u>27,559</u></b> |

### Discretely Presented Component Units

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

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

|                                    |           |                      |
|------------------------------------|-----------|----------------------|
| Building Improvements              | \$        | 16,979               |
| Parking Structure and Improvements |           | 2,447                |
| Furniture and Fixtures             |           | 77                   |
| Equipment and Computers            |           | 1,744                |
| Construction in Progress           |           | 2,386                |
| Less: Accumulated Depreciation     |           | <u>(11,514)</u>      |
| <b>Capital Assets, Net</b>         | <b>\$</b> | <b><u>12,119</u></b> |

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

|  |           |                      |
|--|-----------|----------------------|
| Building additions and improvements            | \$        | 19,221               |
| Furniture, equipment and exhibits improvements |           | 10,020               |
| Less: Accumulated depreciation                 |           | <u>(11,070)</u>      |
| <b>Capital Assets, Net</b>                     | <b>\$</b> | <b><u>18,171</u></b> |

### Construction Commitments

Following is a list of major capital projects either started or continuing in 2009. These reflect projects for both governmental funds and proprietary funds.

| <u>Project Area</u> | <u>Project Description</u>                       | <u>2009 Appropriations</u> | <u>2009 Expenditures</u> | <u>Committed</u> |
|---------------------|--|----------------------------|--------------------------|------------------|
| Airport             | Runway Safety Area Improvements- Nepa Compliance | \$ 27,347                  | \$ 11,403                | \$ 18,489        |
| Airport             | Runway Safety Area Improvements- Nepa Compliance | 7,156                      | 4,750                    | 2,283            |
| Airport             | D Concourse Improvements                         | 1,708                      | 1,383                    | 122              |

## Note 5- Capital Assets (Continued)

### Construction Commitments (Continued)

| <u>Project Area</u> | <u>Project Description</u>                              | <u>2009 Appropriations</u> | <u>2009 Expenditures</u> | <u>Committed</u> |
|---------------------|---|----------------------------|--------------------------|------------------|
| Airport             | Terminal HVAC Replacements                              | \$ 2,697                   | \$ 1,304                 | \$ 696           |
| Airport             | FBO West Ramp Reconstruction                            | 1,535                      | 1,220                    | 7                |
| Airport             | GMIA Airfield Pavement Rehabilitation                   | 1,952                      | 867                      | 8                |
| Airport             | GMIA - Security System Fiber Optic Replacement          | 1,242                      | 856                      | 349              |
| Airport             | Mall Level Restroom Renovation                          | 1,368                      | 712                      | 64               |
| Airport             | GMIA Runway Safety Improvement                          | 611                        | 640                      | 143              |
| Airport             | GMIA - In-Line Baggage Screening                        | 23,363                     | 639                      | 69               |
| Airport             | GMIA - E Concourse Stem Remodeling                      | 616                        | 575                      | -                |
| Airport             | "C" Concourse Four Gate Expansions                      | 717                        | 493                      | -                |
| Airport             | "C" Concourse Four Gate Expansions                      | 701                        | 409                      | 329              |
| Airport             | GMIA - Parking Structure 6th Floor Membrane             | 631                        | 397                      | 71               |
| Airport             | Interactive Training Kiosks                             | 412                        | 374                      | -                |
| Airport             | Terminal HVAC Replacements                              | 472                        | 369                      | 118              |
| Airport             | Terminal Mall & Ticketing Carpet                        | 590                        | 321                      | 23               |
| Airport             | GMIA Equipment Storage Building                         | 395                        | 296                      | 42               |
| Airport             | GMIA - In-Line Baggage Screening                        | 5,616                      | 254                      | 1,937            |
| Airport             | Concourse D Hammer Head Carpet                          | 712                        | 218                      | 65               |
| Airport             | Stormwater Box Tunnel Repairs                           | 227                        | 207                      | -                |
| Airport             | Security & Wildlife Deterrent Perimeter Fencing         | 372                        | 191                      | 10               |
| Airport             | GMIA - Security System Fiber Optic Replacement          | 355                        | 175                      | 62               |
| Airport             | Runways 1L-19R and 7R-25L Repairs                       | 658                        | 172                      | 5                |
| Airport             | GMIA Air Cargo Way Reconstruction                       | 860                        | 162                      | -                |
| Airport             | GMIA Terminal South Escalator                           | 465                        | 155                      | 72               |
| Airport             | Firehouse Roof Replacement                              | 290                        | 151                      | 27               |
| Airport             | GMIA Runway Safety Improvement                          | 86                         | 145                      | -                |
| Airport             | GMIA- Master Plan Update                                | 331                        | 142                      | 150              |
| Airport             | GMIA - E Concourse Stem Remodeling                      | 1,176                      | 129                      | 128              |
| Airport             | GMIA- Cargo Ramp 3D Access Control Security             | 270                        | 123                      | 37               |
| Airport             | LJT Runway & Taxiway Rehabilitation                     | 315                        | 116                      | 20               |
| Airport             | GMIA - Concourse D Hammerhead Restroom                  | 221                        | 115                      | 46               |
| Airport             | Mall Level Restroom Renovation                          | 125                        | 78                       | 38               |
| Airport             | GMIA - Parking Structure 6th Floor Membrane             | 130                        | 73                       | -                |
| Airport             | GMIA - Perimeter & ARFF Road Reconfiguration            | 225                        | 71                       | -                |
| Airport             | Air Cargo Building Roof Replacement                     | 354                        | 66                       | -                |
| Central Services    | County Grounds Replace West Water Tower                 | 760                        | 762                      | 26               |
| Central Services    | County Grounds East Water Tower                         | 168                        | 122                      | 36               |
| Courthouse Complex  | Courtroom Bullet Resistant Glass Wall                   | 209                        | 237                      | 11               |
| Courthouse Complex  | Criminal Justice Center Replace Pod Workstation         | 205                        | 114                      | 31               |
| Courthouse Complex  | Criminal Justice Facility Cell Toilet Flushing Controls | 329                        | 64                       | 53               |
| Environmental       | Countywide Sanitary Sewers Repair                       | 843                        | 478                      | 45               |
| Environmental       | Pond and Lagoon Demonstration                           | 330                        | 255                      | 46               |
| Environmental       | Bradford Outfall Basic Planning                         | 95                         | 92                       | 60               |
| Environmental       | McKinley Beach Southwest Outfall                        | 12                         | 73                       | -                |
| Highways            | West Good Hope Road                                     | 6,162                      | 5,437                    | 724              |

## Note 5- Capital Assets (Continued)

### Construction Commitments (Continued)

| <u>Project Area</u> | <u>Project Description</u>   | <u>2009 Appropriations</u> | <u>2009 Expenditures</u> | <u>Committed</u> |
|---------------------|--|----------------------------|--------------------------|------------------|
| Highways            | West Silver Spring Drive- North 124 <sup>th</sup> Street             | \$ 6,891                   | \$ 4,726                 | \$ 4,384         |
| Highways            | West Oak Avenue Over Honey Creek                                     | 1,433                      | 1,108                    | 1,108            |
| Highways            | Mill Road 91st to South 45 Basic Planning                            | 1,358                      | 1,053                    | 150              |
| Highways            | West. Good Hope Road Little Menominee                                | 194                        | 874                      | -                |
| Highways            | Reconstruct Hampton Avenue HWY                                       | 504                        | 491                      | 26               |
| Highways            | South 76 <sup>th</sup> Street to West Forest Home                    | 140                        | 282                      | -                |
| Highways            | Reconstruct Hampton from 92 <sup>nd</sup>                            | 2,520                      | 261                      | 162              |
| Highways            | Reconstruct CTH "V" South 13 <sup>th</sup>                           | 1,123                      | 244                      | 31               |
| Highways            | Milwaukee River Parkway Bridge                                       | 352                        | 227                      | -                |
| Highways            | West Rawson Avenue 27th to Ash Street                                | -                          | 225                      | -                |
| Highways            | West Silver Spring Drive- North 124 <sup>th</sup> Street             | 952                        | 218                      | -                |
| Highways            | West Hampton 60 <sup>th</sup> to North 124 <sup>th</sup>             | 339                        | 211                      | 322              |
| Highways            | West College Avenue Whitnall Park                                    | -                          | 194                      | -                |
| Highways            | West. Good Hope Road Little Menominee                                | 1,660                      | 159                      | 921              |
| Highways            | Mill Road- North 84 <sup>th</sup> to North 56 <sup>th</sup>          | 195                        | 117                      |                  |
| Highways            | West College Avenue South 51 <sup>st</sup> to South 27 <sup>th</sup> | 150                        | 114                      | 21               |
| Highways            | South 76 <sup>th</sup> Street- Puetz to Imperial                     | 1,058                      | 107                      | 2                |
| Highways            | NHS East College/ South Howell to Pennsylvania                       | 442                        | 106                      | 40               |
| Highways            | NHS Good Hope Rd/ S. 107th Street- N. Port Rd                        | 68                         | 87                       | -                |
| Highways            | Oak Creek Parkway Bridge 741   | 455                        | 79                       | 77               |
| Highways            | Honey Creek Parkway Bridge #779                                      | -                          | 73                       | -                |
| Highways            | Milwaukee River Parkway Bridge                                       | 257                        | 64                       | 47               |
| House of Correction | HOC Fire Suppression System  | 197                        | 168                      | 8                |
| House of Correction | Replace Water Pipe North Building                                    | 802                        | 134                      | 2                |
| House of Correction | HOC Property Conveyor Replacement                                    | 150                        | 129                      | -                |
| House of Correction | HOC Security Cameras System  | 2,209                      | 114                      | -                |
| House of Correction | Replace Toilets in C2 Dorms  | 64                         | 60                       | 1                |
| House of Correction | Replace Hot Water Heating Bundle                                     | 77                         | 58                       | 1                |
| House of Correction | HOC Security Cameras System  | 59                         | 52                       | -                |
| House of Correction | Key Watcher System   | 48                         | 52                       | -                |
| Human Services      | Coggs Center Electrical Substation                                   | 748                        | 420                      | 64               |
| Human Services      | Vliet Exterior Improvement   | 142                        | 213                      | 24               |
| Human Services      | Washington Park Senior Center Doors                                  | 90                         | 85                       | 10               |
| Human Services      | Variable Air Volume Boxes - Upgrade                                  | 338                        | 68                       | 83               |
| Human Services      | Coggs Center Electrical Substation                                   | 62                         | 64                       | 3                |
| Human Services      | Rose Center- Fire Alarm System and Elevator                          | 126                        | 64                       | -                |
| Human Services      | Wilson Center-Fire Alarm System & Elevator                           | 78                         | 54                       | -                |
| McKinley Marina     | McKinley Marina Seawall Improvement                                  | 380                        | 70                       | -                |
| Museum              | Point of Sale Replacement 2008                                       | 1,027                      | 749                      | 270              |
| Museum              | Museum Air Handling and Piping                                       | 447                        | 239                      | 63               |
| Museum              | Electrical Distribution Replacement                                  | 671                        | 201                      | 147              |
| Museum              | Alcohol Specimen Storage Relocation                                  | 255                        | 197                      | 30               |
| Museum              | Penguin Exhibit Renovations  | 121                        | 117                      | 7                |
| Museum              | Electrical Distribution Replacement                                  | 65                         | 92                       | 16               |

## Note 5- Capital Assets (Continued)

### Construction Commitments (Continued)

| <u>Project Area</u> | <u>Project Description</u>                   | <u>2009 Appropriations</u> | <u>2009 Expenditures</u> | <u>Committed</u> |
|---------------------|--|----------------------------|--------------------------|------------------|
| Museum              | Admission Booth Replacement                  | \$ 97                      | \$ 82                    | \$ -             |
| Museum              | Museum Roof Replacement                      | 544                        | 68                       | 17               |
| Museum              | Family Farm Transformer                      | 70                         | 68                       | -                |
| Museum              | Museum Air Handling and Piping               | 1,075                      | 59                       | 379              |
| Other Agencies      | Fleet Airport Equipment Construction         | 7,436                      | 6,245                    | -                |
| Other Agencies      | Fleet Equipment Acquisition                  | 5,133                      | 5,133                    | -                |
| Other Agencies      | Fleet General Equipment Construction         | 7,939                      | 2,296                    | 3,664            |
| Other Agencies      | Milwaukee County Historical Society          | 4,799                      | 1,860                    | 2,166            |
| Other Agencies      | Milwaukee County Inclusive Housing Fund      | 491                        | 1,250                    | -                |
| Other Agencies      | Fleet Airport Equipment Construction         | 431                        | 431                      | -                |
| Other Agencies      | Greenfield Park 116th to Lincoln             | 304                        | 315                      | 9                |
| Other Agencies      | Phone & Voice Mail @ Coggs Center            | 367                        | 308                      | -                |
| Other Agencies      | King Center Vestibule and Locker Alterations | -                          | 282                      | 68               |
| Other Agencies      | Sheriff Fleet Equipment                      | 288                        | 280                      | -                |
| Other Agencies      | Special Needs Housing                        | 2,000                      | 277                      | -                |
| Other Agencies      | Coggs Center Phone & Voice Mail              | 254                        | 258                      | 1                |
| Other Agencies      | County Special Assessments                   | 274                        | 257                      | -                |
| Other Agencies      | IMSD Data Processing Equipment Construction  | 244                        | 229                      | 1                |
| Other Agencies      | Honey Creek Parkway Drive -76th Street       | 212                        | 200                      | -                |
| Other Agencies      | Charles Allis Art Museum Water               | 209                        | 187                      | 20               |
| Other Agencies      | Todd Wehr Elevator Modernization             | 239                        | 165                      | 41               |
| Other Agencies      | Automated Vehicle Locator System             | 175                        | 161                      | 2                |
| Other Agencies      | Capital Monitoring Data Base                 | 550                        | 152                      | 392              |
| Other Agencies      | Public Art Administration                    | 406                        | 148                      | 128              |
| Other Agencies      | Estabrook Parkway Capital-Hampton            | 156                        | 127                      | -                |
| Other Agencies      | Fiber Backbone Construction & Installation   | 102                        | 102                      | -                |
| Other Agencies      | Milwaukee County Inclusive Housing Fund      | 1,100                      | 100                      | -                |
| Other Agencies      | War Memorial HVAC Replacement                | 87                         | 86                       | -                |
| Other Agencies      | Marcus Center HVAC Upgrade                   | 213                        | 77                       | 34               |
| Other Agencies      | King Community Center                        | 424                        | 71                       | -                |
| Other Agencies      | Rewire County Facilities                     | 221                        | 71                       | 57               |
| Other Agencies      | Charles Allis Art Museum Wiring Replacement  | 394                        | 59                       | 92               |
| Parks               | Lincoln Aquatic Center Phase II              | 6,326                      | 5,231                    | 286              |
| Parks               | Lake Park Lions Bridge Rehabilitation        | 1,097                      | 1,217                    | 79               |
| Parks               | Oak Leaf Trail- West Congress Street         | 455                        | 469                      | 19               |
| Parks               | Lincoln Family Aquatic Center                | 225                        | 328                      | 112              |
| Parks               | Washington Park Splash Pad                   | 349                        | 317                      | 15               |
| Parks               | Madison Park Splash Pad                      | 280                        | 249                      | -                |
| Parks               | Lake Park Lions Bridge                       | 239                        | 242                      | 4                |
| Parks               | Hansen Golf Course Irrigation                | 175                        | 172                      | -                |
| Parks               | Parks Countywide Restroom Renovation         | 90                         | 153                      | 5                |
| Parks               | Dog Park Phase II                            | 219                        | 112                      | 17               |
| Parks               | Wilson Park Recreation Center                | 65                         | 87                       | -                |
| Parks               | Brown Deer Asphalt Cart Path                 | 106                        | 83                       | 12               |

## Note 5- Capital Assets (Continued)

### Construction Commitments (Continued)

| Project<br><u>Area</u> | Project<br><u>Description</u>              | 2009<br><u>Appropriations</u> | 2009<br><u>Expenditures</u> | <u>Committed</u> |
|------------------------|--|-------------------------------|-----------------------------|------------------|
| Parks                  | Dog Park Phase II                          | \$ 30                         | \$ 76                       | \$ -             |
| Parks                  | Countywide Play Area Redevelopment         | 1,648                         | 70                          | 409              |
| Parks                  | South Shore Breakwater Basic Planning      |                               | 62                          | -                |
| Parks                  | Grant Park Golf Tee Renovation             | 56                            | 57                          | -                |
| Transit                | Replace Traks Fueling System               | 484                           | 466                         | 18               |
| Transit                | Bike Racks on Buses                        | 545                           | 381                         | -                |
| Transit                | Diesel Pump/Piping at Kinnickinnic         | 347                           | 296                         | -                |
| Transit                | On Bus Camera System                       | 242                           | 239                         | -                |
| Transit                | Roof Top Air Conditioning - Transit        | 82                            | 160                         | 18               |
| Transit                | Bus Radio System Upgrades at MCTS Dispatch | 1,620                         | 152                         | 1,272            |
| Transit                | HVAC Control System Basic Planning         | 638                           | 143                         | 64               |
| Transit                | Diesel Pump/Piping at Kinnickinnic         | 101                           | 86                          | 5                |

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.

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## Note 6- Interfund Transfers

The composition of interfund transfers as of December 31, 2009 is as follows:

|              |   | <b>Transfers From</b> |               |                 |                 |                 |              |                  |
|--------------|---|-----------------------|---------------|-----------------|-----------------|-----------------|--------------|------------------|
|              |   | General               | Capital       | Business        | Internal        | Internal        | Internal     |                  |
|              |   | Fund                  | Projects      | Type            | Service         | Service         | Service      |                  |
| Transfers In |   | <u>Fund</u>           | <u>Fund</u>   | <u>Airport</u>  | <u>IMSD</u>     | <u>DPW</u>      | <u>Risk</u>  | <u>Total</u>     |
|              |   | General Fund          | \$ -          | \$ 812          | \$ 2,876        | \$ 2,092        | \$ 6,758     | \$ 22            |
|              | Capital Projects  | 453                   | -             | -               | -               | -               | -            | 453              |
|              | Debt Service  | 69,829                | -             | -               | -               | -               | -            | 69,829           |
|              | Special Revenue   | 7,010                 | -             | -               | -               | -               | -            | 7,010            |
|              | Internal Service  |                       |               |                 |                 |                 |              |                  |
|              | DPW   | -                     | -             | -               | -               | -               | -            | -                |
|              | Business-type   |                       |               |                 |                 |                 |              |                  |
|              | Airport   | 1,393                 | -             | -               | -               | -               | -            | 1,393            |
|              | Transit   | 23,004                | -             | -               | -               | -               | -            | 23,004           |
|              | <b>Total</b>  | <b>\$101,689</b>      | <b>\$ 812</b> | <b>\$ 2,876</b> | <b>\$ 2,092</b> | <b>\$ 6,758</b> | <b>\$ 22</b> | <b>114,249</b>   |
|              | <b>Less: Government-wide eliminations</b>                       |                       |               |                 |                 |                 |              | <b>(92,728)</b>  |
|              | <b>Total Transfers- Government-wide Statement of Activities</b> |                       |               |                 |                 |                 |              | <b>\$ 21,521</b> |

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

## Note 7- Leases

### Operating Leases- Primary Government

The County leases facilities, office equipment, and vehicles. Total costs for such leases were \$ 2,423 for the year ended December 31, 2009.

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

| Year Ending        | Amount          |
|--------------------|-----------------|
| <u>December 31</u> |                 |
| 2010               | \$ 1,755        |
| 2011               | 306             |
| 2012               | 262             |
| 2012               | 256             |
| 2014               | 254             |
| <b>Total</b>       | <b>\$ 2,833</b> |

## Note 7- Leases (Continued)

### Capital Leases-Primary Government

In 2008, the County entered into a Guaranteed Energy Savings Performance Contract to improve the County's energy efficiency and promote environmental sustainability. The County is leasing equipment for a period of 10 years and is required to make annual lease payments during the life of the contract. At the end of the lease term, ownership of the equipment will transfer to the County. The gross amount of these assets under capital leases is \$ 4,842 and is presented in the capital assets in the governmental activities.

In prior years, the County entered into capital lease agreements for various Airport vehicles and equipment. At the end of the lease term, ownership of the equipment will transfer to the County. The gross amount of these assets under capital leases is \$ 1,014 and is presented in the capital assets in the business-type activities.

The assets acquired through capital leases are as follows:

|                                | Governmental<br><u>Activities</u> | Business-type<br><u>Activities</u> |
|--------------------------------|-----------------------------------|------------------------------------|
| Asset:                         |                                   |                                    |
| Machinery and Equipment        | \$ 4,842                          | \$ -                               |
| Vehicles                       | -                                 | 1,014                              |
| Less: Accumulated Depreciation | <u>(765)</u>                      | <u>(633)</u>                       |
| <b>Total</b>                   | <b><u>\$ 4,077</u></b>            | <b><u>\$ 381</u></b>               |

The future minimum lease payments and the net present value on these minimum lease payments as of December 31, 2009, are as follows:

| Year Ending<br><u>December 31</u>                         | Governmental<br><u>Activities</u> | Business-type<br><u>Activities</u> |
|---|-----------------------------------|------------------------------------|
| 2010  | \$ 578                            | \$ 222                             |
| 2011  | 578                               | 126                                |
| 2012  | 578                               | 80                                 |
| 2013  | 578                               | -                                  |
| 2014  | 578                               | -                                  |
| 2015-2017   | <u>1,823</u>                      | <u>-</u>                           |
| Sub-totals  | 4,713                             | 428                                |
| Less: Amount Representing Interest                        | <u>(636)</u>                      | <u>(47)</u>                        |
| <b>Present Value of Future Minimum<br/>Lease Payments</b> | <b><u>\$ 4,077</u></b>            | <b><u>\$ 381</u></b>               |

## Note 8- Long-term Liabilities

### Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2009 was as follows:

|   | <u>Beginning</u><br><u>Balance</u> | <u>Additions</u>  | <u>Payments &amp;</u><br><u>Adjustments</u> | <u>Ending</u><br><u>Balance</u> | <u>Due in</u><br><u>One Year</u> |
|---|------------------------------------|-------------------|---|---------------------------------|----------------------------------|
| <b>Governmental Activities:</b>                             |                                    |                   |   |                                 |                                  |
| Bonds Payable   |                                    |                   |   |                                 |                                  |
| General Obligation Bonds                                    | \$ 401,387                         | \$ 482,589        | \$ (54,460)                                 | \$ 829,516                      | \$ 56,183                        |
| Add (Subtract) Deferred Amounts for:                        |                                    |                   |   |                                 |                                  |
| Premium   | 5,461                              | 513               | (1,244)                                     | 4,730                           | -                                |
| Discount  | (781)                              | (49)              | 197   | (633)                           | -                                |
| Loss on Refunding   | (5,824)                            | (668)             | 1,881                                       | (4,611)                         | -                                |
| Accretion   | 10,575                             | 1,002             | (3,912)                                     | 7,665                           | -                                |
| Sub-totals Bonds Payable                                    | 410,818                            | 483,387           | (57,538)                                    | 836,667                         | 56,183                           |
| Other Liabilities   |                                    |                   |   |                                 |                                  |
| Pension Obligation  | 38,366                             | 30,356            | (68,722)                                    | -                               | -                                |
| Unfunded Claims and Judgments                               | 20,000                             | 1,150             | (19,150)                                    | 2,000                           | 1,000                            |
| Landfill Post-closure Costs                                 | 4,245                              | -                 | (715)                                       | 3,530                           | 115                              |
| Pollution Remediation Costs                                 | 315                                | 181               | -   | 496                             | 316                              |
| Compensated Absences  | 52,170                             | 19,747            | (22,790)                                    | 49,127                          | 21,395                           |
| Risk Claims   | 10,567                             | 6,759             | (6,432)                                     | 10,894                          | 7,125                            |
| Other Post Employment Benefits                              | 104,913                            | 121,175           | (61,233)                                    | 164,855                         | -                                |
| Capital Leases  | 4,503                              | -                 | (426)                                       | 4,077                           | 441                              |
| Sub-total Other Liabilities                                 | 235,079                            | 179,368           | (179,468)                                   | 234,979                         | 30,392                           |
| <b>Total Governmental Activities Long-term Liabilities</b>  | <b>\$ 645,897</b>                  | <b>\$ 662,755</b> | <b>\$ (237,006)</b>                         | <b>\$ 1,071,646</b>             | <b>\$ 86,575</b>                 |
| <b>Business-type Activities:</b>                            |                                    |                   |   |                                 |                                  |
| Bonds Payable   |                                    |                   |   |                                 |                                  |
| General Obligation Bonds                                    | \$ 26,298                          | \$ 7,411          | \$ (4,031)                                  | \$ 29,678                       | \$ 3,527                         |
| Revenue Bonds   | 176,520                            | 15,040            | (7,520)                                     | 184,040                         | 7,865                            |
| Add (Subtract) Deferred Amounts for:                        |                                    |                   |   |                                 |                                  |
| Premium   | 2,902                              | 26                | (441)                                       | 2,487                           | -                                |
| Discount  | (2,302)                            | (570)             | 239   | (2,633)                         | -                                |
| Loss on Refunding   | (371)                              | (30)              | 109   | (292)                           | -                                |
| Accretion   | 211                                | 39                | (20)  | 230                             | -                                |
| Sub-totals Bonds Payable                                    | 203,258                            | 21,916            | (11,664)                                    | 213,510                         | 11,392                           |
| Other Liabilities   |                                    |                   |   |                                 |                                  |
| Compensated Absences  | 12,782                             | 5,419             | (5,523)                                     | 12,678                          | 6,225                            |
| Risk Claims   | 8,513                              | 324               | (247)                                       | 8,590                           | 4,013                            |
| Other Post Employment Benefits - Transit                    | -                                  | 16,828            | (16,828)                                    | -                               | -                                |
| Other Post Employment Benefits - Airport                    | 4,097                              | 1,589             | -   | 5,686                           | -                                |
| Capital Leases  | 245                                | 394               | (258)                                       | 381                             | 196                              |
| Sub-total Other Liabilities                                 | 25,637                             | 24,554            | (22,856)                                    | 27,335                          | 10,434                           |
| <b>Total Business-Type Activities Long-term Liabilities</b> | <b>\$ 228,895</b>                  | <b>\$ 46,470</b>  | <b>\$ (34,520)</b>                          | <b>\$ 240,845</b>               | <b>\$ 21,826</b>                 |

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

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

Compensated Absences consist of the following:

|                                     | <u>Beginning</u> |                  | <u>Payments &amp;</u> | <u>Ending</u>    | <u>Due in</u>    |
|-------------------------------------|------------------|------------------|-----------------------|------------------|------------------|
|                                     | <u>Balance</u>   | <u>Additions</u> | <u>Adjustments</u>    | <u>Balance</u>   | <u>One Year</u>  |
| <b>Governmental Activities:</b>     |                  |                  |                       |                  |                  |
| Retirement sick pay payout          | \$ 30,568        | \$ 213           | \$ (1,188)            | \$ 29,593        | \$ 1,861         |
| Vacation time earned                | 18,638           | 16,848           | (18,638)              | 16,848           | 16,848           |
| Overtime earned                     | 1,196            | 1,041            | (1,196)               | 1,041            | 1,041            |
| Holiday pay                         | 1,768            | 1,645            | (1,768)               | 1,645            | 1,645            |
| <b>Total Compensated Absences -</b> |                  |                  |                       |                  |                  |
| <b>Governmental Activities</b>      | <b>\$ 52,170</b> | <b>\$ 19,747</b> | <b>\$ (22,790)</b>    | <b>\$ 49,127</b> | <b>\$ 21,395</b> |
| <b>Business-type Activities:</b>    |                  |                  |                       |                  |                  |
| Retirement sick pay payout          | \$ 7,474         | \$ 233           | \$ (215)              | \$ 7,492         | \$ 1,038         |
| Vacation time earned                | 4,906            | 4,985            | (4,906)               | 4,985            | 4,985            |
| Overtime earned                     | 333              | 133              | (333)                 | 133              | 133              |
| Holiday pay                         | 69               | 68               | (69)                  | 68               | 69               |
| <b>Total Compensated Absences -</b> |                  |                  |                       |                  |                  |
| <b>Business-type Activities</b>     | <b>\$ 12,782</b> | <b>\$ 5,419</b>  | <b>\$ (5,523)</b>     | <b>\$ 12,678</b> | <b>\$ 6,225</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 \$ 33,662 of internal service funds long-term liabilities are included in the above figures. Also, for the governmental activities, claims and judgments and compensated absences are liquidated as they come due for payment and their adjustments are made at year end based on a detailed reevaluation of the account. As claims and judgments expenditures are incurred the general fund is used to liquidate the costs.

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

Unfunded claims and judgments include estimated costs for outstanding medical, environmental, and other claims. At December 31, 2009, the outstanding amount of claims and judgments due within one year totaled \$ 1,000.

State and federal laws require the County to perform certain maintenance and monitoring functions at all of its solid waste landfill sites. Since all of the County's eleven landfill sites are no longer accepting waste, the total future costs of \$ 3,530 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

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

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

changes in regulations. The funding for these post-closure costs will be included in future County tax levies.

In accordance with GASB Statement No. 49, the County has recorded a long-term liability for its estimated pollution remediation costs. At December 31, 2009, the estimated liability for pollution remediation costs totaled \$ 496. These costs are related to cleanup of underground petroleum contamination on County-owned land.

### 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<br>General Obligation Debt |                           |                  |                               |                                      |                         |
|---|--|---------------------------|------------------|-------------------------------|--------------------------------------|-------------------------|
|   | Date<br>of<br>Bonds                                | Final<br>Maturity<br>Date | Interest<br>Rate | Original<br>Indebted-<br>ness | Principal<br>Outstanding<br>12/31/09 | Interest to<br>Maturity |
| General Obligation Refunding Bonds,<br>Series 1993A         | 10/15/93   | 12/01/11                  | 5.04%            | \$ 56,493                     | \$ 5,196                             | \$ 8,729                |
| Refunding Bonds (Taxable), Series 2001A                     | 06/01/01   | 12/01/11                  | 6.06%            | 2,610                         | 500                                  | 47                      |
| Corporate Purpose Refunding Bonds,<br>Series 2001A          | 10/01/01   | 12/01/11                  | 3.92%            | 46,467                        | 8,028                                | 410                     |
| General Obligation Corporate Purpose<br>Bonds, Series 2001A | 04/01/00   | 10/01/16                  | 4.40%            | 37,830                        | 16,021                               | 3,204                   |
| Refunding Bonds, Series 2002A                               | 06/01/02   | 09/01/10                  | 3.98%            | 56,894                        | 7,095                                | 355                     |
| General Obligation Corporate Purpose<br>Bonds, Series 2002A | 02/01/02   | 08/01/17                  | 4.20%            | 36,926                        | 18,250                               | 4,226                   |
| General Obligation Refunding Bonds,<br>Series 2003A         | 07/01/03   | 08/01/17                  | 3.48%            | 93,515                        | 93,515                               | 14,286                  |
| General Obligation Corporate Purpose<br>Bonds, Series 2003A | 02/01/03   | 08/01/18                  | 3.95%            | 23,520                        | 13,877                               | 3,615                   |
| General Obligation Corporate Purpose<br>Bonds, Series 2004A | 02/01/04   | 08/01/19                  | 3.72%            | 25,233                        | 18,628                               | 4,307                   |

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

### Governmental Activities (Continued)

| Bond Issue   | Governmental Activities<br>General Obligation Debt |                           |                  |                               |                                      |                         |
|--|--|---------------------------|------------------|-------------------------------|--------------------------------------|-------------------------|
|  | Date<br>of<br>Bonds                                | Final<br>Maturity<br>Date | Interest<br>Rate | Original<br>Indebted-<br>ness | Principal<br>Outstanding<br>12/31/09 | Interest to<br>Maturity |
| General Obligation Corporate Purpose Bonds, Series 2005A | 11/01/05   | 12/01/20                  | 4.24%            | \$ 23,660                     | \$ 18,811                            | \$ 5,495                |
| General Obligation Refunding Bonds, Series 2005B         | 11/01/05   | 10/01/15                  | 3.89%            | 59,675                        | 56,617                               | 8,368                   |
| General Obligation Corporate Purpose Bonds, Series 2006A | 04/01/06   | 10/01/21                  | 4.14%            | 30,776                        | 28,170                               | 9,514                   |
| General Obligation Corporate Purpose Bonds, Series 2007A | 06/01/07   | 12/01/22                  | 4.12%            | 32,422                        | 31,129                               | 9,806                   |
| General Obligation Corporate Purpose Bonds, Series 2008A | 06/01/08   | 12/01/23                  | 3.93%            | 30,675                        | 30,155                               | 10,430                  |
| 2007 State Trust Fund Loan                               | 09/01/07   | 03/15/17                  | 5.25%            | 1,000                         | 935                                  | 238                     |
| 2009 Taxable General Obligation, Series 2009A            | 04/02/09   | 12/01/28                  | 6.36%            | 265,000                       | 265,000                              | 192,942                 |
| 2009 Taxable Pension Notes, Series 2009B                 | 04/02/09   | 12/01/13                  | 5.52%            | 135,000                       | 135,000                              | 29,106                  |
| General Obligation Corporate Purpose Bonds, Series 2009C | 08/01/09   | 10/01/24                  | 5.04%            | 24,139                        | 24,139                               | 14,375                  |
| General Obligation Promissory Notes, Series 2009D        | 08/01/09   | 10/01/13                  | 2.00%            | 16,789                        | 16,789                               | 1,407                   |
| General Obligation Corporate Purpose Bonds, Series 2009E | 11/15/09   | 08/01/24                  | 4.87%            | 24,051                        | 24,051                               | 12,625                  |
| General Obligation Promissory Notes, Series 2009F        | 11/15/09   | 08/01/19                  | 2.55%            | 15,610                        | 15,610                               | 1,971                   |
| 2009 State Trust Fund Loan                               | 12/08/09   | 03/15/19                  | 4.50%            | 2,000                         | 2,000                                | 505                     |
| <b>Total Governmental Activities Debt</b>                |  |                           |                  |                               | <b>\$ 829,516</b>                    | <b>\$ 335,961</b>       |

The ratio of the aggregate indebtedness of all taxing authorities located within the County to equalized value of the taxable property was approximately 4.83% including 1.21% related to direct County indebtedness at December 31, 2009. 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, 2009 under Wisconsin Statutes, the County could borrow an additional \$ 2,475,261.

At December 31, 2009, the weighted average interest rate of general obligation bonds and notes outstanding was 4.92%.

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

### Governmental Activities (Continued)

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

| <u>December 31</u>        | <u>Principal</u>        | <u>Interest</u>         | <u>Total Debt<br/>Service<br/>Requirements</u> |
|---------------------------|-------------------------|-------------------------|--|
| 2010                      | \$ 56,183               | \$ 44,465               | \$ 100,648                                     |
| 2011                      | 57,289                  | 43,508                  | 100,797  |
| 2012                      | 61,467                  | 36,471                  | 97,938   |
| 2013                      | 197,843                 | 33,949                  | 231,792  |
| 2014                      | 59,491                  | 24,050                  | 83,541   |
| 2015-2019                 | 182,734                 | 89,737                  | 272,471  |
| 2020-2024                 | 134,214                 | 49,617                  | 183,831  |
| 2025-2028                 | <u>80,295</u>           | <u>14,164</u>           | <u>94,459</u>                                  |
| <b>Total Debt Service</b> | <b><u>\$829,516</u></b> | <b><u>\$335,961</u></b> | <b><u>\$ 1,165,477</u></b>                     |

On April 2, 2009, the County issued \$ 265,000 of Taxable General Obligation Pension Promissory Notes, Series 2009A and \$135,000 of Taxable Pension Notes. Total proceeds of \$ 399,000 (par amount of bond issue of \$ 400,000, net discount of \$ 1,253) were contributed to the Milwaukee County Employee Retirement System. The bonds were recorded in Governmental Activities on the Statement of Net Assets.

On August 1, 2009, the County issued \$ 24,775 of Taxable General Obligation Corporate Purpose Bonds, Series 2009C (Build America Bonds – Direct Payment). Total proceeds of \$ 24,692 (par amount of bond issue of \$ 24,775, net discount of \$ 120 plus accrued interest of \$ 37) 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 2009 Adopted Capital Improvement Budget. The bonds of \$ 24,139 and \$ 636 were recorded in Governmental Activities and the Business-type Activities columns on the Statement of Net Assets, respectively.

On August 1, 2009, the County issued \$17,250 of General Obligation Promissory Notes, Series 2009D. Total proceeds of \$ 17,434 (par amount of bond issue of \$ 17,250, plus premium of \$ 173, plus accrued interest of \$ 11) were used to purchase direct obligations of the United States of America or held in cash. Proceeds of \$10,162 were used to refund the General Obligation Corporate Purpose Refunding Bonds, Series 1999A and the General Obligation Museum Refunding Bonds, Series 1999A. Proceeds of \$7,272 will be used to finance capital projects for general County purposes pursuant of the County's

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

### Governmental Activities (Continued)

2009 Adopted Capital Improvement Budget. The bonds of \$ 16,789 and \$ 461 were recorded in Governmental Activities and the Business-type Activities columns on the Statement of Net Assets, respectively.

On November 15, 2009, the County issued \$ 30,365 of General Obligation Corporate Purpose Bonds, Series 2009E (Build America Bonds – Direct Payment). Total proceeds of \$ 30,171 (par amount of bond issue of \$ 30,365, net discount of \$ 210 plus accrued interest of \$ 16) 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 2009 Adopted Capital Improvement Budget. The bonds of \$ 24,051 and \$ 6,314 were recorded in Governmental Activities and the Business-type Activities columns on the Statement of Net Assets, respectively.

On November 15, 2009, the County issued \$ 15,610 of General Obligation Corporate Purpose Bonds, Series 2009E. Total proceeds of \$ 15,692 (par amount of bond issue of \$ 15,610, plus premium of \$ 78 plus accrued interest of \$ 4) 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 2009 Adopted Capital Improvement Budget. The bonds of \$ 15,610 were recorded in Governmental Activities on the Statement of Net Assets.

On December 8, 2009, the County received loan proceeds of \$2,000 from the State Trust Fund Loan Program. The proceeds will be used to finance capital projects related to special needs housing. The loan was recorded in the Governmental Activities on the Statement of Net Assets.

Major expenditure categories include for all General Obligation Debt issued in 2009 are as follows:

|                                  |                   |
|----------------------------------|-------------------|
| Legislative, Executive and Staff | \$ 4,397          |
| Public Safety                    | 6,397             |
| Public Works and Highways        | 33,821            |
| Human Services                   | 3,115             |
| Parks, Recreation and Culture    | 20,827            |
| Other Capital Projects           | 11,498            |
| Debt Refunding                   | 9,945             |
| Pension Obligation Bonds         | 400,000           |
| <b>Total</b>                     | <u>\$ 490,000</u> |

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

### Business-type Activities

The County has pledged future airport revenues generated from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport, net of specified operating expenses, to repay \$ 208,945 of revenue bonds issued in previous years. Proceeds from the revenue bonds provided financing for capital improvements. The bonds are payable solely from net revenues and deposits made to the Coverage Fund, and are payable through December 31, 2032. The Coverage Fund is equal to 25% of the highest annual revenue bond debt service amount. Net revenues plus Coverage Fund assets are required to cover a minimum of 125% of annual debt service for the revenue bonds. Principal and interest paid for the current year and net revenues plus Coverage Fund assets were \$16,600 and \$25,797, respectively, resulting in net revenues plus Coverage Fund assets of 155% of annual debt service for 2009. The total principal and interest remaining to be paid on the bonds is \$ 288,880. The principal and interest payment of \$ 16,600 represents 23% of operating revenues.

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

| Bond Issue   | Date<br>of<br>bonds | Final<br>Maturity<br>Date | Interest<br>Rate | Original<br>Indebted-<br>ness | Principal<br>Outstanding<br>12/31/09 | Interest to<br>Maturity |
|--|---------------------|---------------------------|------------------|-------------------------------|--------------------------------------|-------------------------|
| General Obligation Refunding Bonds, Series 1993A         | 10/15/93            | 12/01/11                  | 5.04%            | \$ 1,207                      | \$ 103                               | \$ 174                  |
| General Obligation Airport Bonds, Series 1999A           | 05/01/99            | 10/01/14                  | 4.60%            | 6,825                         | 2,275                                | 323                     |
| General Obligation Corporate Purpose Bonds, Series 2001A | 04/01/00            | 10/01/16                  | 4.40%            | 3,495                         | 1,479                                | 296                     |
| General Airport Revenue Bonds, Series 2000A              | 06/01/00            | 12/01/25                  | 5.80%            | 83,565                        | 58,770                               | 29,276                  |
| Airport Refunding Bonds, Series 2001A                    | 10/01/01            | 12/01/11                  | 4.47%            | 1,450                         | 290                                  | 19                      |
| Corporate Purpose Refunding Bonds, Series 2001A          | 10/01/01            | 12/01/11                  | 3.92%            | 3,458                         | 597                                  | 30                      |
| General Obligation Corporate Purpose Bonds, Series 2002A | 02/01/02            | 08/01/17                  | 4.20%            | 4,299                         | 1,950                                | 451                     |
| Refunding Bonds, Series 2002A                            | 06/01/02            | 09/01/10                  | 3.98%            | 6,056                         | 755                                  | 38                      |
| General Airport Revenue Bonds, Series 2003A              | 01/01/03            | 12/01/22                  | 4.88%            | 7,125                         | 4,875                                | 1,778                   |
| General Obligation Corporate Purpose Bonds, Series 2003A | 02/01/03            | 08/01/18                  | 3.95%            | 2,430                         | 1,723                                | 449                     |
| General Obligation Refunding Bonds, Series 2003A         | 07/01/03            | 08/01/17                  | 3.48%            | 6,510                         | 6,510                                | 994                     |
| General Obligation Corporate Purpose Bonds, Series 2004A | 02/01/04            | 08/01/19                  | 3.72%            | 1,717                         | 1,372                                | 317                     |

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

### Business-type Activities (Continued)

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

| <b>Bond Issue</b>  | <b>Date of bonds</b> | <b>Final Maturity Date</b> | <b>Interest Rate</b> | <b>Original Indebtedness</b> | <b>Principal Outstanding 12/31/09</b> | <b>Interest to Maturity</b> |
|--|----------------------|----------------------------|----------------------|------------------------------|---------------------------------------|-----------------------------|
| General Airport Revenue Bonds, Series 2004A              | 03/31/04             | 12/01/29                   | 4.47%                | \$ 37,360                    | \$ 32,715                             | \$ 18,098                   |
| General Obligation Corporate Purpose Bonds, Series 2005A | 11/01/05             | 12/01/29                   | 4.24%                | 950                          | 839                                   | 245                         |
| General Obligation Refunding Bonds, Series 2005B         | 11/01/05             | 10/01/15                   | 3.89%                | 3,350                        | 3,178                                 | 470                         |
| General Airport Revenue Bonds, Series 2005A              | 12/22/05             | 12/01/30                   | 4.90%                | 29,010                       | 28,545                                | 20,421                      |
| Airport Refunding Bonds, Series 2005B                    | 12/22/05             | 12/01/14                   | 3.65%                | 7,755                        | 4,650                                 | 573                         |
| General Obligation Corporate Purpose Bonds, Series 2006A | 04/01/06             | 10/01/21                   | 4.14%                | 819                          | 810                                   | 284                         |
| Airport Refunding Bonds, Series 2006B                    | 10/01/06             | 12/01/15                   | 4.08%                | 5,020                        | 2,165                                 | 376                         |
| General Airport Revenue Bonds, Series 2006A              | 11/16/06             | 12/01/31                   | 4.60%                | 25,665                       | 24,400                                | 16,061                      |
| General Obligation Corporate Purpose Bonds, Series 2007A | 06/01/07             | 12/01/22                   | 4.12%                | 203                          | 201                                   | 66                          |
| General Airport Revenue Bonds, Series 2007A              | 11/15/07             | 12/01/32                   | 4.60%                | 13,445                       | 12,880                                | 8,591                       |
| General Obligation Corporate Purpose Bonds, Series 2008A | 06/01/08             | 12/01/23                   | 3.93%                | 185                          | 185                                   | 68                          |
| General Purpose Bonds, Series 2009C                      | 08/01/09             | 10/01/13                   | 5.04%                | 636                          | 636                                   | 379                         |
| General Obligation Promissory Notes, Series 2009D        | 08/01/09             | 10/01/24                   | 2.00%                | 461                          | 461                                   | 20                          |
| General Obligation Corporate Purpose Bonds, Series 2009E | 11/15/09             | 08/01/24                   | 4.87%                | 6,314                        | 6,314                                 | 3,315                       |
| General Airport Revenue Bonds, Series 2009A              | 12/21/09             | 12/01/32                   | 4.90%                | 12,690                       | 12,690                                | 9,442                       |
| General Airport Revenue Bonds, Series 2009B              | 12/21/09             | 12/01/14                   | 3.20%                | 2,350                        | 2,350                                 | 224                         |
| <b>Total Business-Type Debt</b>                          |                      |                            |                      |                              | <b>\$ 213,718</b>                     | <b>\$ 112,778</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<br/>Service<br/>Requirements</u> |
|---------------------------|-------------------------|-------------------------|--|
| 2010                      | \$ 11,392               | \$ 10,648               | \$ 22,040                                      |
| 2011                      | 11,232                  | 10,253                  | 21,485   |
| 2012                      | 11,590                  | 9,628                   | 21,218   |
| 2013                      | 11,970                  | 9,069                   | 21,039   |
| 2014                      | 11,992                  | 8,499                   | 20,491   |
| 2015-2019                 | 50,655                  | 34,330                  | 84,985   |
| 2020-2024                 | 53,281                  | 20,991                  | 74,272   |
| 2025-2029                 | 40,270                  | 8,424                   | 48,694   |
| 2030-2032                 | 11,336                  | 936                     | 12,272   |
| <b>Total Debt Service</b> | <b><u>\$213,718</u></b> | <b><u>\$112,778</u></b> | <b><u>\$ 326,496</u></b>                       |

### Business-type Activities- Revenue Bonds

On December 10, 2009, the County issued \$ 12,690 of Airport Revenue Bonds, Series 2009A and \$ 2,350 of Airport Revenue Bonds, Series 2009B. The 2009 Bonds are special obligations of the County, payable solely from revenue of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's Airport Revenue Bonds, Series 2000A, dated June 1, 2000, Airport Revenue Bonds, Series 2003A, dated January 1, 2003, Airport Revenue Bonds, Series 2004A, dated March 31, 2004, Airport Revenue Bonds, Series 2005A, dated December 15, 2005, Airport Revenue Bonds, Series 2006A, dated November 16, 2006, dated November 15, 2007, Airport Revenue Bonds, Series 2007A (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 2009 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2009 Bonds. The 2009 Bonds have semi-annual interest payments on June 1 and December 1. The Airport Revenue Bonds, Series 2009A interest rate is 3.0% for 2015, 3.25% for 2016, 3.50% for 2017, 3.75% for 2018, 4.0% for 2019, 4.25% for 2020 through 2021, 4.375% for 2022, 4.50% for 2023 through 2024, 5.0% for 2029 and 5.125% for 2032. The Airport Revenue Bonds, Series 2009B interest rate is 2.25% for 2010, 2.25% for 2011, 3.50% for 2012, 3.00% for 2013, and 4.00% for 2014.

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

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

On November 15, 2007, the County issued \$13,445 of Airport Revenue Bonds, Series 2007A. The 2007 Bonds are special obligations of the County, payable solely from revenue of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's Airport Revenue Bonds, Series 2000A, dated June 1, 2000, Airport Revenue Bonds, Series 2003A, dated January 1, 2003, Airport Revenue Bonds, Series 2004A, dated March 31, 2004, Airport Revenue Bonds, Series 2005A, dated December 15, 2005, Airport Revenue Bonds, Series 2006A, dated November 16, 2006 (the "Outstanding Revenue Bonds"), and any additional airport revenue bond which may hereafter be issued by the County, as provided in the General Resolution. The 2007 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the 2007 Bonds. The 2007 Bonds have semi-annual interest payments on June 1 and December 1. The Airport Revenue Bonds, Series 2007A interest rate is 5.0% for 2008 through 2019, 4.13% for 2020, 4.25% for 2021 through 2022, 4.5% for 2023 through 2027, and 5.0% for 2028 through 2032.

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

On December 22, 2005 the County issued \$29,010 of Airport Revenue Bonds, Series 2005A. The 2005 Bonds are special obligations of the County, payable solely from revenue of the County derived from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport on a parity with the County's outstanding revenue bonds, and any additional airport revenue bond which may hereafter be issued by the County, as provided in the General Resolution. The 2005 Bonds will not be a general obligation of the County, nor will the County be obligated to levy any taxes in connection with the

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

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

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 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.

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

### **Current Refunding**

On August 1, 2009, the County issued \$17,250 of General Obligation Promissory Notes, Series 2009D. Total proceeds of \$17,434 (par amount of note issue of \$17,250, plus a net premium of \$173, plus accrued interest of \$11) were used to purchase direct obligations of the United States of America or held in cash. Proceeds of \$10,038 will be used to refund a portion of the General Obligation Refunding Bonds, Series 1999A and General Obligation Museum Refunding Bonds, Series 1999A. The refunding bonds of \$ 9,744 and \$ 294 were recorded in Governmental Activities and the Business-type activities columns on the Statement of Net Assets, respectively. As a result, the refunded bonds are considered defeased and the liability have been removed from the accompanying financial statements of the County.

The refunding resulted in a \$ 698 loss to be amortized over the life of the note issue. The current refunding was undertaken to decrease the total debt service over the next 5 years by (\$ 378), and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding debt) of \$ 95.

These notes have semi-annual interest payments on April 1 and October 1 through 2012. The interest rate is 2.0% for 2010 through 2013.

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

In prior years, the County defeased certain general obligation bonds and Airport revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased notes and bonds are not included in the County's financial statements. At December 31, 2009, \$ 20,348 of bonds outstanding is considered defeased.

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

In 2003, the County guaranteed \$ 14,200 of loans for a local corporation. The loans are secured by mortgages and a cash trust of \$ 6,004 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 expired in December of 2009 and was not extended into future periods by the County.

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

### Debt Issued on Behalf of Other Entities/ Conduit Debt (Continued)

In order to develop the Milwaukee County Research Park, the City of Wauwatosa created the Tax Incremental District #2 (TID) in 1994. In 1997, the Wauwatosa Redevelopment Authority issued redevelopment lease revenue bonds of \$8,860 to fund infrastructure development costs in TID #2. In 2004, the Wauwatosa Redevelopment Authority issued lease revenue bonds of \$ 24,500 for construction of facilities at the Milwaukee County Research Park located in TID #2. In 2007, the Wauwatosa Redevelopment Authority retired \$7,100 of principal remaining on the 1997 bonds with redevelopment refunding lease revenue bonds of \$6,200. The County has agreed to guarantee the payment of the lease revenue bonds, if the tax increments generated by Tax Incremental District #2 are insufficient to pay principal and interest due on the 2004 and 2007 notes. The 2004 and 2007 redevelopment lease notes outstanding as of December 31, 2009 was \$ 20,950 and \$ 6,200, respectively.

## Note 9- Net Assets

### Governmental Activities

Restricted net assets consist of the following:

#### **Governmental Activities**

|  |           |               |
|--|-----------|---------------|
| Net Assets- Restricted for Debt Service                            | \$        | 6,220         |
| Net Assets- Restricted for Aging CMO                               |           | 10,012        |
| Net Assets- Restricted for Airport PFC                             |           | 22,179        |
| Net Assets- Restricted for Health & Safety                         |           | 136           |
| Net Assets- Restricted for Zoo                                     |           | 652           |
| Net Assets- Restricted for Parks                                   |           | 998           |
| Net Assets- Restricted for Persons with Disabilities               |           | 123           |
| Net Assets- Restricted for Behavioral Health Division              |           | 8,978         |
| Net Assets- Restricted for Fleet and Facilities Divisions          |           | 6,499         |
| <b>Total Net Assets - Restricted -<br/>Governmental Activities</b> | <b>\$</b> | <b>55,797</b> |

### Business-type Activities

Restricted net assets consist of the following:

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

|   |           |               |
|---|-----------|---------------|
| Net Assets- Restricted for Revenue Bonds                            | \$        | 14,253        |
| Net Assets- Restricted for Capital Asset Needs<br>at the Airport    |           | 5,113         |
| <b>Total Net Assets - Restricted -<br/>Business-type Activities</b> | <b>\$</b> | <b>19,366</b> |

## Note 9- Net Assets (Continued)

### 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                                 | \$        | 77         |
| Restricted for Programming Events- Marcus Center for the Performing Arts |           | 8          |
| Research Development Fund-Research Park                                  |           | 217        |
| <b>Total</b>   | <b>\$</b> | <b>302</b> |

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

#### **Temporarily Restricted**

|  |           |              |
|--|-----------|--------------|
| Exhibits and Museum Renovations            | \$        | 390          |
| Educational Lecture Costs                  |           | 92           |
| Purchase and Maintenance of Collections    |           | 470          |
| Restricted for time                        |           | 395          |
| Held by Friends of the Museum*             |           | -            |
| Capital Campaign                           |           | 1,832        |
| Endowment Fund                             |           |              |
| Purchase and Maintenance of Collections    |           | 214          |
| Internship Programs                        |           | 34           |
| <b>Total Temporarily Restricted Assets</b> | <b>\$</b> | <b>3,427</b> |

#### **Permanently Restricted**

|  |           |              |
|--|-----------|--------------|
| Operations                                 | \$        | 1,325        |
| Special Exhibits                           |           | 1,237        |
| Starr Adventure and Internship             |           | 71           |
| <b>Total Permanently Restricted Assets</b> | <b>\$</b> | <b>2,633</b> |

\*Friends of the Museum merged with MPM, Inc during 2009. As a result of the merger, these temporarily restricted net assets were released from restriction and included in MPM, Inc.'s unrestricted net assets for the year ending December 31, 2009.

## 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

## Note 10- Risk Management (Continued)

is limited to \$ 50 and \$ 250 per person respectively. The County purchases commercial insurance to cover a substantial portion of the potential general liability, automobile liability and discrimination claims. The County also purchases commercial insurance for claims in excess of coverage provided by the Risk Management Fund and for all other risks of loss. Settled claims from insured losses have not exceeded commercial insurance coverage for each of the past three years.

All funds of the County except for the Transit System participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a claims reserve. In accordance with Governmental Accounting Standards Board Statement No 10, a liability for claims is reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The claims liability at December 31, 2009 was \$ 10,894.

The County has recognized \$ 10,894 of claims liabilities in the Risk Management Fund. The Risk Management Fund has \$ 10,894 of cash to pay for this liability. Changes in the balances of claim liabilities during the past two years are as follows:

|  | Year ended<br>12/31/2009 | Year ended<br>12/31/2008 |
|--|--------------------------|--------------------------|
| Beginning of year Liability                  | \$ 10,567                | \$ 8,989                 |
| Current Year Claims and Changes in Estimates | 6,759                    | 8,190                    |
| Claims Payments                              | <u>(6,432)</u>           | <u>(6,612)</u>           |
| <b>End of Year Liability</b>                 | <b><u>\$ 10,894</u></b>  | <b><u>\$ 10,567</u></b>  |

The claims liability for the Transit System at December 31, 2009 was \$ 8,590. The Transit System has recognized \$ 8,590 of claims liability in the Transit System fund. Changes in the Transit System balances of the claims liability for the past two years are as follows:

|  | Year ended<br>12/31/2009 | Year ended<br>12/31/2008 |
|--|--------------------------|--------------------------|
| Beginning of year Liability                  | \$ 8,513                 | \$ 13,365                |
| Current Year Claims and Changes in Estimates | 323                      | 249                      |
| Claims Payments                              | <u>(246)</u>             | <u>(5,101)</u>           |
| <b>End of Year Liability</b>                 | <b><u>\$ 8,590</u></b>   | <b><u>\$ 8,513</u></b>   |

## 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 2009 were \$ 1,748. 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 \$ 7 were made to the Memorial during 2009.

Effective January 1, 2006, the Marcus Center for the Performing Arts was granted tax-exempt status by the Internal Revenue Service and the Wisconsin Department of Revenue and now operates as a separate entity. Total appropriations received by the Marcus Center from Milwaukee County for the fiscal year ending December 31, 2009 were \$ 1,280.

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

Milwaukee County and the Milwaukee Public Museum entered into an agreement, which provides for the not-for-profit operations and management of the Museum. The agreement, effective March 31, 1992, encompasses (1) the lease and management of the Museum and (2) the transition of employees to MPM, Inc. The lease and management agreement includes annual rental payments of \$10.00 (ten dollars) and is renewable every five years through March 31, 2042. MPM, Inc. is responsible for all real estate taxes (if any), utilities, insurance, normal repair and maintenance expenses. The agreement also provides for substantially equivalent employee benefits for all employees then employed by the County who became employees of MPM, Inc. in 1992. The County is responsible for, among other items, any special assessments, structural repairs and capital projects. The agreement also requires the County to pay annual support. As a result of the amendment to the agreement in fiscal 1999, the base annual support level of \$ 4,300 since April 1992 remained in effect through March 21, 2002, at which time the County and MPM, Inc. were

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

required to renegotiate a new base level funding agreement.

An amendment was made to the lease agreement in 2005, which committed the County to \$3,381 of base level funding. In 2007, the lease agreement was amended again as part of a recovery plan for the Milwaukee Public Museum. The amendment provides for base annual operating support of \$ 3,502 per year for 10 years beginning in 2008 and ending in 2017. In addition, the County committed to a minimum of \$ 4,000 of in capital expenditures over a period of five years, from 2008 to 2012 for infrastructure and deferred maintenance projects. Total payments for the Milwaukee Public Museum's years ended August 31, 2009 was \$ 3,503.

Milwaukee County and the Milwaukee County Research Park Corporation entered into a ground lease for 100 years commencing March 24, 1993 at \$ 1.00 (one dollar) per year. This lease covers approximately 158 acres consisting of the southwest quadrant, the Watertown Plank Road Park and Ride Lot and approximately 16 acres of northeast quadrant of the Milwaukee County grounds located in Wauwatosa, Wisconsin.

Milwaukee County and the Milwaukee County Research Park Corporation entered into a lease, 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. In June of 2008, the Corporation exercised the second option period extending the lease through September 30, 2013. The rentable space now comprises most of the basement and the entire first through fifth floors of the building. The rent due to Milwaukee County is based on space actually occupied by tenants and requires the Milwaukee County Research Park Corporation to charge annual base rentals of not less than \$ 7.50 (seven dollars and 50 cents) per tenant occupied space foot, payable monthly. Discounts to the base rental amount require approval by Milwaukee County. As occupancy occurs, the Milwaukee County Research Park Corporation will pay Milwaukee County 66-2/3% of the base rent collected.

## **Note 12- Subsequent Events**

In May 2010, the County issued \$ 22,725 of Taxable General Obligation Corporate Purpose Bonds, Series 2010A (Build America Bonds – Direct Payment) and \$ 12,325 of General Obligation Promissory Notes, Series 2010A. The bonds are being used to finance capital projects pursuant to the County's 2010 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 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 2010, the commitment is \$ 200.

### **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, 2009.

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

### ***Countywide Program (excluding Transit System)***

#### **Description and Provisions**

The County administers a single-employer defined benefit healthcare and life insurance plans for retired employees. The plans provide health and life insurance contributions for eligible retirees and eligible spouses through the County's self-insured health insurance plans and the County's group life insurance plan. The retiree healthcare and life insurance plans do not issue separate financial reports.

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

### ***Countywide Program (excluding Transit System Continued)***

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

The retiree healthcare benefits are authorized by County Ordinance, Section 17.14. The retirement health benefit is non-contributory for retirees with 15 or more years of service who were hired before January 1, 1994, except for certain union groups, which have a later cut off date for this benefit. Retirees with less than 15 years of service pay full premium. Retiree health insurance premiums are charged at different rates than active employees. Retirees may enroll in either a self-insured Health Maintenance Organization (HMO) or a self-insured Preferred Provider Option (PPO). The non-contributory health benefit includes reimbursement of the Medicare Part B premium for retirees and covered spouses. Employees hired on and after January 1, 1994 are responsible for the full cost of the health insurance premiums upon retirement. These employees shall have the full value of their accrued sick allowance at the time of retirement (total hours accrued times the hourly rate at the time of retirement) credited toward the cost of health insurance after retirement. See Note 1.D.6 for information regarding the County's accrued sick leave liability as of December 31, 2009.

The retiree life insurance benefits are authorized by County Ordinance, Section 62.02. Employees hired prior to January 1, 1994 who retire with no break in service from active employee status retain group term life insurance coverage under the same contribution schedule as when actively employed. Life insurance coverage is the amount in force at retirement. A coverage reduction schedule takes effect at age 65 when the plan becomes non-contributory. Employees hired on and after January 1, 1994, except for certain union groups who have a later cut off date, are responsible for the full cost of the life insurance premiums upon retirement.

#### **Funding Policy**

The health insurance and life insurance benefits for retirees are financed on a pay-as-you-go basis with current tax levy funds. The County pays 100 percent of the health insurance premium for employees 15 or more years of service that were hired before January 1, 1994. Retirees with less than 15 years of service and employees hired on and after January 1, 1994 are responsible for 100 percent of the health insurance premium after retirement. Employees who retire with no break in service from active employee status that were hired before January 1, 1994 pay group term life insurance premiums at the same contribution schedule as when actively employed. Employees hired on and after January 1, 1994 pay 100 percent of the life insurance premiums upon retirement.

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

***Countywide Program (excluding Transit System Continued)***

**Annual OPEB Cost and Net OPEB Obligation**

The County's annual OPEB cost (expense) is calculated based on the Annual Required Contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or asset) over a period not to exceed thirty years. The following schedules provide the components of the County's 2009, 2008, and 2007 OPEB costs:

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

|  | <u>2009</u>              | <u>2008</u>              | <u>2007</u>              |
|--|--------------------------|--------------------------|--------------------------|
| Normal Cost  | \$ 18,392                | \$ 18,392                | \$ 13,802                |
| Amortization of Unfunded Actuarial Accrued Liability | 112,360                  | 112,349                  | 95,796                   |
| Annual Required Contribution (ARC)                   | 130,752                  | 130,741                  | 109,598                  |
| Interest on Net OPEB Obligation                      | 6,541                    | 2,971                    | -                        |
| Adjustment to the ARC                                | (14,811)                 | (6,728)                  | -                        |
| <b>Annual OPEB Cost</b>                              | <b><u>\$ 122,482</u></b> | <b><u>\$ 126,984</u></b> | <b><u>\$ 109,598</u></b> |

**Schedule of Employer Contributions  
for the Year Ending December 31**

|                                     | <u>2009</u>             | <u>2008</u>             | <u>2007</u>             |
|-------------------------------------|-------------------------|-------------------------|-------------------------|
| Premiums Paid on Behalf of Retirees | \$ 62,579               | \$ 69,178               | \$ 61,042               |
| Less: Retiree Contributions         | (1,628)                 | (1,682)                 | (966)                   |
| <b>Net Employer Contribution</b>    | <b><u>\$ 60,951</u></b> | <b><u>\$ 67,496</u></b> | <b><u>\$ 60,076</u></b> |

|  |              |              |              |
|--|--------------|--------------|--------------|
| <b>Percent of Annual OPEB Cost Contributed by Employer</b> | <b>49.8%</b> | <b>53.2%</b> | <b>54.8%</b> |
|--|--------------|--------------|--------------|

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

|  | <u>2009</u>              | <u>2008</u>              | <u>2007</u>             |
|--|--------------------------|--------------------------|-------------------------|
| Net OPEB Obligation - January 1          | \$ 109,010               | \$ 49,522                | \$ -                    |
| Annual OPEB Cost                         | 122,482                  | 126,984                  | 109,598                 |
| Less: Net Employer Contributions         | (60,951)                 | (67,496)                 | (60,076)                |
| <b>Net OPEB Obligation - December 31</b> | <b><u>\$ 170,541</u></b> | <b><u>\$ 109,010</u></b> | <b><u>\$ 49,522</u></b> |

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

***Countywide Program (excluding Transit System Continued)***

**Funded Status and Funding Progress**

As of January 1, 2008, the most recent actuarial valuation date, the County’s OPEB plan was not funded. The actuarial accrued liability for benefits was \$1,546,458, and there was no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 1,546,458. The annual payroll of active employees covered by the plan was \$ 118,977, and the ratio of UAAL to covered payroll was 13.0 to 1.

**Actuarial Assumptions and Methods**

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

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

|                               |  |
|-------------------------------|--|
| Valuation Date                | January 1, 2008  |
| Actuarial Cost Method         | Projected Unit Credit  |
| Amortization Method           | Level Payments   |
| Remaining Amortization Period | 30 Years, Closed   |
| Asset Valuation Method        | Not Applicable   |
| <b>Actuarial Assumptions:</b> |  |
| Investment Rate of Return     | 6.0%   |
| Healthcare Cost Trend:        |  |
| Less than 65 Years of Age     | 9.0% Grading Down to 5% at 1% Per Year   |
| 65 Years of Age and Older     | 9.0% Grading Down to 5% at 1% Per Year   |
| Mortality                     | Sex-Distinct RP2000 Combined Mortality Table   |
| Disability                    | Graduated Rates Based Upon Current Age   |
| Retirement Age                | Estimates Vary Based Upon Historical<br>Experience of the County                     |
| Withdrawal                    | Graduated Rates Based Upon Current Age,<br>Years of Service, and Employment Category |
| Rate of Salary Increases      | Varies from 3.0% to 10.0% Based Upon Current<br>Age and Employment Category          |

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

### ***Countywide Program (excluding Transit System Continued)***

#### **Contributions Required and Contributions Made**

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

As of December 31, 2009, the County had 5,793 of retirees enrolled in a health plan. The 2009 expenditures for retiree healthcare costs were \$ 61,742. The County's 2009 expenditures also included reimbursement of Medicare Part B premiums for health plan retirees of \$ 5,914. The total health plan expenditures were offset by \$ 1,459 in retiree contributions for certain retirees who were responsible for the partial or full health benefit premium cost.

As of December 31, 2009, the County had 5,280 retirees enrolled in the group life insurance plan. The 2009 expenditures for the group life insurance plan were \$ 837. The total life insurance expenditures were offset by \$ 170 in retiree contributions for certain retirees who were responsible for the partial or full health benefit premium cost.

### ***Transit System Program***

#### **Description and Provisions- Transit System Program**

Milwaukee Transport Services, Inc. (the "Transit System") provides single-employer defined benefit healthcare and life insurance benefits for retired employees. The retiree healthcare and life insurance benefits are provided pursuant to the general labor agreement between the Transit System and the Amalgamated Transit Union Local 998 and the Office and Professional Employees International Union Local 2009. The same benefits are provided to non-represented employees and retirees. Employees hired after July 16, 2007 are not eligible for retiree healthcare benefits. Employees eligible for pension benefits who retire before April 1, 2007 with ten (10) or more years of service are eligible for retiree healthcare benefits. Employees eligible for pension benefits who retire after April 1, 2007 with less than twelve (12) years of service will not be eligible for retiree healthcare benefits. Employees eligible for pension benefits who retire after April 1, 2009 with less than fourteen (14) years of service will not be eligible for retiree healthcare benefits. Effective July 1, 2007, all participants are required to contribute a portion of their healthcare insurance premium up to a maximum of 10 percent by January 1, 2010. Surviving spouses eligible for Medicare may continue healthcare coverage under the plan provided the surviving spouse pays 100 percent of the healthcare insurance premium. For surviving spouses not eligible for Medicare and dependent children, the Transit

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

### ***Transit System Program (Continued)***

#### **Description and Provisions- Transit System Program (Continued)**

System will pay one-half (½) of the healthcare insurance premium until the spouse becomes eligible for Medicare or remarries, provided the employee has completed at least twelve (12) years of service. Retiree healthcare insurance premiums are charged at the same rates as active employees. Retirees may enroll in either of two (2) Health Maintenance Organization plans (HMO) or a Preferred Provider Option plan (PPO).

The Transit System pays the full premiums on a term life insurance policy for all employees who have retired onto pension, at the face value in effect at the time of retirement. The face value for employees retiring before April 1, 2001 range from \$500 to \$16,500 (five-hundred to sixteen-thousand five-hundred dollars). The face value for employees retiring after April 1, 2001 but before April 1, 2007 is \$8,500 (eight-thousand five-hundred dollars). The face value for employees retiring after April 1, 2007 is \$9,000 (nine-thousand dollars).

#### **Funding Policy- Transit System Program**

The health insurance and life insurance benefits for retirees are recognized under the accrual method of accounting. Under this method retiree healthcare and life insurance benefits are recognized when the benefits are earned by employees. In addition, the Transit System recognizes a portion of the unfunded actuarial accrual liability (UAAL) for the past service costs of its employees and retirees. The UAAL is amortized over thirty (30) years under the level percent method. Under the level percent method, the UAAL is paid off by contributing a fixed percentage of payroll each year. Under this method, the payments are smaller in the initial years and increase over time, as the payroll increases. It is assumed that the active group of employees' size remains constant and that the payroll increases 3 percent per year. It is the Transit System's intent to contribute the annual OPEB expense, after payment of the net retiree healthcare and life insurance premiums, into a trust.

#### **Annual OPEB Cost and Net OPEB Obligation- Transit System Program**

The Transit System's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or asset) over a period of thirty (30) years.

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

### *Transit System Program (Continued)*

#### **Annual OPEB Cost and Net OPEB Obligation- Transit System Program (Continued)**

The following schedule provides the components of the Transit System's 2009, 2008, and 2007 OPEB costs:

#### **Schedule of Annual OPEB Costs For the Year Ending December 31**

|  | <u>2009</u>      | <u>2008</u>      | <u>2007</u>      |
|--|------------------|------------------|------------------|
| Normal Cost  | \$ 4,942         | \$ 4,164         | \$ 5,554         |
| Amortization of Unfunded Actuarial Accrued Liability | 12,092           | 10,757           | 11,635           |
| Annual Required Contribution (ARC)                   | 17,034           | 14,921           | 17,189           |
| Interest on Net OPEB Obligation                      | (194)            | (148)            | -                |
| Adjustment to the ARC                                | (12)             | 364              | -                |
| <b>Annual OPEB Cost</b>                              | <b>\$ 16,828</b> | <b>\$ 15,137</b> | <b>\$ 17,189</b> |

#### **Schedule of Employer Contributions for the Year Ending December 31**

|   | <u>2009</u>      | <u>2008</u>      | <u>2007</u>      |
|---|------------------|------------------|------------------|
| Premiums Paid on Behalf of Retirees     | \$ 11,844        | \$ 12,046        | \$ 12,356        |
| Contribution to OPEB Trust              | 3,500            | 7,000            | 8,500            |
| Less: Retiree and Survivor Contribution | (1,530)          | (1,559)          | (1,399)          |
| Less: Medicare Part D                   | (407)            | (763)            | (424)            |
| <b>Net Employer Contribution</b>        | <b>\$ 13,407</b> | <b>\$ 16,724</b> | <b>\$ 19,033</b> |

|  |              |               |               |
|--|--------------|---------------|---------------|
| <b>Percent of Annual OPEB Cost Contributed by Employer</b> | <b>79.7%</b> | <b>110.5%</b> | <b>110.7%</b> |
|--|--------------|---------------|---------------|

#### **Schedule of Net OPEB Obligation For the Year Ending December 31**

|  | <u>2009</u>    | <u>2008</u>       | <u>2007</u>       |
|--|----------------|-------------------|-------------------|
| Net OPEB Obligation - January 1          | \$ (3,431)     | \$ (1,844)        | \$ -              |
| Annual OPEB Cost                         | 16,828         | 15,137            | 17,189            |
| Less: Net Employer Contributions         | (13,407)       | (16,724)          | (19,033)          |
| <b>Net OPEB Obligation - December 31</b> | <b>\$ (10)</b> | <b>\$ (3,431)</b> | <b>\$ (1,844)</b> |

#### **Funded Status and Funding Progress- Transit System Program**

As of December 31, 2009, the most recent actuarial valuation date, the Transit System's OPEB plan was partially funded. The actuarial accrued liability for

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

### *Transit System Program (Continued)*

#### **Funded Status and Funding Progress- Transit System Program (Continued)**

benefits were \$ 209,963, and the actuarial value of assets was \$19,088, resulting in an unfunded actuarial accrued liability (UAAL) of \$190,875. The annual payroll of active employees covered by the plan was \$57,356, and the ratio of UAAL to the covered payroll was 3.33 to 1.

#### **Actuarial Assumptions and Methods- Transit System Program**

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

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

|                               |                          |
|-------------------------------|--------------------------|
| Valuation Date                | December 31, 2009        |
| Actuarial Cost Method         | Projected Unit Credit    |
| Amortization Method           | Level Percent of Payroll |
| Remaining Amortization Period | 30 Years, Closed         |
| Asset Valuation Method        | Not Applicable           |

#### **Actuarial Assumptions:**

|                           |   |
|---------------------------|---|
| Investment Rate of Return | 8.0%  |
| Healthcare Cost Trend:    |   |
| Healthcare                | 10% Grading Down to 5.5% at 0.5% Per Year                                       |
| Prescription Drugs        | 10% Grading Down to 5.5% at 0.5% Per Year                                       |
| Mortality                 | 1983 Group Annuity Mortality Table  |
| Disability                | Graduated Rates Based Upon Current Age  |
| Retirement Age            | Estimates Vary Based Upon Historical Experience of the Transit System           |
| Withdrawal                | Graduated Rates Based Upon Current Age Years of Service and Employment Category |
| Rate of Salary Increases  | 3% per Year   |

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

### ***Transit System Program (Continued)***

#### **Contributions Required and Contributions Made- Transit System Program**

The Transit System's policy is to fully fund its OPEB plan. The Transit System funds its annual OPEB cost with operating revenues and tax levy support from Milwaukee County and the State of Wisconsin. As of December 31, 2009, the Transit System had 946 retirees and survivors enrolled in the HMO and PPO healthcare plans. The 2009 expenditures for the HMO and PPO healthcare plans were \$ 11,550. The total HMO and PPO expenditures were offset by \$ 1,530 in retiree contributions for certain retirees and survivors who were responsible for the partial or full health benefit premium cost, and \$ 407 in Medicare Part D reimbursements.

As of December 31, 2009, the Transit System had 869 retirees enrolled in the life insurance plan. The 2009 expenditures for the life insurance plan were \$ 294. There were no employee contributions towards the life insurance plan.

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

### ***Countywide Program (excluding Transit System)***

#### **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 the 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,

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

### ***Countywide Program (excluding Transit System Continued)***

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

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 agreements require an employee to be a member prior to a stated date in order to qualify for the "rule of 75". The normal retirement benefit payment for a participant whose continuous membership began prior to January 1, 1982, is equal to 2.5% for elected officials, and 2.0% for all other participants, of the participant's three year final average monthly salary, as defined in the Ordinances and labor agreements as the three highest consecutive years, multiplied by the number of years of credited service. Except for represented deputy sheriffs and elected officials, employees whose membership in the ERS began before January 1, 1982, will receive a bonus added to their final average salary of 7.5% for each year of service credit earned after January 1, 2001 up to a maximum bonus of 25% of final average salary.

The amount of normal retirement benefit payable for represented deputy sheriffs hired before July 1, 1995 is equal to 2.5% and hired after June 30, 1995 is 2.0% times the participant's five-year final average monthly salary, as defined in labor agreements, multiplied by the number of years of credited service.

The amount of normal retirement benefit payable for a participant whose continuous membership began after January 1, 1982 is as follows: 2.5% for non-represented deputy sheriffs, deputy sheriff lieutenants, deputy sheriffs employed in the Executive Compensation Plan and DA investigators hired before July 1, 1995; 2% for non-represented deputy sheriffs, deputy sheriff lieutenants, deputy sheriffs employed in the Executive Compensation Plan, DA investigators hired after June 30, 1995; 2% for elected officials, firefighters and non-represented firefighters beginning January 1, 1999; and 1.5% for all other participants, of the participant's five-year final average monthly salary, as defined in the Ordinance and labor agreements, multiplied by the number of years of credited service. Those employees whose membership in the ERS began after December 31, 1981, or for a non-represented Deputy Sheriff, whose service began after June 30, 1995, will have all service credited after January 1, 2001 with a .5% 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.

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

### ***Countywide Program (excluding Transit System Continued)***

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

Each year after retirement, the amount of monthly benefit is increased by an amount equal to 2.0% 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.

Beginning in 2001, the ERS also provides for a "back drop" pension benefit that permits an employee except for represented deputy sheriffs, 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. Most represented employees who were hired after February 1, 2007 are not eligible to receive back-drop pension benefits. All benefit payments under the plan are subject to the limitations prescribed by Section 415 of the IRS Code.

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

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

**OBRA 1990 Retirement System of the County of Milwaukee (OBRA)** – The County established the OBRA 1990 Retirement System of the County of Milwaukee ("OBRA") to cover seasonal and certain temporary employees who are not enrolled in the ERS. Assets of the OBRA system are commingled for investment purposes with the assets of the ERS. The OBRA system is a single-employer defined benefit pension plan that is non-contributory

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

### ***Countywide Program (excluding Transit System Continued)***

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

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.

#### **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.

**GASB Statement No. 50-** In fiscal year 2008 the ERS implemented provisions of GASB Statement No. 50- Pension Disclosures, and Amendment of GASB Statements No. 25 and No. 27. This statement requires that information about the funded status of the pension plan as of the most recent actuarial valuation be disclosed in notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in valuation on which reported information about the Annual Required Contribution (ARC) and the funded status and progress are based. The required schedules of funding progress present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Expenses** – ERS administrative expenses incurred by the County are payable by the ERS to the County in the year incurred. Such expenses totaled \$ 1,312 in 2009. The County then reimburses the ERS for the expenses, with interest, ratably over a ten-year period.

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

### ***Countywide Program (excluding Transit System Continued)***

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

**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 dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. 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 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 securities lending program guidelines attempt to preserve capital while earning a moderate rate of return. Earnings from securities lending, after all fees are paid, are split on a percentage basis with the

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

### *Countywide Program (excluding Transit System Continued)*

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

custodian. For 2009, the net investment income realized from the security lending was \$ 181.

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

Securities loaned and the collateral held as of December 31, 2009 were as follows:

|  |    |         |
|--|----|---------|
| Fair Value of Securities Loaned:         | \$ | 54,910  |
| Fair Value of Collateral:                | \$ | 56,750  |
| Percent Collateral to Securities Loaned: |    | 103.35% |

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 \$ 56,643 and U.S. Treasury securities of \$ 107, for the year ending December 31, 2009. 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 \$ 107 for the year ended December 31, 2009 is controlled by the custodian and, correspondingly, is not reflected in the financial statements.

**Financial Instruments With Off-Balance Sheet Risks** – A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gains or losses depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the

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

***Countywide Program (excluding Transit System Continued)***

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

contract, the ERS records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation of fair value. All contracts are short-term in duration and mature within the 90 days. In 2009, the ERS recorded a loss of \$ 869 related to currency forward contracts.

The ERS invests in financial futures contracts in order to improve the performance of the fund. The ERS purchases contracts that approximate the amount of cash held by U.S. equity investment managers and cash used to pay benefits and expenses. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price. The market values of futures contracts vary from the original contract price, a gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off-balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio. All contracts are short-term in duration and mature within 90 days. The ERS is subject to credit risk in the event of non-performance by counter parties to financial futures and forward contracts. The ERS generally only enters into transactions with credit worthy institutions. The ERS is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by ERS management and by buying and selling futures or forward contracts. The cash or securities to meet these obligations are held in the investment portfolio.

|  | <u>December 31, 2009</u> |
|--|--------------------------|
| Cash Held:                             |                          |
| U.S. Equity Managers                   | \$ 152,803               |
| Cash Used to Pay Benefits and Expenses | <u>35,605</u>            |
| Total Cash Held                        | <u>188,408</u>           |
| Futures Purchased:                     |                          |
| S&P 500 (U.S. Equity)                  | 163,718                  |
| Barclays AGG (Fixed Income)            | 13,421                   |
| MSCI EAFE (International Equity)       | <u>7,216</u>             |
| Total Futures Purchased                | <u>184,355</u>           |
| Futures Below Cash                     | \$ <u>(4,053)</u>        |
| Market Value                           | \$ <u>(102) *</u>        |

\* Futures contracts are included in domestic common and preferred stocks in the Statement of Plan Net Assets.

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

***Countywide Program (excluding Transit System Continued)***

**2009 Changes in Plan Provisions or Actuarial Assumptions**

- Increased annual compensation limit to \$ 245.
- Increased annual benefit limit to \$ 195.

**Contributions Required and Contributions Made**

The ERS' funding policy provides for periodic County contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Payroll contribution rates are determined using the 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 2009. 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            | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|------|------------------------|---------------------------|-------------------------------|------------------------|
| ERS  | <u>Ending</u> 12/31/09 | \$ 30,356                 | 100.0%                        | \$ -                   |
|      | 12/31/08               | 48,910                    | 71.4%                         | 38,366                 |
|      | 12/31/07               | 53,063                    | 92.9%                         | 24,369                 |
| OBRA | 12/31/09               | \$ 661                    | 100.0%                        | \$ -                   |
|      | 12/31/08               | 655                       | 79.7%                         | -                      |
|      | 12/31/07               | 558                       | 94.8%                         | -                      |

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

***Countywide Program (excluding Transit System Continued)***

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

County contributions totaling \$457,789, \$ 34,841, and \$ 49,291 were recorded in 2009, 2008, and 2007 respectively. The 2009 contribution was well above the ARC using the Entry Age Normal method of funding with normal cost computed as a level percentage of pay due to a contribution of \$ 397,797 from pension obligation bonds and a contribution of \$29,000 from the settlement of a lawsuit. The 2008 and 2007 contributions were below the ARC. Not including the contribution of \$ 397,797, the County's contributions to the ERS were 25.3%, 14.9%, and 21.7% of annual covered payroll for 2009, 2008, and 2007, 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, 2009 was \$ 5,069, leaving net assets available less than the actuarial accrued liability of (\$ 4,030). The County made contributions to the OBRA system totaling \$ 661, \$522, and \$529 in 2009, 2008, and 2007, respectively.

**Funded Status and Actuarial Information**

The Retirement System engages an independent actuarial firm to perform an annual actuarial valuation. The funded status of the Retirement System as of January 1, 2010, the most recent actuarial valuation date, is as follows:

| Actuarial Value of Assets | Actuarial Accrued Liability- AAL | (Overfunded) Unfunded AAL- UAAL* | Covered Payroll | UAAL as a Percentage of Covered Payroll** |
|---------------------------|----------------------------------|----------------------------------|-----------------|---|
| (a)                       | (b)                              | (a/b)                            | (c)             | ((b-a)/c)                                 |
| \$ 1,956,444              | \$ 2,097,332                     | 93.28%                           | \$ 237,040      | 59.44%                                    |

The December 31, 2009 funding ratio, as calculated by the actuary, includes the proceeds of the Pension Obligation bonds of \$ 397,797 that were issued in April 2009. In order to facilitate long-term planning, the pension board requested the actuary to include these proceeds in its determination of the plan's fund status as of January 1, 2009.

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

***Countywide Program (excluding Transit System Continued)***

**Funded Status and Actuarial Information (Continued)**

In May 2009, the County and the Retirement System settled its lawsuit against its former actuary in the amount of \$ 29 million.

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

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

The following is a listing of the significant assumptions used by the actuary to determine the Annual Required Contribution for the current year:

|  | <u>ERS</u>                               | <u>OBRA</u>                              |
|--|--|--|
| Valuation Date                         | January 1, 2010                          | January 1, 2010                          |
| Actuarial Cost Method                  | Aggregate Entry Age Normal               | Unit Credit                              |
| Asset Valuation Method                 | 5-year Smoothed Market                   | Market                                   |
| <b>Amortization Methods:</b>           |  |  |
| Contribution Variance                  | Level Dollar, Closed                     | Level Dollar, Closed                     |
| Administrative Expenses                | Level Dollar, Closed                     | Level Dollar, Closed                     |
| All Other Unfunded Liability           | Level Percent of Payroll, Closed         | Level Percent of Payroll, Closed         |
| <b>Remaining Amortization Periods:</b> |  |  |
| Contribution Variance                  | 5 Years                                  | 5 Years                                  |
| Administrative Expenses                | 10 Years                                 | 10 Years                                 |
| All Other Unfunded Liability           | 30 Years                                 | 30 Years                                 |
| <b>Actuarial Assumptions:</b>          |  |  |
| Investment Rate of Return              | 8.0%                                     | 8.0%                                     |
| Rate of Salary Increases               | 3.50%                                    | 3.00%                                    |
| Post-retirement Benefit Increases      | 2.0%, simple                             | 2.0%, simple                             |
| Mortality-Healthy Pensioners           | Sex-Distinct UP-<br>1994 Mortality Table | Sex-Distinct UP-<br>1994 Mortality Table |
| Mortality-Disabled Pensioners          | RP2000 Disabled Mortality Table          | -  |
| Inflation Rate                         | 3.0%                                     | 3.0%                                     |

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

### ***Transit System Program***

#### **Plan Description and Provisions-Transit System Program**

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

Participants become fully vested after five (5) years of continuous credited service. Participants are eligible for normal retirement benefits at age 62 with five years of credited service or a combination of age plus credited service total 85 or more. Participants are eligible for reduced retirement benefits at age 57 with five years of credited service. Effective April 1, 1998, participants who have completed twenty-five or more years of credited service are eligible for normal retirement benefits. Participants may elect to receive their pension benefits in the form of a joint and survivor annuity. The Plan also provided for death and disability benefits.

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

Upon termination of employment before five years of credited service, participants will receive a refund equal to their own employee contributions and interest income at a rate of approximately 2%.

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

### ***Transit System Program (Continued)***

#### **Plan Description and Provisions-Transit System Program (Continued)**

Information concerning the Plan including vesting, benefits and termination provisions may be obtained from the summary plan booklet distributed by Milwaukee Transport Services, Inc.

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

#### **Summary of Significant Accounting Policies- Transit System Program**

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

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

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

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

***Transit System Program (Continued)***

**Summary of Significant Accounting Policies- Transit System Program (Continued)**

recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend is recorded on the ex-dividend date.

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

**Contributions Required and Contributions Made-Transit System Program**

Employees covered under the Plan contribute an amount equal to 15% (10% prior to September 1, 2001) of the actuarially determined contribution necessary to fund the Plan. Milwaukee Transport Services, Inc. contributes an amount equal to 85% (90% prior to September 1, 2001) of the actuarially determined contribution necessary to fund the Plan.

In 2009 and 2008, Milwaukee Transport Services, Inc, was required to make monthly pension contributions payments to the Plan equal to 18.28% and 11.99% respectively, of the gross amount of wages or salaries paid to each employee covered under the Plan, and employees were required to contribute 3.22% in 2009 and 2.11% in 2008 of their gross wages or salaries.

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

| Fiscal Year<br>Ending | Annual<br>Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|-----------------------|---------------------------------|-------------------------------------|------------------------------|
| 12/31/09              | \$ 9,190                        | 100.0%                              | \$ -                         |
| 12/31/08              | 7,243                           | 100.0%                              | -                            |
| 12/31/07              | 7,428                           | 100.0%                              | -                            |

Contributions are designated to fund current service costs as well as to fund, over approximately 30 years, the estimated accrued benefit costs arising from qualifying service that occurred prior to the establishment of the Plan or subsequent Plan amendments. Interest on employee contributions is accumulated at a rate of 2% per year. The Annual Required Contributions for the Transport Employees' Pension Plan were \$ 4,616 and 4,899 for 2009 and 2008 respectively.

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

***Transit System Program (Continued)***

**Funded Status and Actuarial Information-Transit System Program**

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

The Transport Employees' Pension Plan engages an independent actuarial firm to perform an annual actuarial valuation. The funded status of the Plan as of December 31, 2009, the most recent actuarial valuation date, is as follows:

| Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability-<br>AAL<br>(b) | Funded<br>Ratio<br>(a/b) | (Overfunded)<br>Unfunded<br>AAL-<br>UAAL<br>(b-a) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--|--|--------------------------|---|---------------------------|---|
| \$ 318,883                             | \$ 378,310                                       | 84.3%                    | \$ 59,427   | \$ 59,417                 | 100.00%   |

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

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

The following is a listing of the significant assumptions used by the actuary to determine the Annual Required Contribution for the current year:

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

***Transit System Program (Continued)***

**Funded Status and Actuarial Information-Transit System Program  
(Continued)**

|                                   |   |
|-----------------------------------|---|
| Valuation Date                    | January 1, 2010                           |
| Actuarial Cost Method             | Aggregate Entry Age Normal                |
| Asset Valuation Method            | 5-year moving average                     |
| <b>Amortization Methods:</b>      |   |
| Contribution Variance             | Level Dollar                              |
| Administrative Expenses           | Paid by Sponsor                           |
| All Other Unfunded Liability      | 30 years                                  |
| <b>Actuarial Assumptions:</b>     |   |
| Investment Rate of Return         | 8.00%                                     |
| Rate of Salary Increases          | 4.25%                                     |
| Post-retirement Benefit Increases | 2.00%                                     |
| Mortality-Healthy Pensioners      | 1983 Group Annuity Mortality Table        |
| Mortality-Disabled Pensioners     | 1965 Railroad Board<br>Ultimate Mortality |
| Inflation Rate                    | 2%  |

**Note 16 – Reclassification of Internal Service Fund Activities**

Effective January 1, 2009 the County began accounting for the activities of its Fleet Maintenance and Facilities Management divisions as part of the General Fund. Prior to January 1, 2009 these activities were accounted for and reported as part of the Public Works Services Internal Service Fund. As a result of this reclassification, the Public Works Services Internal Service Fund reported a non-operating revenue of \$35,151 in 2009 to recognize the liquidation of the long-term liabilities that were transferred to the General Fund. In addition, the Public Works Services Internal Service Fund reported a non-operating expense of \$47,382 in 2009 to recognize the disposal of capital assets that were transferred to the General Fund.

**Note 17- Pending Governmental Accounting Standards**

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires governmental entities to assign a value to and capitalize intangible assets. GASB defines an intangible asset, as an asset that lacks physical substance, is non-financial in nature, and has a useful life of more than one year. The County is required to implement Statement No. 51 for the fiscal year ending December 31, 2010. The County will

## **Note 17- Pending Governmental Accounting Standards (Continued)**

examine the requirements of this Statement to determine if it is applicable to the County and its potential financial impact.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement requires governmental entities to measure most derivative instruments at fair market value. The County is required to implement Statement No. 53 for the fiscal year ending December 31, 2010. The County will examine the requirements of this Statement to determine if it is applicable to the County and its potential financial impact.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides new fund balance classifications and more clearly defines governmental fund types. The County is required to implement Statement No. 54 for the fiscal year ending December 31, 2011. The County will examine the requirements of this Statement to determine statement's potential financial impact.

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **Schedules of Funding Progress and Employer Contributions**

#### **Employee's Retirement System**

##### **Retirement System**

Substantially all full-time employees of the County are participants in the Employees' Retirement System of the County of Milwaukee (Retirement System), which is a single-employer defined benefit pension plan that is non-contributory.

##### **OBRA**

The County established the OBRA 1990 Retirement System of the County of Milwaukee to cover seasonal and certain temporary employees who are not enrolled in the Retirement System.

##### **Transit System**

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

#### **Other Postemployment Benefits (OPEB)**

##### **Countywide Program**

The County administers single-employer defined benefit healthcare and life insurance plans for retired employees. The plan provides health and life insurance contributions for eligible retirees and their spouses through the County's self-insured health insurance plans and the County's group life insurance plan.

##### **Transit System Program**

Milwaukee Transport Services, Inc provides single-employer defined benefit healthcare and life insurance benefits for retired employees. The retiree healthcare and life insurance benefits are provided pursuant to the general labor agreement between the Transit System and the Amalgamated Transit Union Local 998 and the Office and Professional Employees International Union Local 35.

**County Of Milwaukee**  
**Required Supplementary Information**  
**(Unaudited)**  
**Schedules of Funding Progress – Pension Plan**  
(In Thousands of Dollars)

|                          | Actuarial | Actuarial    | Actuarial    | (Overfunded) |            | UAAL as a  |           |
|--------------------------|-----------|--------------|--------------|--------------|------------|------------|-----------|
|                          | Valuation | Value of     | Liability-   | Unfunded     | Covered    | Percentage |           |
|                          | Date      | Assets       | AAL          | AAL-         | Payroll    | of Covered |           |
|                          |           | (a)          | (b)          | UAAL*        | (c)        | Payroll**  |           |
|                          |           |              |              | (b-a)        |            | ((b-a)/c)  |           |
|                          |           |              |              | Funded       |            |            |           |
|                          |           |              |              | Ratio        |            |            |           |
|                          |           |              |              | (a/b)        |            |            |           |
| <b>Retirement System</b> |           |              |              |              |            |            |           |
|                          | 1/1/10    | \$ 1,956,444 | \$ 2,097,332 | 93.28%       | \$ 140,888 | \$ 237,040 | 59.44%    |
|                          | 1/1/09*** | 1,968,518    | 2,057,377    | 95.68%       | 88,859     | 233,820    | 38.00%    |
|                          | 1/1/08    | 1,627,288    | 2,024,923    | 80.36%       | 397,635    | 227,364    | 174.89%   |
|                          | 1/1/07    | 1,525,532    | 1,931,220    | 78.99%       | 405,688    | 223,005    | 181.92%   |
|                          | 1/1/06    | 1,454,302    | 1,909,321    | 76.17%       | 455,019    | 225,722    | 201.58%   |
|                          | 1/1/05    | 1,424,918    | 1,782,884    | 79.90%       | 357,966    | 209,796    | 170.60%   |
|                          | 1/1/04    | 1,446,726    | 1,707,999    | 84.70%       | 261,273    | 233,478    | 111.90%   |
|                          | 1/1/03    | 1,446,860    | 1,542,045    | 93.80%       | 95,185     | 234,679    | 40.60%    |
|                          | 1/1/02    | 1,620,157    | 1,492,072    | 108.60%      | (128,085)* | 238,387    | (53.7%)** |
|                          | 1/1/01    | 1,670,601    | 1,499,261    | 111.40%      | (171,340)* | 238,195    | (71.9%)** |
| <b>OBRA</b>              |           |              |              |              |            |            |           |
|                          | 1/1/10    | \$ 1,039     | \$ 5,069     | 20.50%       | \$ 4,030   | \$ 6,901   | 58.40%    |
|                          | 1/1/09    | 860          | 4,452        | 19.32%       | 3,592      | 8,498      | 42.27%    |
|                          | 1/1/08    | 1,355        | 4,077        | 33.24%       | 2,722      | 8,284      | 32.86%    |
|                          | 1/1/07    | 1,261        | 3,843        | 32.80%       | 2,582      | 7,057      | 36.60%    |
|                          | 1/1/06    | 1,090        | 3,530        | 30.90%       | 2,440      | 8,353      | 29.20%    |
|                          | 1/1/05    | 944          | 2,872        | 32.90%       | 1,928      | 8,406      | 22.90%    |
|                          | 1/1/04    | 790          | 2,535        | 31.15%       | 1,745      | 8,397      | 20.80%    |
|                          | 1/1/03    | 674          | 2,049        | 32.90%       | 1,376      | 8,596      | 16.00%    |
|                          | 1/1/02    | 662          | 1,890        | 35.00%       | 1,228      | 8,713      | 14.10%    |
|                          | 1/1/01    | 613          | 1,846        | 33.20%       | 1,233      | 8,783      | 14.00%    |

\* 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.

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

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

**County Of Milwaukee**  
**Required Supplementary Information**  
**(Unaudited)**  
**Schedules of Employer Contributions – Pension Plan**  
**For the Year Ended December 31**  
(In Thousands of Dollars)

|                          | Fiscal Year | Annual Pension Costs (APC) | Annual Required Contribution (ARC) | Contribution | Percentage of APC Contributed | Net Pension Obligation (Asset) |
|--------------------------|-------------|----------------------------|------------------------------------|--------------|-------------------------------|--------------------------------|
| <u>Retirement System</u> |             |                            |                                    |              |                               |                                |
|                          | 2009        | \$ 23,803                  | \$ 30,356                          | \$ 457,789   | 1923.24%                      | \$(395,607)                    |
|                          | 2008        | 48,910                     | 53,063                             | 34,913       | 71.38%                        | 38,366                         |
|                          | 2007        | 53,063                     | 52,395                             | 49,289       | 92.89%                        | 24,369                         |
|                          | 2006        | 52,548                     | 52,638                             | 27,435       | 52.21%                        | 25,636                         |
|                          | 2005        | 37,608                     | 37,438                             | 35,415       | 94.17%                        | -                              |
|                          | 2004        | 33,248                     | 33,248                             | 35,249       | 106.02%                       | (2,000)                        |
|                          | 2003        | 25,242                     | 23,131                             | 33,981       | 134.62%                       | -                              |
|                          | 2002        | 8,528                      | 7,536                              | 2,580        | 30.25%                        | 10,914                         |
|                          | 2001        | 8,586                      | 8,586                              | 2,648        | 30.84%                        | 5,938                          |
| <u>OBRA</u>              |             |                            |                                    |              |                               |                                |
|                          | 2009        | \$ 655                     | \$ 661                             | \$ 661       | 100.92%                       | \$ -                           |
|                          | 2008        | 558                        | 558                                | 522          | 93.55%                        | -                              |
|                          | 2007        | 477                        | 486                                | 529          | 110.90%                       | -                              |
|                          | 2006        | 497                        | 499                                | 462          | 92.96%                        | -                              |
|                          | 2005        | 388                        | 386                                | 365          | 94.07%                        | -                              |
|                          | 2004        | 338                        | 338                                | 348          | 102.96%                       | -                              |
|                          | 2003        | 280                        | 280                                | 280          | 100.00%                       | -                              |
|                          | 2002        | 275                        | 275                                | 275          | 100.00%                       | -                              |
|                          | 2001        | 250                        | 250                                | 250          | 100.00%                       | -                              |

**County Of Milwaukee**  
**Required Supplementary Information**  
**(Unaudited)**  
**Schedules of Funding Progress – OPEB**  
(In Thousands of Dollars)

|                               | Actuarial<br>Valuation<br><u>Date</u> | Actuarial<br>Value of<br><u>Assets</u> | Actuarial<br>Accrued<br><u>Liability-</u> | Funded<br><u>Ratio</u> | (Overfunded)<br>Underfunded<br>AAL-<br><u>UAAL</u> | Covered<br><u>Payroll</u> | UAAL as a<br>Percentage<br>of Covered<br><u>Payroll</u> |
|-------------------------------|---------------------------------------|--|---|------------------------|--|---------------------------|---|
| <u>County-wide Program</u>    |                                       |  |   |                        |  |                           |   |
|                               | 1/1/2008                              | \$ -                                   | \$ 1,546,458                              | 0.0%                   | \$ 1,546,458                                       | \$ 118,977                | 1299.8%   |
|                               | 1/1/2006                              | -                                      | 1,313,632                                 | 0.0%                   | 1,313,632  | 99,327                    | 1322.5%   |
| <u>Transit System Program</u> |                                       |  |   |                        |  |                           |   |
|                               | 12/31/2009                            | \$ 19,088                              | \$ 209,963                                | 9.1%                   | \$ 190,875   | \$ 57,356                 | 332.8%  |
|                               | 12/31/2008                            | 12,678                                 | 201,686                                   | 6.3%                   | 189,008  | 63,921                    | 295.7%  |
|                               | 12/31/2006                            | -                                      | 181,862                                   | 0.0%                   | 181,862  | 61,732                    | 294.6%  |

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

**County Of Milwaukee**  
**Required Supplementary Information**  
**(Unaudited)**  
**Schedules of Employer Contributions – OPEB**  
**For the Year Ended December 31**  
(In Thousands of Dollars)

|                               | <u>Fiscal Year</u> | <u>Annual OPEB Costs</u> | <u>Annual Required Contribution</u> | <u>Net Employer Contribution</u> | <u>Net OPEB Obligation</u> | <u>Employer Percentage Contributed</u> |
|-------------------------------|--------------------|--------------------------|-------------------------------------|----------------------------------|----------------------------|--|
| <u>County-Wide Program</u>    |                    |                          |                                     |                                  |                            |  |
|                               | 2009               | \$ 122,482               | \$ 130,752                          | \$ 60,951                        | \$ 170,541                 | 49.8%                                  |
|                               | 2008               | 126,984                  | 130,741                             | 67,496                           | 109,010                    | 53.2%                                  |
|                               | 2007               | 109,598                  | 109,598                             | 60,076                           | 49,522                     | 54.8%                                  |
| <u>Transit System Program</u> |                    |                          |                                     |                                  |                            |  |
|                               | 2009               | \$ 16,828                | \$ 17,034                           | \$ 13,407                        | \$ (10)                    | 79.7%                                  |
|                               | 2008               | 15,137                   | 14,921                              | 16,724                           | (3,431)                    | 110.5%                                 |
|                               | 2007               | 17,189                   | 17,189                              | 19,033                           | (1,844)                    | 110.7%                                 |

**County Of Milwaukee**  
**Required Supplementary Information**  
**(Unaudited)**  
**Schedules of Funding Progress – Transit Pension Plan**  
(In Thousands of Dollars)

|                                  | Actuarial   | Actuarial     | Actuarial         |              | (Overfunded) |                | UAAL as a         |
|----------------------------------|-------------|---------------|-------------------|--------------|--------------|----------------|-------------------|
|                                  | Valuation   | Value of      | Accrued           | Funded       | Underfunded  | Covered        | Percentage        |
|                                  | <u>Date</u> | <u>Assets</u> | <u>Liability-</u> | <u>Ratio</u> | <u>AAL-</u>  | <u>Payroll</u> | <u>of Covered</u> |
|                                  |             |               |                   |              | <u>UAAL</u>  |                | <u>Payroll</u>    |
| <u>Transit Retirement System</u> |             |               |                   |              |              |                |                   |
|                                  | 1/1/10      | \$ 318,883    | \$ 378,311        | 84.3%        | \$ 59,427    | \$ 59,417      | 100.0%            |
|                                  | 1/1/09      | 321,519       | 384,833           | 83.5%        | 63,314       | 61,000         | 103.8%            |
|                                  | 1/1/08      | 351,688       | 375,684           | 93.6%        | 23,995       | 62,000         | 38.7%             |
|                                  | 1/1/07      | 327,134       | 354,337           | 92.3%        | 27,203       | 62,000         | 43.9%             |
|                                  | 1/1/06      | 308,489       | 334,648           | 92.2%        | 26,159       | 63,750         | 41.0%             |
|                                  | 1/1/05      | 293,281       | 312,184           | 94.0%        | 18,802       | 63,350         | 30.1%             |
|                                  | 1/1/04      | 254,519       | 284,683           | 89.4%        | 30,164       | 64,500         | 47.6%             |
|                                  | 1/1/03      | 242,635       | 269,635           | 90.0%        | 27,000       | 64,700         | 41.9%             |
|                                  | 1/1/02      | 239,808       | 254,129           | 94.4%        | 14,321       | 60,500         | 22.1%             |
|                                  | 1/1/01      | 228,820       | 226,884           | 100.9%       | (1,936)      | 58,250         | (3.1%)            |

**County Of Milwaukee**  
**Required Supplementary Information**  
**(Unaudited)**  
**Schedules of Employer Contributions – Transit Pension Plan**  
**For the Year Ended December 31**  
(In Thousands of Dollars)

| <u>Transit System</u> | <u>Fiscal Year</u> | Annual Pension Costs (APC) | Annual Required Contribution (ARC) | <u>Contribution</u> | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------|--------------------|----------------------------|------------------------------------|---------------------|-------------------------------|------------------------|
|                       | 2009               | \$ 9,190                   | \$ 9,190                           | \$ 9,190            | 100.00%                       | \$ -                   |
|                       | 2008               | 7,243                      | 7,243                              | 7,243               | 100.00%                       | -                      |
|                       | 2007               | 7,429                      | 7,429                              | 7,429               | 100.00%                       | -                      |
|                       | 2006               | 7,251                      | 7,251                              | 7,251               | 100.00%                       | -                      |
|                       | 2005               | 7,316                      | 7,316                              | 7,316               | 100.00%                       | -                      |
|                       | 2004               | 7,391                      | 7,391                              | 7,391               | 100.00%                       | -                      |
|                       | 2003               | 6,555                      | 6,555                              | 6,555               | 100.00%                       | -                      |
|                       | 2002               | 5,134                      | 5,134                              | 5,134               | 100.00%                       | -                      |
|                       | 2001               | 4,899                      | 4,899                              | 4,899               | 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, 2009  
 (In Thousands)

|   | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>With Final<br>Budget |
|---|--------------------|------------------|------------------|----------------------------------|
| <b>Revenues:</b>                        |                    |                  |                  |                                  |
| Intergovernmental                       | \$ 345,533         | \$ 388,488       | \$ 364,721       | \$ (23,767)                      |
| Property Taxes                          | 260,237            | 260,286          | 260,724          | 438                              |
| Sales Taxes                             | 67,436             | 67,436           | 58,838           | (8,598)                          |
| Charges for Services                    | 377,272            | 340,565          | 333,104          | (7,461)                          |
| Fines and Forfeits                      | 3,409              | 3,408            | 3,245            | (163)                            |
| Licenses and Permits                    | 490                | 489              | 453              | (36)                             |
| Investment Income and Rents             | 12,684             | 12,609           | 10,108           | (2,501)                          |
| Other                                   | 52,889             | 39,181           | 22,525           | (16,656)                         |
| <b>Total Revenues</b>                   | <u>1,119,950</u>   | <u>1,112,462</u> | <u>1,053,718</u> | <u>(58,744)</u>                  |
| <b>Expenditures:</b>                    |                    |                  |                  |                                  |
| <b>Current:</b>                         |                    |                  |                  |                                  |
| County Board                            | 6,125              | 6,013            | 5,628            | 385                              |
| Department of Audit                     | 2,513              | 2,482            | 2,384            | 98                               |
| Veterans Service                        | 331                | 327              | 281              | 46                               |
| Community Development Business Partners | 901                | 1,070            | 1,159            | (89)                             |
| Procurement                             | 822                | 749              | 659              | 90                               |
| Employee Benefits                       | 2,334              | 2,269            | 2,160            | 109                              |
| Labor Relations                         | 599                | 619              | 537              | 82                               |
| Office for Persons with Disabilities    | 746                | 975              | 855              | 120                              |
| County Executive                        | 1,212              | 1,160            | 943              | 217                              |
| Civil Service Commission                | 62                 | 66               | 54               | 12                               |
| Personnel Review Board                  | 186                | 205              | 202              | 3                                |
| Corporation Counsel                     | 1,878              | 1,975            | 1,635            | 340                              |
| Department of Human Resources           | 4,348              | 5,289            | 3,346            | 1,943                            |
| Department of Administrative Services   | 3,983              | 5,999            | 4,804            | 1,195                            |
| <b>Legislative, Executive and Staff</b> | <u>26,040</u>      | <u>29,198</u>    | <u>24,647</u>    | <u>4,551</u>                     |
| County-funded State Court Services      | 44,241             | 45,705           | 44,979           | 726                              |
| Child Support Enforcement               | 17,065             | 18,016           | 17,065           | 951                              |
| <b>Courts and Judiciary</b>             | <u>61,306</u>      | <u>63,721</u>    | <u>62,044</u>    | <u>1,677</u>                     |
| Election Commission                     | 536                | 619              | 607              | 12                               |
| County Treasurer                        | 1,719              | 1,853            | 1,838            | 15                               |
| County Clerk                            | 708                | 699              | 708              | (9)                              |
| Register of Deeds                       | 4,775              | 5,430            | 4,915            | 515                              |
| <b>General Governmental Services</b>    | <u>7,738</u>       | <u>8,601</u>     | <u>8,068</u>     | <u>533</u>                       |
| Sheriff                                 | 84,752             | 89,632           | 83,347           | 6,285                            |
| House of Correction                     | 49,824             | 49,260           | 48,103           | 1,157                            |
| District Attorney                       | 18,964             | 18,781           | 17,440           | 1,341                            |
| Medical Examiner                        | 4,159              | 4,258            | 4,280            | (22)                             |
| <b>Public Safety</b>                    | <u>157,699</u>     | <u>161,931</u>   | <u>153,170</u>   | <u>8,761</u>                     |

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, 2009  
 (In Thousands)

|  | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>With Final<br>Budget |
|--|--------------------|------------------|------------------|----------------------------------|
| Highway Maintenance  | \$ 14,041          | \$ 14,036        | \$ 13,142        | \$ 894                           |
| Fleet Services   | 9,080              | 9,031            | 6,137            | 2,894                            |
| Facilities Services  | 22,074             | 21,063           | 20,447           | 616                              |
| Administration   | 1,531              | 1,526            | 1,023            | 503                              |
| Public Works and Highways                                    | <u>46,726</u>      | <u>45,656</u>    | <u>40,749</u>    | <u>4,907</u>                     |
| County Health Related Programs                               | 15,686             | 17,103           | 15,038           | 2,065                            |
| Department on Aging  | 18,965             | 19,196           | 16,885           | 2,311                            |
| Department on Aging -- CMO                                   | 262,205            | 222,947          | 218,744          | 4,203                            |
| DHHS - Behavioral Health Division                            | 158,920            | 161,687          | 163,121          | (1,434)                          |
| Department of Human Services                                 | 196,304            | 245,465          | 219,456          | 26,009                           |
| Human Services   | <u>652,080</u>     | <u>666,398</u>   | <u>633,244</u>   | <u>33,154</u>                    |
| Department of Parks  | 40,021             | 40,377           | 38,087           | 2,290                            |
| Zoological Department  | 23,085             | 23,353           | 21,663           | 1,690                            |
| UW Extension Service   | 486                | 493              | 472              | 21                               |
| Other Cultural Organizations                                 | 918                | 1,871            | 736              | 1,135                            |
| Parks, Recreation and Culture                                | <u>64,510</u>      | <u>66,094</u>    | <u>60,958</u>    | <u>5,136</u>                     |
| Total Expenditures   | <u>1,016,099</u>   | <u>1,041,599</u> | <u>982,880</u>   | <u>58,719</u>                    |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | <u>103,851</u>     | <u>70,863</u>    | <u>70,838</u>    | <u>(25)</u>                      |
| Other Financing Sources (Uses):                              |                    |                  |                  |                                  |
| Application of Fund Balance                                  | 7,947              | 7,947            | 7,947            | -                                |
| General Obligation Bonds Issued                              | 176                | 833              | 231              | (602)                            |
| Pension Obligation Bonds Issued                              | -                  | 775              | 775              | -                                |
| Transfers In   | -                  | -                | 12,560           | 12,560                           |
| Transfers Out  | (105,443)          | (73,887)         | (90,562)         | (16,675)                         |
| Transfers To Component Units                                 | (6,531)            | (6,531)          | (6,531)          | -                                |
| Total Other Financing Sources (Uses)                         | <u>(103,851)</u>   | <u>(70,863)</u>  | <u>(75,580)</u>  | <u>(4,717)</u>                   |
| Special Items:   |                    |                  |                  |                                  |
| Proceeds from Legal Settlement                               | -                  | -                | 29,000           | 29,000                           |
| Payment to Employee Retirement System                        | -                  | -                | (29,000)         | (29,000)                         |
| Total Special Items  | <u>-</u>           | <u>-</u>         | <u>-</u>         | <u>-</u>                         |
| Net Change in Fund Balance                                   | -                  | -                | (4,742)          | (4,742)                          |
| Fund Balances -- Beginning                                   | 49,070             | 49,070           | 49,070           | -                                |
| Fund Balances -- Ending                                      | <u>\$ 49,070</u>   | <u>\$ 49,070</u> | <u>\$ 44,328</u> | <u>\$ (4,742)</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, 2009  
 (In Thousands)

|  | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>With Final<br>Budget |
|--|--------------------|------------------|------------------|----------------------------------|
| Revenues:  |                    |                  |                  |                                  |
| Other  | \$ 8,871           | \$ 15,398        | \$ 2,534         | \$ (12,864)                      |
| Total Revenues   | <u>8,871</u>       | <u>15,398</u>    | <u>2,534</u>     | <u>(12,864)</u>                  |
| Expenditures:  |                    |                  |                  |                                  |
| Debt Service:  |                    |                  |                  |                                  |
| Principal Retirement   | 52,294             | 52,294           | 48,164           | 4,130                            |
| Interest and Other Charges                                   | 16,344             | 16,344           | 32,215           | (15,871)                         |
| Total Expenditures   | <u>68,638</u>      | <u>68,638</u>    | <u>80,379</u>    | <u>(11,741)</u>                  |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | <u>(59,767)</u>    | <u>(53,240)</u>  | <u>(77,845)</u>  | <u>(24,605)</u>                  |
| Other Financing Sources (Uses):                              |                    |                  |                  |                                  |
| General Obligation Bonds Issued                              | -                  | -                | 11,160           | 11,160                           |
| Pension Obligation Bonds Issued                              | -                  | -                | 399,225          | 399,225                          |
| Principal Payment - Current Refunding                        | -                  | -                | (9,214)          | (9,214)                          |
| Transfers In   | 59,767             | 53,240           | 69,829           | 16,589                           |
| Total Other Financing Sources (Uses)                         | <u>59,767</u>      | <u>53,240</u>    | <u>471,000</u>   | <u>417,760</u>                   |
| Special Item:  |                    |                  |                  |                                  |
| Contribution to Employee Retirement System                   | -                  | -                | (397,692)        | (397,692)                        |
| Total Special Item   | <u>-</u>           | <u>-</u>         | <u>(397,692)</u> | <u>(397,692)</u>                 |
| Net Change in Fund Balance                                   | -                  | -                | (4,537)          | (4,537)                          |
| Fund Balances - Beginning                                    | 10,757             | 10,757           | 10,757           | -                                |
| Fund Balances - Ending                                       | <u>\$ 10,757</u>   | <u>\$ 10,757</u> | <u>\$ 6,220</u>  | <u>\$ (4,537)</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, 2009  
 (In Thousands)

|  | Original<br>Budget | Final<br>Budget  | Actual           | Variance<br>With Final<br>Budget |
|--|--------------------|------------------|------------------|----------------------------------|
| Revenues:                                    |                    |                  |                  |                                  |
| Intergovernmental                            | \$ 14,452          | \$ 10,458        | \$ 15,819        | \$ 5,361                         |
| Sales Tax                                    | 420                | 420              | 420              | -                                |
| Investment Income and Rents                  | 444                | 1,027            | 547              | (480)                            |
| Other  | 4,123              | 21,561           | 14,909           | (6,652)                          |
| Total Revenues                               | <u>19,439</u>      | <u>33,466</u>    | <u>31,695</u>    | <u>(1,771)</u>                   |
| Expenditures:                                |                    |                  |                  |                                  |
| Capital Outlay                               | 51,908             | 83,127           | 80,030           | 3,097                            |
| Total Expenditures                           | <u>51,908</u>      | <u>83,127</u>    | <u>80,030</u>    | <u>3,097</u>                     |
| Excess (Deficiency) of Revenues Over (Under) |                    |                  |                  |                                  |
| Expenditures                                 | <u>(32,469)</u>    | <u>(49,661)</u>  | <u>(48,335)</u>  | <u>1,326</u>                     |
| Other Financing Sources (Uses):              |                    |                  |                  |                                  |
| General Obligation Bonds Issued              | 32,469             | 78,754           | 78,609           | (145)                            |
| Premium on Debt Issued                       | -                  | -                | 539              | 539                              |
| Discount on Debt Issued                      | -                  | -                | (619)            | (619)                            |
| Transfers In                                 | -                  | -                | 453              | 453                              |
| Transfers Out                                | -                  | -                | (812)            | (812)                            |
| Total Other Financing Sources (Uses)         | <u>32,469</u>      | <u>78,754</u>    | <u>78,170</u>    | <u>(584)</u>                     |
| Net Change in Fund Balance                   | -                  | 29,093           | 29,835           | 742                              |
| Fund Balances - Beginning                    | 11,595             | 11,595           | 11,595           | -                                |
| Fund Balances - Ending                       | <u>\$ 11,595</u>   | <u>\$ 40,688</u> | <u>\$ 41,430</u> | <u>\$ 742</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, 2009  
 (In Thousands)

|  | Original<br><u>Budget</u> | Final<br><u>Budget</u> | <u>Actual</u>    | Variance<br>With Final<br><u>Budget</u> |
|--|---------------------------|------------------------|------------------|---|
| Operating Revenues:  |                           |                        |                  |   |
| Rentals and Other Service Fees   | \$ 63,349                 | \$ 66,599              | \$ 57,431        | \$ (9,168)                              |
| Admissions and Concessions   | 13,618                    | 13,618                 | 13,552           | (66)                                    |
| Total Charges for Services   | <u>76,967</u>             | <u>80,217</u>          | <u>70,983</u>    | <u>(9,234)</u>                          |
| Other Revenues   | 15                        | 15                     | 14               | (1)                                     |
| Total Operating Revenues   | <u>76,982</u>             | <u>80,232</u>          | <u>70,997</u>    | <u>(9,235)</u>                          |
| Operating Expenses:  |                           |                        |                  |   |
| Personnel Services   | 24,824                    | 24,901                 | 19,685           | 5,216                                   |
| Contractual Services   | 18,733                    | 20,769                 | 18,974           | 1,795                                   |
| Intra-County Services  | 9,780                     | 9,519                  | 9,354            | 165                                     |
| Commodities  | 3,699                     | 3,879                  | 4,444            | (565)                                   |
| Depreciation and Amortization  | 12,064                    | 12,064                 | 15,054           | (2,990)                                 |
| Maintenance  | 608                       | 1,678                  | 1,245            | 433                                     |
| Other  | 443                       | 686                    | 337              | 349                                     |
| Total Operating Expenses   | <u>70,151</u>             | <u>73,496</u>          | <u>69,093</u>    | <u>4,403</u>                            |
| Operating Income (Loss)  | <u>6,831</u>              | <u>6,736</u>           | <u>1,904</u>     | <u>(4,832)</u>                          |
| Nonoperating Revenues (Expenses):  |                           |                        |                  |   |
| Intergovernmental Revenues   | 50                        | 50                     | 179              | 129                                     |
| Investment Income  | 1,450                     | 1,450                  | 945              | (505)                                   |
| Interest Expense   | (9,366)                   | (9,366)                | (9,004)          | 362                                     |
| Revenue Bonds  | -                         | 209                    | -                | (209)                                   |
| Total Nonoperating Revenues (Expenses)   | <u>(7,866)</u>            | <u>(7,657)</u>         | <u>(7,880)</u>   | <u>(223)</u>                            |
| Income (Loss) Before Transfers   | (1,035)                   | (921)                  | (5,976)          | (5,055)                                 |
| Add Depreciation on Capital Assets   |                           |                        |                  |   |
| Acquired by Capital Grants that Reduces<br>Contributed Capital From Capital Grants | 2,896                     | 2,896                  | 23,119           | 20,223                                  |
| Transfers In   | -                         | -                      | 1,393            | 1,393                                   |
| Transfers Out  | <u>(1,861)</u>            | <u>(1,975)</u>         | <u>(2,876)</u>   | <u>(901)</u>                            |
| Change in Net Assets   | <u>\$ -</u>               | <u>\$ -</u>            | <u>\$ 15,660</u> | <u>\$ 15,660</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, 2009  
(In Thousands)

|   | Original<br>Budget | Final<br>Budget  | Actual             | Variance<br>With Final<br>Budget |
|---|--------------------|------------------|--------------------|----------------------------------|
| Operating Revenues:                     |                    |                  |                    |                                  |
| Rentals and Other Service Fees          | \$ 120             | \$ 120           | \$ 98              | \$ (22)                          |
| Transit Fares                           | 56,035             | 56,035           | 52,297             | (3,738)                          |
| Total Charges for Services              | 56,155             | 56,155           | 52,395             | (3,760)                          |
| Other Revenues                          | 2,970              | 2,970            | 3,029              | 59                               |
| Total Operating Revenues                | <u>59,125</u>      | <u>59,125</u>    | <u>55,424</u>      | <u>(3,701)</u>                   |
| Operating Expenses:                     |                    |                  |                    |                                  |
| Personnel Services                      | 112,196            | 112,196          | 115,120            | (2,924)                          |
| Contractual Services                    | 29,688             | 29,688           | 30,018             | (330)                            |
| Intra-County Services                   | 1,635              | 1,635            | 1,583              | 52                               |
| Commodities                             | 20,411             | 20,411           | 16,132             | 4,279                            |
| Depreciation and Amortization           | 13,952             | 13,952           | 12,505             | 1,447                            |
| Maintenance                             | 297                | 443              | 562                | (119)                            |
| Other                                   | 2,444              | 2,444            | 1,137              | 1,307                            |
| Total Operating Expenses                | <u>180,623</u>     | <u>180,769</u>   | <u>177,057</u>     | <u>3,712</u>                     |
| Operating Income (Loss)                 | <u>(121,498)</u>   | <u>(121,644)</u> | <u>(121,633)</u>   | <u>11</u>                        |
| Nonoperating Revenues (Expenses):       |                    |                  |                    |                                  |
| Intergovernmental Revenues              | 90,458             | 90,458           | 89,931             | (527)                            |
| Interest Expense                        | (988)              | (988)            | (1,151)            | (163)                            |
| Total Nonoperating Revenues (Expenses)  | <u>89,470</u>      | <u>89,470</u>    | <u>88,780</u>      | <u>(690)</u>                     |
| Income (Loss) Before Transfers          | (32,028)           | (32,174)         | (32,853)           | (679)                            |
| Add Depreciation on Capital Assets      |                    |                  |                    |                                  |
| Acquired by Capital Grants that Reduces |                    |                  |                    |                                  |
| Contributed Capital From Capital Grants | 11,293             | 11,293           | (5,536)            | (16,829)                         |
| Transfers In                            | 20,735             | 20,881           | 23,004             | 2,123                            |
| Change in Net Assets                    | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ (15,385)</u> | <u>\$ (15,385)</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, and compensated absence payouts for BHD retirees.

**Public Works**- Compensated absence payouts for retirees from the Fleet and Facilities divisions.

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

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

COUNTY OF MILWAUKEE  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2009  
 (In Thousands)

|  | Special Revenue Funds |               |                                 |                                  |                  |                         |                 | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------|---------------|---------------------------------|----------------------------------|------------------|-------------------------|-----------------|--|
|  | Zoo                   | Parks         | Persons<br>with<br>Disabilities | Behavioral<br>Health<br>Division | Airport          | Health<br>and<br>Safety | Public<br>Works |  |
| <b>ASSETS</b>                            |                       |               |                                 |                                  |                  |                         |                 |  |
| Cash and Investments                     | \$ 773                | \$ 998        | \$ 123                          | \$ 8,978                         | \$ -             | \$ 136                  | \$ 6,499        | \$ 17,507                                  |
| Cash and Investments -- Restricted       | -                     | -             | -                               | -                                | 22,179           | -                       | -               | 22,179                                     |
| Total Assets                             | <u>\$ 773</u>         | <u>\$ 998</u> | <u>\$ 123</u>                   | <u>\$ 8,978</u>                  | <u>\$ 22,179</u> | <u>\$ 136</u>           | <u>\$ 6,499</u> | <u>\$ 39,686</u>                           |
| <br><b>LIABILITIES AND FUND BALANCES</b> |                       |               |                                 |                                  |                  |                         |                 |  |
| Liabilities:                             |                       |               |                                 |                                  |                  |                         |                 |  |
| Accounts Payable                         | \$ 121                | \$ -          | \$ -                            | \$ -                             | \$ -             | \$ -                    | \$ -            | \$ 121                                     |
| Total Liabilities                        | <u>121</u>            | <u>-</u>      | <u>-</u>                        | <u>-</u>                         | <u>-</u>         | <u>-</u>                | <u>-</u>        | <u>121</u>                                 |
| Fund Balances:                           |                       |               |                                 |                                  |                  |                         |                 |  |
| Reserved                                 | 652                   | 998           | 123                             | 8,978                            | 22,179           | 136                     | 6,499           | 39,565                                     |
| Total Fund Balances                      | <u>652</u>            | <u>998</u>    | <u>123</u>                      | <u>8,978</u>                     | <u>22,179</u>    | <u>136</u>              | <u>6,499</u>    | <u>39,565</u>                              |
| Total Liabilities and Fund Balances      | <u>\$ 773</u>         | <u>\$ 998</u> | <u>\$ 123</u>                   | <u>\$ 8,978</u>                  | <u>\$ 22,179</u> | <u>\$ 136</u>           | <u>\$ 6,499</u> | <u>\$ 39,686</u>                           |

COUNTY OF MILWAUKEE  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2009  
(In Thousands)

|  | Special Revenue Funds |               |                                 |                                  |                  |                         |                 | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------|---------------|---------------------------------|----------------------------------|------------------|-------------------------|-----------------|--|
|  | Zoo                   | Parks         | Persons<br>with<br>Disabilities | Behavioral<br>Health<br>Division | Airport          | Health<br>and<br>Safety | Public<br>Works |  |
| Revenues:  |                       |               |                                 |                                  |                  |                         |                 |  |
| Charges for Services   | \$ 641                | \$ 45         | \$ -                            | \$ -                             | \$ 10,801        | \$ -                    | \$ -            | \$ 11,487                                  |
| Investment Income and Rents                                  | 13                    | 2             | 1                               | -                                | 678              | -                       | -               | 694  |
| Other  | 59                    | 116           | -                               | -                                | -                | -                       | -               | 175  |
| Total Revenues   | <u>713</u>            | <u>163</u>    | <u>1</u>                        | <u>-</u>                         | <u>11,479</u>    | <u>-</u>                | <u>-</u>        | <u>12,356</u>                              |
| Expenditures:  |                       |               |                                 |                                  |                  |                         |                 |  |
| Current:   |                       |               |                                 |                                  |                  |                         |                 |  |
| Public Works and Highways                                    | -                     | -             | -                               | -                                | 23,382           | -                       | 511             | 23,893                                     |
| Human Services   | -                     | -             | 6                               | 366                              | -                | -                       | -               | 372  |
| Parks, Recreation and Culture                                | 746                   | 237           | -                               | -                                | -                | -                       | -               | 983  |
| Total Expenditures   | <u>746</u>            | <u>237</u>    | <u>6</u>                        | <u>366</u>                       | <u>23,382</u>    | <u>-</u>                | <u>511</u>      | <u>25,248</u>                              |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(33)</u>           | <u>(74)</u>   | <u>(5)</u>                      | <u>(366)</u>                     | <u>(11,903)</u>  | <u>-</u>                | <u>(511)</u>    | <u>(12,892)</u>                            |
| Other Financing Sources (Uses)                               |                       |               |                                 |                                  |                  |                         |                 |  |
| Transfers In   | -                     | -             | -                               | -                                | -                | -                       | 7,010           | 7,010                                      |
| Total Other Financing Sources (Uses)                         | <u>-</u>              | <u>-</u>      | <u>-</u>                        | <u>-</u>                         | <u>-</u>         | <u>-</u>                | <u>7,010</u>    | <u>7,010</u>                               |
| Net Changes in Fund Balance                                  | (33)                  | (74)          | (5)                             | (366)                            | (11,903)         | -                       | 6,499           | (5,882)                                    |
| Fund Balances -- Beginning                                   | 685                   | 1,072         | 128                             | 9,344                            | 34,082           | 136                     | -               | 45,447                                     |
| Fund Balances -- Ending                                      | <u>\$ 652</u>         | <u>\$ 998</u> | <u>\$ 123</u>                   | <u>\$ 8,978</u>                  | <u>\$ 22,179</u> | <u>\$ 136</u>           | <u>\$ 6,499</u> | <u>\$ 39,565</u>                           |

# COMBINING STATEMENTS

## Internal Service Funds

### **Internal Service Funds**

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

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

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

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

**Water Utility** – maintains the water distribution system that is located on the Milwaukee County Grounds.

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

COUNTY OF MILWAUKEE  
Combining Balance Sheet  
Internal Service Funds  
December 31, 2009  
(In Thousands)

|   | Information<br>Management<br>Services | Public<br>Works<br>Services | Risk<br>Management | Total            |
|---|---------------------------------------|-----------------------------|--------------------|------------------|
| <b><u>Assets</u></b>  |                                       |                             |                    |                  |
| Current Assets:   |                                       |                             |                    |                  |
| Cash and Investments  | \$ 5,152                              | \$ 4,074                    | \$ 11,320          | \$ 20,546        |
| Accounts Receivable (Net of Allowances<br>for Uncollectible Accounts) | 64                                    | 18                          | -                  | 82               |
| Due From Other Governments  | -                                     | 293                         | -                  | 293              |
| Prepaid Items   | 61                                    | -                           | -                  | 61               |
| Total Current Assets  | <u>5,277</u>                          | <u>4,385</u>                | <u>11,320</u>      | <u>20,982</u>    |
| Capital Assets:   |                                       |                             |                    |                  |
| Construction in Progress  | 998                                   | 1,073                       | -                  | 2,071            |
| Land Improvements   | -                                     | 3,254                       | -                  | 3,254            |
| Building and Improvements   | 1,151                                 | 1,837                       | -                  | 2,988            |
| Furniture, Machinery and Equipment                                    | 34,243                                | 1,103                       | 7                  | 35,353           |
| Total Capital Assets  | <u>36,392</u>                         | <u>7,267</u>                | <u>7</u>           | <u>43,666</u>    |
| Less Accumulated Depreciation   | <u>(28,745)</u>                       | <u>(4,735)</u>              | <u>(6)</u>         | <u>(33,486)</u>  |
| Net Capital Assets  | <u>7,647</u>                          | <u>2,532</u>                | <u>1</u>           | <u>10,180</u>    |
| Total Assets  | <u>\$ 12,924</u>                      | <u>\$ 6,917</u>             | <u>\$ 11,321</u>   | <u>\$ 31,162</u> |
| <b><u>Liabilities</u></b>   |                                       |                             |                    |                  |
| Current Liabilities:  |                                       |                             |                    |                  |
| Accounts Payable  | \$ 443                                | \$ 73                       | \$ 13              | \$ 529           |
| Accrued Interest  | 131                                   | 7                           | -                  | 138              |
| Unearned Revenues   | -                                     | 1                           | -                  | 1                |
| Bonds and Notes Payable - General Obligation                          | 1,735                                 | 47                          | -                  | 1,782            |
| Compensated Absences  | 779                                   | 543                         | 48                 | 1,370            |
| Capital Leases  | -                                     | 5                           | -                  | 5                |
| Risk Claims   | -                                     | -                           | 7,125              | 7,125            |
| Total Current Liabilities   | <u>3,088</u>                          | <u>676</u>                  | <u>7,186</u>       | <u>10,950</u>    |
| Long-Term Liabilities:  |                                       |                             |                    |                  |
| Bonds and Notes Payable - General Obligation                          | 11,223                                | 1,684                       | -                  | 12,907           |
| Compensated Absences  | 952                                   | 814                         | 48                 | 1,814            |
| Capital Leases  | -                                     | 39                          | -                  | 39               |
| Risk Claims   | -                                     | -                           | 3,769              | 3,769            |
| Other Post Employment Benefits  | 2,412                                 | 2,130                       | 309                | 4,851            |
| Total Long-Term Liabilities   | <u>14,587</u>                         | <u>4,667</u>                | <u>4,126</u>       | <u>23,380</u>    |
| Total Liabilities   | <u>17,675</u>                         | <u>5,343</u>                | <u>11,312</u>      | <u>34,330</u>    |
| <b><u>Net Assets (Liabilities)</u></b>                                |                                       |                             |                    |                  |
| Unrestricted  | 560                                   | 817                         | 8                  | 1,385            |
| Invested in Capital Assets, Net of Related Debt                       | <u>(5,311)</u>                        | <u>757</u>                  | <u>1</u>           | <u>(4,553)</u>   |
| Total Net Assets (Liabilities)  | <u>(4,751)</u>                        | <u>1,574</u>                | <u>9</u>           | <u>(3,168)</u>   |
| Total Liabilities and Net Assets                                      | <u>\$ 12,924</u>                      | <u>\$ 6,917</u>             | <u>\$ 11,321</u>   | <u>\$ 31,162</u> |

COUNTY OF MILWAUKEE  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
 Internal Service Funds  
 For The Year Ended December 31, 2009  
 (In Thousands)

|   | Information<br>Management<br>Services | Public<br>Works<br>Services | Risk<br>Management | Total             |
|---|---------------------------------------|-----------------------------|--------------------|-------------------|
| Operating Revenues:                                   |                                       |                             |                    |                   |
| Charges for Services                                  | \$ 15,979                             | \$ 8,907                    | \$ 7,179           | \$ 32,065         |
| Other   | 177                                   | 107                         | 137                | 421               |
| Total Operating Revenues                              | <u>16,156</u>                         | <u>9,014</u>                | <u>7,316</u>       | <u>32,486</u>     |
| Operating Expenses:                                   |                                       |                             |                    |                   |
| Personnel Services                                    | 8,259                                 | 5,884                       | 618                | 14,761            |
| Contractual Services                                  | 4,123                                 | 1,225                       | 50                 | 5,398             |
| Intra-County Services                                 | 363                                   | 1,661                       | 135                | 2,159             |
| Commodities   | 233                                   | 59                          | 2                  | 294               |
| Depreciation and Amortization                         | 2,459                                 | 104                         | 1                  | 2,564             |
| Maintenance   | 20                                    | 856                         | -                  | 876               |
| Insurance and Claims                                  | -                                     | -                           | 6,490              | 6,490             |
| Other   | -                                     | 22                          | -                  | 22                |
| Total Operating Expenses                              | <u>15,457</u>                         | <u>9,811</u>                | <u>7,296</u>       | <u>32,564</u>     |
| Operating Income (Loss)                               | <u>699</u>                            | <u>(797)</u>                | <u>20</u>          | <u>(78)</u>       |
| Nonoperating Revenues (Expenses):                     |                                       |                             |                    |                   |
| Intergovernmental Revenues                            | 220                                   | 443                         | -                  | 663               |
| Reassignment of Long-term Liabilities to General Fund | -                                     | 35,151                      | -                  | 35,151            |
| Reassignment of Capital Assets to General Fund        | -                                     | (47,382)                    | -                  | (47,382)          |
| Interest Expense                                      | (563)                                 | (85)                        | -                  | (648)             |
| Total Nonoperating Revenues<br>(Expenses)             | <u>(343)</u>                          | <u>(11,873)</u>             | <u>-</u>           | <u>(12,216)</u>   |
| Income (Loss) Before Contributions and Transfers      | 356                                   | (12,670)                    | 20                 | (12,294)          |
| Capital Contributions (Returned)                      | (532)                                 | 1,514                       | -                  | 982               |
| Transfers Out   | (2,092)                               | (6,758)                     | (22)               | (8,872)           |
| Change in Net Assets                                  | (2,268)                               | (17,914)                    | (2)                | (20,184)          |
| Net Assets (Liabilities) -- Beginning                 | (2,483)                               | 19,488                      | 11                 | 17,016            |
| Net Assets (Liabilities) -- Ending                    | <u>\$ (4,751)</u>                     | <u>\$ 1,574</u>             | <u>\$ 9</u>        | <u>\$ (3,168)</u> |

COUNTY OF MILWAUKEE  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2009  
(In Thousands)

|  | Information<br>Management<br><u>Services</u> | Public<br>Works<br><u>Services</u> | Risk<br>Management | <u>Total</u>     |
|--|--|------------------------------------|--------------------|------------------|
| <b>Cash Flows Provided (Used) by Operating Activities:</b>                     |  |                                    |                    |                  |
| Receipts from Customers and Users  | \$ 248                                       | \$ 3,702                           | \$ 637             | \$ 4,587         |
| Receipts from Interfund Services   | 15,979                                       | 5,323                              | 6,679              | 27,981           |
| Payments to Suppliers  | (4,273)                                      | (2,130)                            | (6,534)            | (12,937)         |
| Payments to Employees  | (7,392)                                      | (5,227)                            | (496)              | (13,115)         |
| Payments for Interfund Services Used   | (463)  | (1,661)                            | 192                | (1,932)          |
| Net Cash Flows Provided (Used) by Operating Activities                         | <u>4,099</u>                                 | <u>7</u>                           | <u>478</u>         | <u>4,584</u>     |
| <b>Cash Flows Provided (Used) by Noncapital Financing Activities:</b>          |  |                                    |                    |                  |
| Intergovernmental Revenues   | 220  | 439                                | -                  | 659              |
| Transfers (To) Other Funds   | (2,092)                                      | (6,758)                            | (22)               | (8,872)          |
| Net Cash Flows Provided (Used) by Noncapital Financing Activities              | <u>(1,872)</u>                               | <u>(6,319)</u>                     | <u>(22)</u>        | <u>(8,213)</u>   |
| <b>Cash Flows Provided (Used) by Capital and Related Financing Activities:</b> |  |                                    |                    |                  |
| Proceeds from Long-Term Debt   | 1,796  | 438                                | -                  | 2,234            |
| Principal Payment on Long-Term Debt  | (1,825)                                      | -                                  | -                  | (1,825)          |
| Interest Paid on Long-Term Debt  | (551)  | (85)                               | -                  | (636)            |
| Payments on Capital Lease  | -  | (5)                                | -                  | (5)              |
| Acquisition of Capital Assets  | (1,536)                                      | (952)                              | -                  | (2,488)          |
| Net Cash Flows Provided (Used) by Capital and Related Financing Activities     | <u>(2,116)</u>                               | <u>(604)</u>                       | <u>-</u>           | <u>(2,720)</u>   |
| Net Increase (Decrease) in Cash and Cash Equivalents                           | 111  | (6,916)                            | 456                | (6,349)          |
| Cash and Cash Equivalents at Beginning of Year                                 | 5,041  | 10,990                             | 10,864             | 26,895           |
| Cash and Cash Equivalents at End of Year                                       | <u>\$ 5,152</u>                              | <u>\$ 4,074</u>                    | <u>\$ 11,320</u>   | <u>\$ 20,546</u> |

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

|   |                 |             |               |                 |
|---|-----------------|-------------|---------------|-----------------|
| Operating Income (Loss):  | \$ 699          | \$ (797)    | \$ 20         | \$ (78)         |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities: |                 |             |               |                 |
| Depreciation and Amortization   | 2,459           | 104         | 1             | 2,564           |
| (Increase) Decrease in Assets:  |                 |             |               |                 |
| Accounts Receivable   | 1               | 11          | -             | 12              |
| Prepaid Items   | 70              | -           | 2             | 72              |
| Increase (Decrease) in Liabilities:   |                 |             |               |                 |
| Accounts Payable  | 3               | 32          | 6             | 41              |
| Accrued Liabilities   | 11              | 7           | -             | 18              |
| Risk Claims   | -               | -           | 327           | 327             |
| Other Post Retirement Benefits  | 819             | 712         | 110           | 1,641           |
| Compensated Absences  | 37              | (62)        | 12            | (13)            |
| Total Adjustments   | <u>3,400</u>    | <u>804</u>  | <u>458</u>    | <u>4,662</u>    |
| Net Cash Flows Provided (Used) by Operating Activities  | <u>\$ 4,099</u> | <u>\$ 7</u> | <u>\$ 478</u> | <u>\$ 4,584</u> |

## **COMBINING STATEMENTS**

### **Fiduciary Funds**

#### **Agency Funds**

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

COUNTY OF MILWAUKEE  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For The Year Ended December 31, 2009  
(In Thousands)

|   | <u>January 1,<br/>2009</u> | <u>Additions</u>  | <u>Deductions</u> | <u>December 31,<br/>2009</u> |
|---|----------------------------|-------------------|-------------------|------------------------------|
| <b><u>CIVIL COURT ORDERED AGENCY FUND<br/>FOR FAMILY SUPPORT/PAYMENTS</u></b> |                            |                   |                   |                              |
| Cash and Investments  | \$ 11,648                  | \$ 50,312         | \$ 51,420         | \$ 10,540                    |
| <b>Total Assets</b>   | <u>\$ 11,648</u>           | <u>\$ 50,312</u>  | <u>\$ 51,420</u>  | <u>\$ 10,540</u>             |
| Agency Deposits   | \$ 11,648                  | \$ 46,804         | \$ 47,912         | \$ 10,540                    |
| <b>Total Liabilities</b>  | <u>\$ 11,648</u>           | <u>\$ 46,804</u>  | <u>\$ 47,912</u>  | <u>\$ 10,540</u>             |
| <b><u>OTHER AGENCY FUNDS</u></b>  |                            |                   |                   |                              |
| Cash and Investments  | \$ 10,315                  | \$ 89,625         | \$ 90,771         | \$ 9,169                     |
| Other Receivables   | -                          | 28,992            | 28,992            | -                            |
| <b>Total Assets</b>   | <u>\$ 10,315</u>           | <u>\$ 118,617</u> | <u>\$ 119,763</u> | <u>\$ 9,169</u>              |
| Accounts Payable  | \$ 125                     | \$ 8,347          | \$ 8,296          | \$ 176                       |
| Agency Deposits   | 10,190                     | 45,016            | 46,213            | 8,993                        |
| <b>Total Liabilities</b>  | <u>\$ 10,315</u>           | <u>\$ 53,363</u>  | <u>\$ 54,509</u>  | <u>\$ 9,169</u>              |
| <b><u>SUMMARY</u></b>   |                            |                   |                   |                              |
| Cash and Investments  | \$ 21,963                  | \$ 139,937        | \$ 142,191        | \$ 19,709                    |
| Other Receivables   | -                          | 28,992            | 28,992            | -                            |
| <b>Total Assets</b>   | <u>\$ 21,963</u>           | <u>\$ 168,929</u> | <u>\$ 171,183</u> | <u>\$ 19,709</u>             |
| Accounts Payable  | \$ 125                     | \$ 8,347          | \$ 8,296          | \$ 176                       |
| Agency Deposits   | 21,838                     | 91,820            | 94,125            | 19,533                       |
| <b>Total Liabilities</b>  | <u>\$ 21,963</u>           | <u>\$ 100,167</u> | <u>\$ 102,421</u> | <u>\$ 19,709</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 Eight Fiscal Years**  
**(In Thousands)**

|   | <u>Fiscal Year Ended December 31,</u> |                          |                          |                          |                          |                          |                          |                          |
|---|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | <u>2009*</u>                          | <u>2008</u>              | <u>2007**</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       | \$ 198,007                            | \$ 222,474               | \$ 207,437               | \$ 215,539               | \$ 239,957               | \$ 252,316               | \$ 251,485               | \$ 213,207               |
| Restricted For:                                       |                                       |                          |                          |                          |                          |                          |                          |                          |
| Debt  | 6,220                                 | 10,757                   | 6,071                    | 3,594                    | 2,415                    | 8,130                    | 6,862                    | 19,116                   |
| Aging CMO   | 10,012                                | 6,142                    | 5,779                    | -                        | -                        | -                        | -                        | -                        |
| Airport - PFC and Debt                                | 22,179                                | 34,082                   | 32,603                   | 34,128                   | 34,155                   | -                        | -                        | -                        |
| Behavioral Health Divison                             | 8,978                                 | 9,344                    | 9,671                    | -                        | -                        | -                        | -                        | -                        |
| Fleet and Facilities Divisions                        | 6,499                                 | -                        | -                        | -                        | -                        | -                        | -                        | -                        |
| Other   | 1,909                                 | 2,021                    | 1,676                    | 1,872                    | 1,845                    | -                        | (20,064)                 | 240                      |
| Unrestricted  | (122,177)                             | (151,947)                | (77,848)                 | (16,122)                 | (44,305)                 | (30,190)                 | -                        | -                        |
| <b>Subtotal Governmental Activities Net Assets</b>    | <b><u>131,627</u></b>                 | <b><u>132,873</u></b>    | <b><u>185,389</u></b>    | <b><u>239,011</u></b>    | <b><u>234,067</u></b>    | <b><u>230,256</u></b>    | <b><u>238,283</u></b>    | <b><u>232,563</u></b>    |
| <b>Business-type Activities</b>                       |                                       |                          |                          |                          |                          |                          |                          |                          |
| Invested in Capital Assets, Net of Related Debt       | 178,590                               | 177,253                  | 182,931                  | 194,022                  | 174,016                  | 206,060                  | 196,792                  | 197,495                  |
| Restricted For:                                       |                                       |                          |                          |                          |                          |                          |                          |                          |
| Debt  | 14,253                                | 14,000                   | 13,049                   | 12,061                   | 10,328                   | 9,505                    | 8,190                    | 8,194                    |
| Capital Asset Needs                                   | 5,113                                 | 5,115                    | 5,121                    | 4,120                    | 3,414                    | -                        | -                        | -                        |
| Other   | -                                     | -                        | -                        | -                        | -                        | 3,899                    | 5,854                    | 5,854                    |
| Unrestricted  | 5,256                                 | 2,777                    | 2,496                    | 5,424                    | 25,999                   | 3,268                    | 2,831                    | -                        |
| <b>Subtotal Business-type Activities Net Assets</b>   | <b><u>203,212</u></b>                 | <b><u>199,145</u></b>    | <b><u>203,597</u></b>    | <b><u>215,627</u></b>    | <b><u>213,757</u></b>    | <b><u>222,732</u></b>    | <b><u>213,667</u></b>    | <b><u>211,543</u></b>    |
| <b>Primary Government</b>                             |                                       |                          |                          |                          |                          |                          |                          |                          |
| Invested in Capital Assets, Net of Related Debt       | 376,597                               | 399,727                  | 390,368                  | 409,561                  | 413,973                  | 458,376                  | 448,277                  | 410,702                  |
| Restricted For:                                       |                                       |                          |                          |                          |                          |                          |                          |                          |
| Debt  | 20,473                                | 24,757                   | 19,120                   | 15,655                   | 12,743                   | 17,635                   | 15,052                   | 27,310                   |
| Aging Care Maintenance Organization                   | 10,012                                | 6,142                    | 5,779                    | -                        | -                        | -                        | -                        | -                        |
| Airport - PFC and Debt                                | 22,179                                | 34,082                   | 32,603                   | 34,128                   | 34,155                   | -                        | -                        | -                        |
| Behavioral Health Divison                             | 8,978                                 | 9,344                    | 9,671                    | -                        | -                        | -                        | -                        | -                        |
| Fleet and Facilities Divisions                        | 6,499                                 | -                        | -                        | -                        | -                        | -                        | -                        | -                        |
| Capital Asset Needs                                   | 5,113                                 | 5,115                    | 5,121                    | 4,120                    | 3,414                    | -                        | -                        | -                        |
| Other   | 1,909                                 | 2,021                    | 1,676                    | 1,872                    | 1,845                    | 3,899                    | (14,210)                 | 6,094                    |
| Unrestricted  | (116,921)                             | (149,170)                | (75,352)                 | (10,698)                 | (18,306)                 | (26,922)                 | 2,831                    | -                        |
| <b>Total Primary Government Activities Net Assets</b> | <b><u>\$ 334,839</u></b>              | <b><u>\$ 332,018</u></b> | <b><u>\$ 388,986</u></b> | <b><u>\$ 454,638</u></b> | <b><u>\$ 447,824</u></b> | <b><u>\$ 452,988</u></b> | <b><u>\$ 451,950</u></b> | <b><u>\$ 444,106</u></b> |

**Notes:**

(1) 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 externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

\*In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, they had been reported as part of the internal service funds.

\*\*In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, it had been reported as a separate proprietary fund.

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

Statistical Section

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

**Fiscal Year Ended December 31.**

| <b>Expenses (by Function)</b>                         | <b>2009*</b>     | <b>2008</b>      | <b>2007**</b>    | <b>2006</b>      | <b>2005</b>      | <b>2004</b>      | <b>2003</b>      | <b>2002</b>      |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Governmental Activities:</b>                       |                  |                  |                  |                  |                  |                  |                  |                  |
| Legislative, Executive and Staff                      | \$ 52,144        | \$ 54,395        | \$ 70,318        | \$ 65,242        | \$ 70,546        | \$ 65,142        | \$ 56,569        | \$ 60,416        |
| Courts and Judiciary                                  | 63,839           | 67,435           | 64,486           | 58,432           | 56,517           | 54,715           | 52,427           | 49,860           |
| General Governmental Services                         | 7,991            | 8,912            | 8,545            | 9,884            | 8,152            | 8,992            | 8,426            | 8,246            |
| Public Safety   | 148,192          | 180,186          | 178,063          | 146,410          | 138,885          | 136,896          | 128,134          | 115,415          |
| Public Works and Highways                             | 93,756           | 81,522           | 80,433           | 64,445           | 88,133           | 82,543           | 77,079           | 79,991           |
| Human Services  | 648,296          | 675,169          | 637,120          | 398,245          | 363,558          | 345,251          | 320,705          | 281,934          |
| Parks, Recreation and Culture                         | 83,520           | 85,321           | 81,779           | 72,361           | 69,150           | 69,861           | 70,609           | 72,174           |
| Other   | -                | -                | 6,996            | 14,587           | 19,222           | 9,086            | 15,812           | 20,081           |
| Interest on Long-term Debt                            | 35,361           | 16,351           | 15,964           | 16,520           | 17,497           | 17,502           | 20,279           | 17,752           |
| <b>Total Governmental Activities Expenses</b>         | <b>1,133,099</b> | <b>1,169,291</b> | <b>1,143,704</b> | <b>846,126</b>   | <b>831,660</b>   | <b>789,988</b>   | <b>750,040</b>   | <b>705,869</b>   |
| <b>Business-type Activities:</b>                      |                  |                  |                  |                  |                  |                  |                  |                  |
| Airport   | 74,305           | 77,432           | 68,401           | 64,254           | 58,894           | 54,720           | 51,949           | 42,333           |
| Behavioral Health**                                   | -                | -                | -                | 171,064          | 157,233          | 147,055          | 137,908          | 134,958          |
| Transit   | 178,208          | 174,725          | 169,557          | 163,619          | 157,623          | 154,003          | 148,710          | 144,946          |
| <b>Total Business-type Activities Expenses</b>        | <b>252,513</b>   | <b>252,157</b>   | <b>237,958</b>   | <b>398,937</b>   | <b>373,750</b>   | <b>355,778</b>   | <b>338,567</b>   | <b>322,237</b>   |
| <b>Total Primary Government Expenses</b>              | <b>1,385,612</b> | <b>1,421,448</b> | <b>1,381,662</b> | <b>1,245,063</b> | <b>1,205,410</b> | <b>1,145,766</b> | <b>1,088,607</b> | <b>1,028,106</b> |
| <b>Program Revenues (by Function)</b>                 |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Governmental Activities:</b>                       |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Charges for Services</b>                           |                  |                  |                  |                  |                  |                  |                  |                  |
| Legislative, Executive and Staff                      | 5,811            | 4,806            | 10,153           | 8,838            | 10,494           | 10,397           | 7,777            | 2,870            |
| Courts and Judiciary                                  | 4,758            | 6,209            | 4,854            | 3,597            | 3,527            | 3,574            | 3,176            | 4,343            |
| General Governmental Services                         | 4,782            | 5,181            | 5,785            | 6,314            | 7,144            | 6,132            | 6,922            | 5,737            |
| Public Safety   | 10,500           | 11,337           | 6,494            | 5,233            | 3,938            | 4,962            | 4,532            | 10,101           |
| Public Works and Highways                             | 27,746           | 27,321           | 32,106           | 35,975           | 39,441           | 38,589           | 25,926           | 309              |
| Human Services  | 286,763          | 319,912          | 286,465          | 179,628          | 163,613          | 133,412          | 110,966          | 95,197           |
| Parks, Recreation and Culture                         | 31,726           | 33,104           | 26,543           | 26,607           | 25,639           | 23,742           | 21,220           | 25,451           |
| Other   | -                | -                | -                | -                | -                | -                | -                | 2,908            |
| <b>Operating Grants and Contributions</b>             |                  |                  |                  |                  |                  |                  |                  |                  |
| Legislative, Executive and Staff                      | 355              | 4,839            | 19,513           | 19,125           | 19,733           | 18,749           | 17,425           | 16,271           |
| Courts and Judiciary                                  | 22,063           | 21,595           | 24,857           | 24,249           | 23,272           | 23,667           | 20,676           | 22,207           |
| General Governmental Services                         | 79               | 247              | 82               | 121              | 100              | 167              | 122              | 161              |
| Public Safety   | 17,967           | 21,766           | 19,148           | 19,906           | 19,133           | 23,845           | 14,955           | 18,556           |
| Public Works and Highways                             | 16,913           | 17,280           | 23,170           | 24,976           | 37,612           | 21,399           | 8,568            | 12,554           |
| Human Services  | 261,271          | 259,845          | 252,592          | 182,859          | 169,708          | 162,599          | 146,917          | 138,407          |
| Parks, Recreation and Culture                         | 680              | 4,001            | 1,272            | 1,368            | 1,227            | 1,480            | (3,498)          | 257              |
| Other   | -                | -                | -                | -                | -                | -                | 3,247            | -                |
| <b>Capital Grants and Contributions</b>               |                  |                  |                  |                  |                  |                  |                  |                  |
| Legislative, Executive and Staff                      | -                | 1,164            | 1,046            | -                | 3,484            | -                | -                | -                |
| Courts and Judiciary                                  | -                | -                | -                | -                | -                | -                | -                | -                |
| General Governmental Services                         | -                | -                | -                | -                | -                | -                | -                | -                |
| Public Safety   | -                | -                | -                | -                | -                | 4,835            | 2,997            | 550              |
| Public Works and Highways                             | 30,638           | 5,231            | 2,183            | -                | (74)             | 33,652           | -                | -                |
| Human Services  | -                | -                | -                | -                | -                | -                | -                | -                |
| Parks, Recreation and Culture                         | 2,074            | -                | -                | -                | -                | 1,215            | -                | -                |
| <b>Total Governmental Activities Program Revenues</b> | <b>724,126</b>   | <b>743,838</b>   | <b>716,263</b>   | <b>538,796</b>   | <b>527,991</b>   | <b>512,416</b>   | <b>391,928</b>   | <b>355,879</b>   |

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

Fiscal Year Ended December 31.

|  | <u>2009*</u>     | <u>2008</u>        | <u>2007**</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  | \$ 70,997        | \$ 74,221          | \$ 64,559          | \$ 61,744        | \$ 55,599         | \$ 52,146        | \$ 48,515        | \$ 39,650        |
| Behavioral Health**  | -                | -                  | -                  | 62,873           | 59,870            | 58,494           | 52,270           | 54,974           |
| Transit  | 55,424           | 56,501             | 52,443             | 53,936           | 47,757            | 45,592           | 44,063           | 41,975           |
| Operating Grants and Contributions                             |                  |                    |                    |                  |                   |                  |                  |                  |
| Airport  | 179              | -                  | 35                 | 216              | 312               | 1,158            | 562              | 2,421            |
| Behavioral Health**  | -                | -                  | -                  | 69,135           | 61,136            | 54,780           | 56,632           | 56,340           |
| Transit  | 89,931           | 88,522             | 82,513             | 79,162           | 79,133            | 77,108           | 76,646           | 72,894           |
| Capital Grants and Contributions                               |                  |                    |                    |                  |                   |                  |                  |                  |
| Airport  | 23,119           | 10,354             | 8,124              | 8,445            | 7,371             | -                | 5,006            | 14,168           |
| Behavioral Health**  | -                | -                  | -                  | 45               | (826)             | -                | (32)             | (670)            |
| Transit  | (5,536)          | 569                | 1,408              | 1,758            | 582               | -                | 11,374           | 11,406           |
| <b>Total Business-type Activities</b>                          |                  |                    |                    |                  |                   |                  |                  |                  |
| <b>Program Revenues</b>  | <u>234,114</u>   | <u>230,167</u>     | <u>209,082</u>     | <u>337,314</u>   | <u>310,934</u>    | <u>289,278</u>   | <u>295,036</u>   | <u>293,158</u>   |
| <b>Total Primary Government</b>                                |                  |                    |                    |                  |                   |                  |                  |                  |
| <b>Program Revenues</b>  | <u>958,240</u>   | <u>974,005</u>     | <u>925,345</u>     | <u>876,110</u>   | <u>838,925</u>    | <u>801,694</u>   | <u>686,964</u>   | <u>649,037</u>   |
| <b>Net (Expense)/ Revenue</b>                                  |                  |                    |                    |                  |                   |                  |                  |                  |
| Governmental Activities  | (408,973)        | (425,453)          | (427,441)          | (307,330)        | (303,668)         | (277,572)        | (358,112)        | (349,990)        |
| Business-type Activities                                       | (18,399)         | (21,990)           | (28,876)           | (61,623)         | (62,816)          | (66,500)         | (43,531)         | (29,079)         |
| <b>Total Primary Net (Expense)/ Revenue</b>                    | <u>(427,372)</u> | <u>(447,443)</u>   | <u>(456,317)</u>   | <u>(368,953)</u> | <u>(366,484)</u>  | <u>(344,072)</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   | 260,724          | 251,495            | 243,144            | 234,317          | 228,628           | 220,612          | 221,265          | 220,702          |
| Sales Taxes  | 59,258           | 67,112             | 63,613             | 63,654           | 62,673            | 60,498           | 59,788           | 58,122           |
| Intergovernmental Revenues Not Related to                      |                  |                    |                    |                  |                   |                  |                  |                  |
| Specific Programs  | 46,056           | 39,734             | 42,387             | 41,332           | 40,242            | 40,472           | 74,590           | 65,305           |
| Investment Income  | 7,120            | 13,516             | 16,329             | 12,185           | 4,839             | 4,444            | 10,207           | 16,656           |
| Gain on Sale of Capital Assets                                 | -                | 146                | 96                 | 93               | 93                | 725              | 182              | 735              |
| Proceeds from Settlement of Lawsuit                            | 29,000           | -                  | -                  | -                | -                 | -                | -                | -                |
| Other Revenue  | 27,090           | 17,037             | 22,997             | 22,456           | 23,813            | 17,534           | 42,609           | 31,901           |
| Transfers  | (21,521)         | (16,103)           | (19,073)           | (61,764)         | (52,809)          | (74,739)         | (44,809)         | (36,485)         |
| <b>Total Governmental Activities</b>                           | <u>407,727</u>   | <u>372,937</u>     | <u>369,493</u>     | <u>312,273</u>   | <u>307,479</u>    | <u>269,546</u>   | <u>363,832</u>   | <u>356,936</u>   |
| Business-type Activities:                                      |                  |                    |                    |                  |                   |                  |                  |                  |
| Investment Income  | 945              | 1,417              | 2,070              | 1,698            | 1,001             | 794              | 872              | -                |
| Gain on Sale of Capital Assets                                 | -                | 18                 | 29                 | 31               | 31                | 32               | (26)             | -                |
| Transfers  | 21,521           | 16,103             | 19,073             | 61,764           | 52,809            | 74,739           | 44,809           | 36,485           |
| <b>Total Business-type Activities</b>                          | <u>22,466</u>    | <u>17,538</u>      | <u>21,172</u>      | <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>430,193</u>   | <u>390,475</u>     | <u>390,665</u>     | <u>375,766</u>   | <u>361,320</u>    | <u>345,111</u>   | <u>409,487</u>   | <u>393,421</u>   |
| <b><u>Change in Net Assets</u></b>                             |                  |                    |                    |                  |                   |                  |                  |                  |
| Governmental Activities  | (1,246)          | (52,516)           | (57,948)           | 4,944            | 3,811             | (8,026)          | 5,720            | 6,946            |
| Business-type Activities                                       | 4,067            | (4,452)            | (7,704)            | 1,870            | (8,975)           | 9,065            | 2,124            | 7,406            |
| <b>Total Primary Government</b>                                | <u>\$ 2,821</u>  | <u>\$ (56,968)</u> | <u>\$ (65,652)</u> | <u>\$ 6,814</u>  | <u>\$ (5,164)</u> | <u>\$ 1,039</u>  | <u>\$ 7,844</u>  | <u>\$ 14,352</u> |

**Notes:**

\*In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, they had been reported as separate internal service funds.

\*\*In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, it had been reported as a separate proprietary fund.

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

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

Fiscal Year Ending December 31

|  | <u>2009*</u>      | <u>2008</u>       | <u>2007**</u>     | <u>2006</u>      | <u>2005</u>      | <u>2004</u>      | <u>2003</u>      | <u>2002</u>      | <u>2001</u>      | <u>2000</u>      |
|--|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>General Fund</b>                          |                   |                   |                   |                  |                  |                  |                  |                  |                  |                  |
| Reserved For:                                |                   |                   |                   |                  |                  |                  |                  |                  |                  |                  |
| Reserved for 2011 Appropriations             | \$ 4,144          | \$ -              | \$ -              | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| Reserved for 2010 Appropriations             | 4,144             | 4,144             | -                 | -                | -                | -                | -                | -                | -                | -                |
| Reserved for 2009 Appropriations             | -                 | 7,947             | 7,947             | -                | -                | -                | -                | -                | -                | -                |
| Reserved for 2008 Appropriations             | -                 | -                 | 4,901             | 4,901            | -                | -                | -                | -                | -                | -                |
| Reserved for 2007 Appropriations             | -                 | -                 | -                 | 4,664            | 4,664            | -                | -                | -                | -                | -                |
| Reserved for 2006 Appropriations             | -                 | -                 | -                 | -                | (1,573)          | (1,573)          | -                | -                | -                | -                |
| Reserved for 2005 Appropriations             | -                 | -                 | -                 | -                | -                | (3,534)          | (3,534)          | -                | -                | -                |
| Reserved for 2004 Appropriations             | -                 | -                 | -                 | -                | -                | -                | 4,010            | 4,010            | -                | -                |
| Reserved for 2003 Appropriations             | -                 | -                 | -                 | -                | -                | -                | -                | 708              | 708              | -                |
| Reserved for 2002 Appropriations             | -                 | -                 | -                 | -                | -                | -                | -                | -                | 3,305            | 3,305            |
| Reserved for 2001 Appropriations             | -                 | -                 | -                 | -                | -                | -                | -                | -                | -                | 4,193            |
| Reserved for Prepaid Items                   | -                 | -                 | -                 | -                | -                | -                | -                | -                | -                | 3,561            |
| Reserved for Encumbrances                    | 6,205             | 9,349             | 11,810            | 22,617           | 15,516           | 9,208            | 8,685            | 7,970            | 9,054            | 4,223            |
| Reserved for Aging CMO                       | 10,012            | 6,142             | 5,779             | -                | -                | -                | -                | -                | -                | -                |
| Reserved for Inventories                     | 1,837             | 1,012             | 1,269             | 1,156            | 1,023            | 1,191            | 1,299            | 1,913            | 1,933            | 2,018            |
| Reserved for Delinquent Property Tax         | 13,558            | 10,487            | 8,278             | 5,522            | 3,999            | 3,555            | 3,245            | 2,560            | 2,300            | 2,800            |
| Unreserved:                                  |                   |                   |                   |                  |                  |                  |                  |                  |                  |                  |
| Designated for Economic Development          | 196               | 201               | 200               | 150              | 138              | 137              | 211              | 138              | 100              | 55               |
| Designated for Housing                       | 813               | 2,193             | 1,954             | 270              | 267              | -                | -                | 2                | -                | 265              |
| Designated for Aging CMO                     | 437               | 4,115             | 4,919             | -                | -                | -                | -                | -                | -                | -                |
| Designated for Investments                   | 2,561             | 3,480             | 1,217             | -                | -                | -                | 506              | 2,017            | 2,017            | -                |
| <b>Subtotal General Fund</b>                 | <b>43,907</b>     | <b>49,070</b>     | <b>48,274</b>     | <b>39,280</b>    | <b>24,034</b>    | <b>8,984</b>     | <b>14,422</b>    | <b>19,318</b>    | <b>19,417</b>    | <b>20,420</b>    |
| <b>All Other Governmental Funds</b>          |                   |                   |                   |                  |                  |                  |                  |                  |                  |                  |
| Reserved For:                                |                   |                   |                   |                  |                  |                  |                  |                  |                  |                  |
| Reserved for Debt Service                    | 6,220             | 10,757            | 6,071             | 5,573            | 2,979            | 8,130            | 12,006           | 19,116           | 12,274           | 7,652            |
| Reserved for Encumbrances                    | 64,468            | 11,595            | 17,983            | 7,987            | 8,455            | 12,302           | 13,834           | 28,041           | 36,244           | 40,939           |
| Reserved for Other                           | -                 | -                 | -                 | -                | -                | 23               | -                | -                | -                | -                |
| Reserved for Health and Safety               | 136               | 136               | 112               | 70               | 46               | -                | -                | -                | -                | -                |
| Reserved for Zoo                             | 652               | 685               | 587               | 553              | 541              | 559              | 664              | 794              | 1,114            | 765              |
| Reserved for Parks                           | 998               | 1,072             | 853               | 711              | 658              | 501              | 256              | 394              | 716              | 657              |
| Reserved for Persons with Disabilities       | 123               | 128               | 124               | 115              | 122              | 101              | 102              | 104              | 92               | 88               |
| Reserved for Behavioral Health Division**    | 8,978             | 9,344             | 9,671             | 423              | 478              | 490              | 536              | 540              | 517              | 494              |
| Reserved for Airport - PFC and Debt          | 22,179            | 34,082            | 32,603            | 34,128           | 34,155           | 21,529           | 23,495           | 16,981           | 28,234           | 25,828           |
| Reserved for Fleet and Facilities Divisions* | 6,499             | -                 | -                 | -                | -                | -                | -                | -                | -                | -                |
| <b>Subtotal All Other Governmental Funds</b> | <b>110,253</b>    | <b>67,799</b>     | <b>68,004</b>     | <b>49,560</b>    | <b>47,434</b>    | <b>43,635</b>    | <b>50,893</b>    | <b>65,970</b>    | <b>79,191</b>    | <b>76,423</b>    |
| <b>Total Governmental Funds Balance</b>      | <b>\$ 154,160</b> | <b>\$ 116,869</b> | <b>\$ 116,278</b> | <b>\$ 88,840</b> | <b>\$ 71,468</b> | <b>\$ 52,619</b> | <b>\$ 65,315</b> | <b>\$ 85,288</b> | <b>\$ 98,608</b> | <b>\$ 96,843</b> |

\*In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, they had been reported as separate internal service funds.

\*\*In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, it had been reported as a separate proprietary fund.

Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

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

Fiscal Year Ending December 31

|  | <u>2009*</u>     | <u>2008</u>      | <u>2007**</u>    | <u>2006</u>      | <u>2005</u>      | <u>2004</u>        | <u>2003</u>        | <u>2002</u>        | <u>2001</u>     | <u>2000</u>     |
|--|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|-----------------|-----------------|
| <b>Revenues:</b>   |                  |                  |                  |                  |                  |                    |                    |                    |                 |                 |
| Intergovernmental  | \$ 380,540       | \$ 365,495       | \$ 370,814       | \$ 302,975       | \$ 299,179       | \$ 310,503         | \$ 296,554         | \$ 283,923         | \$ 315,763      | \$ 368,362      |
| Property Taxes   | 260,724          | 251,495          | 243,144          | 234,317          | 228,628          | 220,612            | 221,265            | 220,430            | 209,178         | 198,485         |
| Sales Taxes  | 59,258           | 67,112           | 63,613           | 63,654           | 62,673           | 61,123             | 59,788             | 58,122             | 57,941          | 55,772          |
| Charges for Services   | 344,591          | 379,907          | 347,478          | 239,891          | 224,005          | 190,711            | 166,523            | 140,413            | 97,026          | 68,324          |
| Fines and Forfeits   | 3,245            | 3,375            | 3,571            | 3,616            | 2,823            | 3,129              | 2,909              | 3,276              | 3,660           | 3,692           |
| Licenses and Permits   | 453              | 978              | 552              | 634              | 442              | 443                | 413                | 399                | 440             | 464             |
| Investment Income and Rents                                      | 11,352           | 17,679           | 20,411           | 16,288           | 8,741            | 7,952              | 10,207             | 16,656             | 19,003          | 20,271          |
| Other  | 40,142           | 36,208           | 34,510           | 34,907           | 37,888           | 35,370             | 42,743             | 37,220             | 46,618          | 42,265          |
| <b>Total Revenues</b>  | <b>1,100,305</b> | <b>1,122,249</b> | <b>1,084,093</b> | <b>896,282</b>   | <b>864,379</b>   | <b>829,843</b>     | <b>800,402</b>     | <b>760,439</b>     | <b>749,629</b>  | <b>757,635</b>  |
| <b>Expenditures:</b>   |                  |                  |                  |                  |                  |                    |                    |                    |                 |                 |
| Legislative, Executive and Staff                                 | 22,191           | 26,688           | 36,094           | 37,729           | 38,774           | 38,246             | 39,257             | 39,462             | 32,577          | 28,697          |
| Courts and Judiciary   | 59,984           | 69,274           | 61,120           | 56,964           | 57,456           | 55,748             | 52,862             | 50,889             | 39,753          | 35,360          |
| General Governmental Services                                    | 7,395            | 7,628            | 7,886            | 7,731            | 8,203            | 6,608              | 6,775              | 6,662              | 4,267           | 4,398           |
| Public Safety  | 146,994          | 166,832          | 147,082          | 136,634          | 136,398          | 135,596            | 126,758            | 122,089            | 100,006         | 97,851          |
| Public Works and Highways*                                       | 64,062           | 28,482           | 28,621           | 19,154           | 16,532           | 16,553             | 13,489             | 13,008             | 10,370          | 10,441          |
| Human Services**   | 628,574          | 657,004          | 618,062          | 394,619          | 362,770          | 345,208            | 322,025            | 283,826            | 261,461         | 279,924         |
| Parks, Recreation and Culture                                    | 66,806           | 66,799           | 66,414           | 64,194           | 62,984           | 62,485             | 66,853             | 68,574             | 53,095          | 52,203          |
| Other  | -                | 10,905           | 3,231            | 10,102           | 18,737           | 37,663             | 8,097              | 9,539              | 52,278          | 48,301          |
| Capital Outlay   | 56,994           | 49,938           | 33,587           | 45,608           | 48,182           | 77,409             | 81,413             | 103,373            | 83,342          | 95,966          |
| Debt Service:  |                  |                  |                  |                  |                  |                    |                    |                    |                 |                 |
| Principal Retirement   | 48,164           | 38,677           | 31,063           | 28,437           | 24,657           | 20,132             | 35,826             | 26,733             | 36,150          | 34,374          |
| Interest   | 32,215           | 15,476           | 15,473           | 15,025           | 16,232           | 16,035             | 18,267             | 16,570             | 19,199          | 18,833          |
| <b>Total Expenditures</b>  | <b>1,133,379</b> | <b>1,137,703</b> | <b>1,048,633</b> | <b>816,197</b>   | <b>790,925</b>   | <b>811,683</b>     | <b>771,622</b>     | <b>740,725</b>     | <b>692,498</b>  | <b>706,348</b>  |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | <b>(33,074)</b>  | <b>(15,454)</b>  | <b>35,460</b>    | <b>80,085</b>    | <b>73,454</b>    | <b>18,160</b>      | <b>28,780</b>      | <b>19,714</b>      | <b>57,131</b>   | <b>51,287</b>   |
| <b>Other Financing Sources (Uses)</b>                            |                  |                  |                  |                  |                  |                    |                    |                    |                 |                 |
| General Obligation Bonds Issued                                  | 90,000           | 30,860           | 33,625           | 31,595           | 24,610           | 26,950             | 25,623             | 40,783             | 40,356          | 46,750          |
| Contribution from Reserves                                       | -                | -                | -                | -                | -                | -                  | -                  | -                  | -               | 130             |
| Premium/(Discount) on Debt Issued                                | (80)             | 31               | -                | 2,121            | 518              | -                  | (80)               | -                  | -               | -               |
| Refunding Bonds Issued   | -                | 3,252            | -                | -                | 55,248           | -                  | 114,270            | 51,402             | 43,557          | -               |
| Payment to Refunded Bond Escrow Agent                            | -                | -                | -                | -                | (54,821)         | -                  | (82,326)           | (49,857)           | (43,042)        | -               |
| Payment on Current Refunded Bonds                                | (9,214)          | -                | -                | -                | -                | -                  | (30,943)           | -                  | -               | -               |
| Pension Obligation Bonds Issued                                  | 400,000          | -                | -                | -                | -                | -                  | -                  | -                  | -               | -               |
| Contribution to Employee Retirement System                       | (426,692)        | -                | -                | -                | -                | -                  | -                  | -                  | -               | -               |
| Debt Issuance Costs  | -                | -                | -                | -                | -                | -                  | -                  | -                  | -               | -               |
| Proceeds from Legal Settlement                                   | 29,000           | -                | -                | -                | -                | -                  | -                  | -                  | -               | -               |
| Wisconsin State Trust Fund Bonds Issued                          | -                | -                | -                | -                | -                | 18,627             | -                  | -                  | -               | -               |
| Transfers In   | 89,852           | 54,950           | 137,797          | 42,366           | 58,972           | 42,090             | 44,950             | 57,147             | 93,066          | 37,094          |
| Transfers Out  | (102,501)        | (73,048)         | (190,547)        | (138,795)        | (139,132)        | (118,523)          | (120,247)          | (132,509)          | (190,728)       | (132,501)       |
| <b>Total Other Financing Sources (Uses)</b>                      | <b>70,365</b>    | <b>16,045</b>    | <b>(19,125)</b>  | <b>(62,713)</b>  | <b>(54,605)</b>  | <b>(30,856)</b>    | <b>(48,753)</b>    | <b>(33,034)</b>    | <b>(56,791)</b> | <b>(48,527)</b> |
| <b>Net Change in Fund Balances</b>                               | <b>\$ 37,291</b> | <b>\$ 591</b>    | <b>\$ 16,335</b> | <b>\$ 17,372</b> | <b>\$ 18,849</b> | <b>\$ (12,696)</b> | <b>\$ (19,973)</b> | <b>\$ (13,320)</b> | <b>\$ 340</b>   | <b>\$ 2,760</b> |
| <b>Debt Service as a Percentage of Noncapital Expenditures</b>   | <b>7.47%</b>     | <b>4.98%</b>     | <b>4.58%</b>     | <b>5.64%</b>     | <b>5.51%</b>     | <b>4.93%</b>       | <b>7.84%</b>       | <b>6.79%</b>       | <b>9.09%</b>    | <b>8.72%</b>    |

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\*\*In 2007, the County began reporting the activities of its Behavioral Health Division (BHD) as part of the General Fund. Prior to 2007, it had been reported as a separate proprietary fund.

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> |
|-------------|-----------------------|--------------------------------|---|-----------------------------------|------------------------------|-------------------------------------|---|--|
| <b>2000</b> | \$ 196,038            | \$ 189,973                     | 96.9%                                     | \$ 6,375                          | \$ 196,348                   | \$ 8,471                            | 100.2%  | 4.3%   |
| <b>2001</b> | 206,729               | 200,158                        | 96.8%                                     | 8,138                             | 208,296                      | 7,683                               | 100.8%  | 3.7%   |
| <b>2002</b> | 218,789               | 211,132                        | 96.5%                                     | 7,375                             | 218,507                      | 8,615                               | 99.9%   | 3.9%   |
| <b>2003</b> | 219,487               | 213,028                        | 97.1%                                     | 7,658                             | 220,686                      | 8,148                               | 100.5%  | 3.7%   |
| <b>2004</b> | 219,429               | 212,312                        | 96.8%                                     | 7,778                             | 220,090                      | 8,316                               | 100.3%  | 3.8%   |
| <b>2005</b> | 225,884               | 219,183                        | 97.0%                                     | 7,888                             | 227,071                      | 7,966                               | 100.5%  | 3.5%   |
| <b>2006</b> | 232,593               | 223,931                        | 96.3%                                     | 7,862                             | 231,793                      | 9,243                               | 99.7%   | 4.0%   |
| <b>2007</b> | 241,048               | 230,958                        | 95.8%                                     | 8,424                             | 239,382                      | 11,778                              | 99.3%   | 4.9%   |
| <b>2008</b> | 249,887               | 237,159                        | 94.9%                                     | 9,501                             | 246,660                      | 15,850                              | 98.7%   | 6.3%   |
| <b>2009</b> | 264,102               | 248,732                        | 94.2%                                     | 13,041                            | 261,773                      | 17,995                              | 99.1%   | 6.8%   |

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

**County of Milwaukee, Wisconsin  
Equalized Value of Taxable Property  
Last Ten Fiscal Years  
(In Thousands)**

| Fiscal<br>Year<br>Ended<br>December 31 | Real Property |               |               |              |             |          |           | Subtotal<br>Real<br>Property | Personal<br>Property | Total         |
|--|---------------|---------------|---------------|--------------|-------------|----------|-----------|------------------------------|----------------------|---------------|
|  | Residential   | Commercial    | Manufacturing | Agricultural | Undeveloped | Forest   | Other     |                              |                      |               |
| 2000                                   | \$ 24,659,199 | \$ 10,562,127 | \$ 1,293,959  | \$ 3,646     | \$ 1,114    | \$ 6,925 | \$ 17,743 | \$ 36,544,713                | \$ 1,685,616         | \$ 38,230,329 |
| 2001                                   | 26,940,262    | 11,634,447    | 1,354,008     | 3,408        | 1,503       | 7,525    | 20,227    | 39,961,380                   | 1,812,732            | 41,774,112    |
| 2002                                   | 28,940,897    | 12,196,646    | 1,415,096     | 1,824        | 2,724       | 8,474    | 21,173    | 42,586,834                   | 1,692,790            | 44,279,624    |
| 2003                                   | 31,166,329    | 13,012,921    | 1,404,688     | 1,300        | 1,535       | 8,648    | 22,474    | 45,617,895                   | 1,648,770            | 47,266,665    |
| 2004                                   | 34,014,070    | 14,182,468    | 1,393,938     | 1,581        | 767         | 9,064    | 23,060    | 49,624,948                   | 1,528,412            | 51,153,360    |
| 2005                                   | 37,974,709    | 15,641,660    | 1,405,059     | 1,238        | 763         | 7,443    | 23,924    | 55,054,796                   | 1,625,890            | 56,680,686    |
| 2006                                   | 42,355,573    | 18,062,700    | 1,438,619     | 1,334        | 1,133       | 6,224    | 25,660    | 61,891,243                   | 1,717,938            | 63,609,181    |
| 2007                                   | 44,452,500    | 19,336,150    | 1,489,362     | 1,318        | 861         | 51       | 25,265    | 65,305,507                   | 1,813,776            | 67,119,283    |
| 2008                                   | 44,933,692    | 19,653,568    | 1,551,601     | 987          | 3,190       | 295      | 26,559    | 66,169,892                   | 2,054,176            | 68,224,068    |
| 2009                                   | 43,426,050    | 19,907,219    | 1,487,194     | 1,169        | 2,059       | 149      | 25,583    | 64,849,423                   | 1,986,731            | 66,836,154    |

Source: Wisconsin Department of Revenue

County of Milwaukee, Wisconsin

Statistical Section

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

| <u>Year</u> | <u>General<br/>County<br/>Purposes</u> | <u>State Forestry<br/>and SEWRPC<br/>Tax</u> | <u>Total</u> |
|-------------|--|--|--------------|
| 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         |
| 2007        | 3.91                                   | 0.19   | 4.10         |
| 2008        | 3.88                                   | 0.17   | 4.05         |
| 2009        | 3.95                                   | 0.18   | 4.13         |

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

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

**Fiscal Year Ending December 31**

|                        | <b><u>2009</u></b> | <b><u>2008</u></b> | <b><u>2007</u></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> |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Milwaukee County       | \$ 3.95            | \$ 3.88            | \$ 3.91            | \$ 4.24            | \$ 4.54            | \$ 4.76            | \$ 5.07            | \$ 5.36            | \$ 5.52            | \$ 5.47            |
| <b><u>Villages</u></b> |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Bayside                | 23.19              | 21.53              | 21.21              | 22.28              | 22.98              | 25.17              | 25.04              | 28.45              | 27.22              | 28.70              |
| Brown Deer             | 25.60              | 24.43              | 28.99              | 27.24              | 27.22              | 26.64              | 32.03              | 31.00              | 32.07              | 31.37              |
| Fox Point              | 27.15              | 26.58              | 26.52              | 25.51              | 25.39              | 25.66              | 24.61              | 35.63              | 33.25              | 32.72              |
| Greendale              | 24.53              | 23.13              | 23.25              | 23.47              | 24.15              | 27.76              | 28.30              | 28.60              | 28.52              | 27.75              |
| Hales Corners          | 22.19              | 21.22              | 20.94              | 27.05              | 27.20              | 26.32              | 25.90              | 32.51              | 31.84              | 31.29              |
| River Hills            | 23.23              | 21.06              | 22.30              | 21.86              | 22.81              | 22.14              | 30.56              | 30.15              | 30.00              | 29.11              |
| Shorewood              | 24.63              | 23.60              | 23.46              | 33.76              | 32.27              | 33.75              | 33.27              | 32.17              | 29.78              | 28.11              |
| West Milwaukee         | 28.66              | 27.78              | 27.89              | 27.19              | 33.36              | 32.19              | 31.80              | 30.46              | 38.38              | 39.31              |
| Whitefish Bay          | 21.30              | 20.28              | 20.12              | 27.71              | 34.49              | 34.36              | 35.80              | 36.45              | 37.59              | 29.68              |
| <b><u>Cities</u></b>   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Cudahy                 | 24.13              | 24.16              | 25.22              | 23.64              | 24.05              | 26.71              | 26.32              | 27.91              | 28.27              | 28.96              |
| Franklin               | 25.12              | 24.38              | 22.57              | 26.19              | 26.75              | 26.43              | 30.13              | 30.34              | 28.97              | 31.41              |
| Glendale               | 24.12              | 23.87              | 22.85              | 22.38              | 22.27              | 29.92              | 28.27              | 26.53              | 26.48              | 25.49              |
| Greenfield             | 21.58              | 27.09              | 25.88              | 25.70              | 25.88              | 25.23              | 24.30              | 31.46              | 30.93              | 29.80              |
| Milwaukee*             | 25.98              | 24.03              | 23.13              | 22.42              | 24.50              | 25.86              | 26.17              | 27.25              | 29.56              | 28.01              |
| Oak Creek              | 20.57              | 20.19              | 19.29              | 22.15              | 21.50              | 22.53              | 27.21              | 26.73              | 26.80              | 29.77              |
| St. Francis            | 24.69              | 27.72              | 26.86              | 25.68              | 25.68              | 26.02              | 34.10              | 33.76              | 31.58              | 30.38              |
| South Milwaukee        | 22.38              | 21.81              | 21.29              | 27.90              | 27.53              | 26.55              | 25.09              | 24.93              | 29.40              | 29.13              |
| Wauwatosa              | 21.15              | 20.32              | 20.03              | 19.28              | 26.08              | 25.08              | 24.64              | 23.49              | 31.49              | 30.48              |
| West Allis             | 24.59              | 23.79              | 23.57              | 22.73              | 26.28              | 26.29              | 28.60              | 27.83              | 31.33              | 30.63              |

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

\*Tax rates for the City of Milwaukee prior to 2006 are from the City of Milwaukee, Wisconsin Comprehensive Annual Financial Report.

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

**For the Year ending December 31, 2009\***

| <u>Company</u>                          | <u>Type of Business</u> | <u>Full<br/>Market Value</u> | <u>Percent of<br/>County<br/>Equalized<br/>Value</u> |
|---|-------------------------|------------------------------|--|
| Northwestern Mutual Life Insurance Co   | Insurance               | \$ 348,466                   | 521.37%  |
| Bayshore Town Center LLC                | Real Estate             | 345,365                      | 516.73%  |
| Mayfair Property Inc                    | Shopping Mall           | 290,293                      | 434.33%  |
| US Bank Corporation                     | Banking                 | 272,627                      | 407.90%  |
| Metropolitan Associates                 | Real Estate             | 143,607                      | 214.86%  |
| Southridge Mall LLC                     | Real Estate             | 138,389                      | 207.06%  |
| Marcus Corp/Milw City Center/Pfister    | Hotels, Theaters        | 132,330                      | 197.99%  |
| Wheaton Franciscan Healthcare           | Health Care             | 115,589                      | 172.94%  |
| Columbia St Mary's                      | Health Care             | 112,188                      | 167.86%  |
| Harley-Davidson                         | Manufacturer            | 111,802                      | 167.28%  |
| M & I Marshall & Ilsley Bank            | Banking                 | 107,337                      | 160.60%  |
| Towne Realty                            | Real Estate             | 101,910                      | 152.48%  |
| Nnn 411 East Wisconsin LLC              | Real Estate             | 97,271                       | 145.54%  |
| Crichton-Hauck/Shoreline/Juneau Village | Real Estate             | 96,445                       | 144.30%  |
| Centerpoint Properties                  | Real Estate             | 78,781                       | 117.87%  |

**For the Year ending December 31, 2000\*\***

| <u>Company</u>                                  | <u>Type of Business</u>              | <u>Full<br/>Market Value</u> | <u>Percent of<br/>County<br/>Equalized<br/>Value</u> |
|---|--------------------------------------|------------------------------|--|
| First Security Bank                             | Banking                              | \$ 195,235                   | 0.51%  |
| Teacher's Ins Annuity                           | Insurance                            | 178,007                      | 0.47%  |
| Northwestern Mutual Life                        | Life Insurance                       | 172,249                      | 0.45%  |
| Mayfair Property Inc                            | Shopping Mall                        | 166,278                      | 0.43%  |
| JMB Realty Company                              | Real Estate Development              | 145,042                      | 0.38%  |
| Towne Realty                                    | Real Estate Development              | 97,061                       | 0.25%  |
| Metropolitan Associates                         | Real Estate Development              | 92,841                       | 0.24%  |
| Harley Davidson                                 | Mfg., Motorcycles                    | 92,466                       | 0.24%  |
| Marcus Corporation                              | Hotels, Theaters and Restaurants     | 90,835                       | 0.24%  |
| M&I Marshall & Ilsley Bank                      | Banking                              | 90,204                       | 0.24%  |
| Great Lakes                                     | Real Estate Development              | 77,224                       | 0.20%  |
| Miller Brewing Company                          | Mfg., Beer and Aluminum Containers   | 70,351                       | 0.18%  |
| Bank One Wisconsin Corp.                        | Banking                              | 57,680                       | 0.15%  |
| Time Warner                                     | Cable Company                        | 56,866                       | 0.15%  |
| Rockwell Automation<br>(formerly Allen Bradley) | Mfg., Electrical/Electronic Products | 54,723                       | 0.14%  |

\*Source: Wisconsin Department of Revenue

\*\*Source: For the year ending December 31, 2000, County of Milwaukee, Wisconsin  
Comprehensive Annual Financial Reports

**County of Milwaukee, Wisconsin  
Outstanding Debt by Type  
Last Ten Fiscal Years  
(In Thousands)**

| Fiscal Year<br>Ended<br>December 31 | <u>Governmental Activities</u> |                   | <u>Business-Type Activities</u> |                  |                   | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income* | Debt<br>Per<br>Capita |
|-------------------------------------|--------------------------------|-------------------|---------------------------------|------------------|-------------------|--------------------------------|--------------------------------------|-----------------------|
|                                     | General<br>Obligation<br>Bonds | Capital<br>Leases | General<br>Obligation<br>Bonds  | Revenue<br>Bonds | Capital<br>Leases |                                |                                      |                       |
| 2000                                | \$ 421,671                     | \$ -              | \$ 72,788                       | \$ 83,565        | \$ -              | \$ 578,024                     | 4.66%                                | \$ 605                |
| 2001                                | 418,523                        | -                 | 68,393                          | 83,565           | -                 | 570,481                        | 5.01%                                | 607                   |
| 2002                                | 420,987                        | -                 | 69,352                          | 80,355           | -                 | 570,694                        | 5.14%                                | 606                   |
| 2003                                | 405,168                        | -                 | 65,861                          | 83,457           | -                 | 554,486                        | 5.39%                                | 589                   |
| 2004                                | 425,707                        | -                 | 62,092                          | 115,797          | -                 | 603,596                        | 5.07%                                | 643                   |
| 2005                                | 420,674                        | -                 | 58,917                          | 146,987          | -                 | 626,578                        | 5.01%                                | 667                   |
| 2006                                | 418,112                        | -                 | 45,891                          | 170,619          | -                 | 634,622                        | 5.25%                                | 666                   |
| 2007                                | 422,851                        | -                 | 29,475                          | 184,213          | 400               | 636,939                        | 5.38%                                | 670                   |
| 2008                                | 410,818                        | 4,503             | 26,443                          | 176,815          | 245               | 618,824                        | 5.69%                                | 659                   |
| 2009                                | 836,667                        | 4,077             | 29,880                          | 183,630          | 381               | 1,054,635                      | Unavailable                          | 1,132                 |

Personal income for 2009 is not available for Milwaukee County, therefore, outstanding debt as a percentage of total personal income can not be presented as of the date of the Financial Statements.

\*Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, Regional Income Division - April 2010  
Source: County of Milwaukee, Wisconsin Comprehensive Annual Financial Reports

**County of Milwaukee, Wisconsin**  
**Ratio of General Obligation Bonded Debt to Equalized Valuation**  
**And General Obligation Bonded Debt Per Capita**  
**Last Ten Fiscal Years**  
**(In Thousands)**

| <u>Year</u> | <u>Population*</u> | <u>Equalized Value*</u> | <u>Bonded Debt*</u> | <u>Percent of Debt to Equalized Value</u> | <u>Bonded Debt Per Capita</u> |
|-------------|--------------------|-------------------------|---------------------|---|-------------------------------|
| 2000        | 955                | \$ 38,230,329           | \$ 494,459          | 1.29%                                     | \$ 518                        |
| 2001        | 940                | 41,774,112              | 486,916             | 1.17%                                     | 518                           |
| 2002        | 941                | 44,279,624              | 487,129             | 1.10%                                     | 518                           |
| 2003        | 941                | 47,266,665              | 467,444             | 0.99%                                     | 497                           |
| 2004        | 939                | 51,153,360              | 482,859             | 0.94%                                     | 514                           |
| 2005        | 939                | 56,680,686              | 473,723             | 0.84%                                     | 504                           |
| 2006        | 952                | 63,609,182              | 456,597             | 0.72%                                     | 480                           |
| 2007        | 951                | 67,119,283              | 452,326             | 0.67%                                     | 476                           |
| 2008        | 938                | 68,224,068              | 437,261             | 0.64%                                     | 466                           |
| 2009        | 932                | 66,836,154              | 866,547             | 1.30%                                     | 930                           |

\* Amounts expressed in thousands.

Source: Wisconsin Dept. of Administration - Demographic Services Center / U.S. Census.

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

|   | <u>Fiscal Year Ended December 31,</u> |                     |                     |                     |                     |
|---|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
|   | <u>2009</u>                           | <u>2008</u>         | <u>2007</u>         | <u>2006</u>         | <u>2005</u>         |
| Equalized Valuation as Determined by the<br>Supervisor of Assessments of the Wisconsin<br>Department of Revenue | \$ 66,836,154                         | \$ 68,224,068       | \$ 67,119,283       | \$ 63,609,182       | \$ 56,680,686       |
| Debt Limit Rate   | 5%                                    | 5%                  | 5%                  | 5%                  | 5%                  |
| Debt Limit  | 3,341,808                             | 3,411,203           | 3,355,964           | 3,180,459           | 2,834,034           |
| Bonds and Notes Outstanding:  |                                       |                     |                     |                     |                     |
| Milwaukee County  |                                       |                     |                     |                     |                     |
| General Obligation Bonds and Notes*   | (866,547)                             | (437,261)           | (452,326)           | (456,597)           | (473,723)           |
| <b>Legal Debt Margin</b>  | <b>\$ 2,475,261</b>                   | <b>\$ 2,973,942</b> | <b>\$ 2,903,638</b> | <b>\$ 2,723,862</b> | <b>\$ 2,360,311</b> |

|   | <u>Fiscal Year Ended December 31,</u> |                     |                     |                     |                     |
|---|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
|   | <u>2004</u>                           | <u>2003</u>         | <u>2002</u>         | <u>2001</u>         | <u>2000</u>         |
| Equalized Valuation as Determined by the<br>Supervisor of Assessments of the Wisconsin<br>Department of Revenue | \$ 51,153,360                         | \$ 47,266,665       | \$ 44,279,624       | \$ 41,774,112       | \$ 37,472,121       |
| Debt Limit Rate   | 5%                                    | 5%                  | 5%                  | 5%                  | 5%                  |
| Debt Limit  | 2,557,668                             | 2,363,333           | 2,213,981           | 2,088,706           | 1,873,606           |
| Bonds and Notes Outstanding:  |                                       |                     |                     |                     |                     |
| Milwaukee County  |                                       |                     |                     |                     |                     |
| General Obligation Bonds and Notes*   | (482,859)                             | (467,444)           | (487,129)           | (486,916)           | (494,459)           |
| <b>Legal Debt Margin</b>  | <b>\$ 2,074,809</b>                   | <b>\$ 1,895,889</b> | <b>\$ 1,726,852</b> | <b>\$ 1,601,790</b> | <b>\$ 1,379,147</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, 2009**

|                                       | <u>Net Debt</u>            | <u>Percent</u>    | <u>Amount</u>              |
|---------------------------------------|----------------------------|-------------------|----------------------------|
| <u>Direct</u>                         | <u>Outstanding</u>         | <u>Applicable</u> | <u>Applicable</u>          |
| County of Milwaukee                   | \$ 866,547                 | 100.0%            | \$ 866,547                 |
| <b><u>Overlapping</u></b>             |                            |                   |                            |
| <b><u>Villages</u></b>                |                            |                   |                            |
| Bayside                               | 11,009                     | 96.1%             | 10,585                     |
| Brown Deer                            | 8,320                      | 100.0%            | 8,320                      |
| Fox Point                             | 13,975                     | 100.0%            | 13,975                     |
| Greendale                             | 335                        | 100.0%            | 335                        |
| Hales Corners                         | 8,832                      | 100.0%            | 8,832                      |
| River Hills                           | 3,450                      | 100.0%            | 3,450                      |
| Shorewood                             | 17,658                     | 100.0%            | 17,658                     |
| West Milwaukee                        | 7,872                      | 100.0%            | 7,872                      |
| Whitefish Bay                         | 19,245                     | 100.0%            | 19,245                     |
| <b><u>Cities</u></b>                  |                            |                   |                            |
| Cudahy                                | 33,695                     | 100.0%            | 33,695                     |
| Franklin                              | 45,165                     | 100.0%            | 45,165                     |
| Glendale                              | 16,320                     | 100.0%            | 16,320                     |
| Greenfield                            | 27,110                     | 100.0%            | 27,110                     |
| Milwaukee                             | 696,254                    | 100.0%            | 696,254                    |
| Oak Creek                             | 6,875                      | 100.0%            | 6,875                      |
| South Milwaukee                       | 24,480                     | 100.0%            | 24,480                     |
| St. Francis                           | -                          | 0.0%              | -                          |
| Wauwatosa                             | 46,386                     | 100.0%            | 46,386                     |
| West Allis                            | 80,093                     | 100.0%            | 80,093                     |
| <b><u>School Districts</u></b>        |                            |                   |                            |
| Brown Deer                            | 8,449                      | 100.0%            | 8,449                      |
| Cudahy                                | 13,876                     | 100.0%            | 13,876                     |
| Foxpoint/Bayside                      | 3,160                      | 97.9%             | 3,095                      |
| Franklin                              | 9,860                      | 100.0%            | 9,860                      |
| Glendale-River Hills                  | 5,660                      | 100.0%            | 5,660                      |
| Greendale                             | 13,510                     | 100.0%            | 13,510                     |
| Greenfield                            | 60,010                     | 100.0%            | 60,010                     |
| Maple Dale/Indian Hill                | 3,500                      | 100.0%            | 3,500                      |
| Milwaukee Area Technical College      | 81,890                     | 81.9%             | 67,050                     |
| Milwaukee Public                      | 108,220                    | 100.0%            | 108,212                    |
| Nicolet High School                   | 1,475                      | 99.4%             | 1,466                      |
| Oak Creek/Franklin                    | 57,560                     | 100.0%            | 57,560                     |
| St. Francis                           | 1,756                      | 100.0%            | 1,756                      |
| Shorewood                             | 12,875                     | 100.0%            | 12,875                     |
| South Milwaukee                       | 46,505                     | 100.0%            | 46,505                     |
| Wauwatosa                             | 2,745                      | 100.0%            | 2,745                      |
| West Allis/West Milwaukee             | 42,300                     | 93.5%             | 39,554                     |
| Whitefish Bay                         | 1,385                      | 100.0%            | 1,385                      |
| Whitnall                              | 3,180                      | 100.0%            | 3,180                      |
| <b>Metropolitan Sewerage District</b> | <u>892,726</u>             | 99.9%             | <u>892,068</u>             |
| <b>Total Overlapping Debt</b>         | <u><b>2,437,716</b></u>    | <b>99.2%</b>      | <u><b>2,418,966</b></u>    |
| <b><u>TOTAL</u></b>                   | <u><b>\$ 3,304,263</b></u> | <b>99.4%</b>      | <u><b>\$ 3,285,513</b></u> |

Source: Milwaukee County Dept of Admin, 4/10 survey of taxing jurisdictions

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

| <u>Year</u> | <u>Population (1)</u> | <u>Per Capita<br/>Personal<br/>Income (2)</u> | <u>Public<br/>School<br/>Enrollment (4)</u> | <u>Private<br/>School<br/>Enrollment (4)</u> | <u>Unemployment<br/>Rate (5)</u> |
|-------------|-----------------------|---|---|--|----------------------------------|
| 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               | 33,001 (3)                                    | 147,773                                     | 38,434                                       | 5.9%                             |
| 2006        | 952,315               | 35,008 (3)                                    | 146,269                                     | 38,363                                       | 5.7%                             |
| 2007        | 951,252               | 36,006 (3)                                    | 143,566                                     | 39,801                                       | 6.0%                             |
| 2008        | 938,490               | 36,880 (3)                                    | 141,942                                     | 39,795                                       | 5.9% (6)                         |
| 2009        | 931,830               | Unavailable                                   | 140,241                                     | 39,996                                       | 9.3%                             |

(1) Source: Wisconsin Dept. of Administration - Demographic Services Center / U.S. Census.

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

(3) Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, Regional Income Division - April 2010

(4) Source: Wisconsin Dept. of Public Instruction

(5) Source: Wisconsin Dept. of Workforce Development and Federal Bureau of Labor Statistics

(6) Source: Wisconsin Dept. of Workforce Development - Office of Economic Advisors

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

**For the Year ending December 31, 2009\***

| <b>Employer</b>                        | <b>Type of Business or Service</b>                             | <b>Number of Employees</b> |
|--|--|----------------------------|
| Aurora Health Care Inc.                | Health Care System   | 21,570                     |
| Wheaton Franciscan Healthcare          | Health Care System   | 9,371                      |
| Wal-Mart Stores Inc.                   | Discount Retail Store  | 7,682                      |
| Roundy's Supermarkets Inc.             | Retail Supermarkets  | 6,800                      |
| Quad/Graphics Inc.                     | Commercial Printer   | 6,600                      |
| GE Healthcare                          | Medical Equipment/Services                                     | 6,000                      |
| Kohl's Corp.                           | Retail Department Store  | 5,920                      |
| Columbia St. Mary's Health System      | Health Care System   | 5,371                      |
| Northwestern Mutual Life Insurance Co. | Insurance, Investment Products and Personal Investment Advisor | 5,000                      |
| Medical College of Wisconsin           | Medical School   | 4,833                      |

**For the Year ending December 31, 2000\*\***

| <b>Employer</b>                                       | <b>Type of Business or Service</b> | <b>Number of Employees</b> |
|---|------------------------------------|----------------------------|
| Milwaukee Public Schools                              | Education                          | 11,352                     |
| Aurora Health Care                                    | Health Care                        | 10,566                     |
| City of Milwaukee                                     | Government                         | 7,700                      |
| Milwaukee County                                      | Government                         | 7,310                      |
| U.S. Government<br>(Excludes Zablocki Medical Center) | Government                         | 6,353                      |
| Covenant Health Care                                  | Health Care                        | 5,552                      |
| M&I Marshall & Illsley                                | Banking/Finance and Data Svcs      | 4,957                      |
| Columbia - St. Mary's Inc. Hospital                   | Health Care                        | 4,200                      |
| Northwestern Mutual Life Insurance Co.                | Insurance                          | 3,948                      |
| Medical College of Wisconsin                          | Medical School                     | 3,806                      |

\*Source: For the year ending December 31, 2009, The Business Journal's Book of Lists 2009, December 25, 2009  
Note: 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: Department of Administration January 2001 survey.  
Wisconsin Department of Workforce Development quarterly report, "Employment and Wages".

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

|                                   | <u>Fiscal Year Ended December 31</u> |              |              |              |              |              |              |              |              |              |
|-----------------------------------|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                   | <u>2009</u>                          | <u>2008</u>  | <u>2007</u>  | <u>2006</u>  | <u>2005</u>  | <u>2004</u>  | <u>2003</u>  | <u>2002</u>  | <u>2001</u>  | <u>2000</u>  |
| <b>Function</b>                   |                                      |              |              |              |              |              |              |              |              |              |
| Legislative, Executive, and Staff | 296                                  | 311          | 343          | 371          | 369          | 356          | 373          | 400          | 440          | 425          |
| Courts and Judiciary              | 423                                  | 423          | 433          | 456          | 471          | 475          | 510          | 466          | 541          | 510          |
| General Governmental Services     | 56                                   | 60           | 69           | 68           | 67           | 63           | 69           | 68           | 69           | 68           |
| Public Safety                     | 1,507                                | 1,554        | 1,531        | 1,553        | 1,577        | 1,604        | 1,701        | 1,791        | 1,789        | 1,785        |
| Public Works and Highways         | 578                                  | 585          | 587          | 583          | 646          | 639          | 657          | 722          | 721          | 714          |
| Human Services                    | 1,771                                | 1,825        | 1,799        | 1,818        | 1,820        | 1,771        | 1,887        | 1,990        | 2,092        | 2,444        |
| Parks, Recreation, and Culture    | 587                                  | 658          | 660          | 612          | 620          | 654          | 683          | 813          | 858          | 884          |
| <b>Total</b>                      | <u>5,218</u>                         | <u>5,416</u> | <u>5,422</u> | <u>5,461</u> | <u>5,570</u> | <u>5,562</u> | <u>5,880</u> | <u>6,250</u> | <u>6,510</u> | <u>6,830</u> |
| <b>County-wide totals</b>         |                                      |              |              |              |              |              |              |              |              |              |
| Regular                           | 4,808                                | 4,837        | 4,814        | 4,898        | 5,056        | 4,980        | 5,465        | 5,793        | 6,077        | 6,318        |
| Seasonal                          | 410                                  | 579          | 608          | 563          | 514          | 582          | 415          | 457          | 433          | 512          |

Source: County of Milwaukee, Wisconsin Payroll System

**County of Milwaukee, Wisconsin  
Operating Indicators by Function  
Fiscal Year Ended December 31, 2009**

| Function   |         |  |           |
|--|---------|--|-----------|
| <b>Legislative, Executive, and Staff</b>                             |         |  |           |
| <b>Audit</b>   |         |  |           |
| Financial/Internal Control Audits (hrs)                              | 458     |  |           |
| Performance Audits (hrs)   | 11,344  |  |           |
| Special Projects/Hotline Activities (hrs)                            | 4,567   |  |           |
| Accounts Reconciled  | 740     |  |           |
| <b>Procurement</b>   |         |  |           |
| Purchase Orders  | 1,457   |  |           |
| Formal Bids  | 83      |  |           |
| Informal Bids  | 61      |  |           |
| Request for Proposal   | 3       |  |           |
| Quotes   | 209     |  |           |
| General Awards   | 1,101   |  |           |
| <b>Human Resources</b>   |         |  |           |
| Tuition Loans Processed  | 57      |  |           |
| On-Line Applications Processed                                       | 40,000  |  |           |
| Job Requisitions Requested (06/27/08 - 12/13/08)                     | 405     |  |           |
| Certification Requests Processed                                     | 405     |  |           |
| Current Positions Studied for Proper Classification                  | 64      |  |           |
| New Positions Studied for Proper Classification                      | 9       |  |           |
| <b>Public Safety</b>   |         |  |           |
| <b>Medical Examiner</b>  |         |  |           |
| Autopsies  | 1,050   |  |           |
| Death Certificates   | 1,644   |  |           |
| Cremation Permits  | 3,393   |  |           |
| Death Investigated   | 5,181   |  |           |
| <b>District Attorney</b>   |         |  |           |
| Felony Cases Filed   | 5,845   |  |           |
| Misdemeanor Cases Filed  | 6,646   |  |           |
| Criminal Traffic Cases Filed   | 5,534   |  |           |
| CHIPS Cases Filed  | 1,533   |  |           |
| Juvenile Delinquency Cases Filed                                     | 1,818   |  |           |
| Termination of Parental Rights Cases Filed                           | 346     |  |           |
| <b>Sheriff</b>   |         |  |           |
| Traffic Citations  | 35,725  |  |           |
| Auto Accidents Reported and Investigated                             | 3,965   |  |           |
| Background Checks*   | 469     |  |           |
| Criminal Complaints Issued   | 3,944   |  |           |
| Bookings   | 38,426  |  |           |
| Writs of Assistance (Foreclosures)                                   | 806     |  |           |
| Writs of Restitution (Evictions)                                     | 2,807   |  |           |
| Temporary Restraining Orders Received                                | 5,536   |  |           |
| 911 Phone Calls  | 536,404 |  |           |
| Civil Process Papers Served  | 22,851  |  |           |
| Open Records Requests  | 4,333   |  |           |
| Number of Bailiff Posts  | 78      |  |           |
| Probation and Parole Hearings  | 931     |  |           |
| <b>County Correctional Facility-South (fka House of Corrections)</b> |         |  |           |
| Avg Daily Population-Milwaukee County Jail Overflow                  | 889     |  |           |
| Huber/Work Release   | 504     |  |           |
| Probation and Parole   | 132     |  |           |
| Municipal Commitments  | 67      |  |           |
| Sentenced Inmates  | 579     |  |           |
| Electronic Surveillance  | 223     |  |           |
| Total Inmate Population  | 2,171   |  |           |
| <b>Public Works and Highways</b>                                     |         |  |           |
| County Truck Highways Maintained (Lane Miles)                        | 343     |  |           |
| State Truck Highways Maintained (Lane Miles)                         | 664     |  |           |
| Expressways Maintained (Lanes Miles)                                 | 1,141   |  |           |
| County Parkways Maintained (Lanes Miles)                             | -       |  |           |
| County Truck Highways Grass Mowed (Acres)                            | 665     |  |           |
| State Truck Highways Grass Mowed (Acres)                             | 782     |  |           |
| Expressways Grass Mowed (Acres)                                      | 1,876   |  |           |
|  |         | <b>General Governmental Services</b>                 |           |
|  |         | <b>Election Commission</b>                           |           |
|  |         | Elections  | 2         |
|  |         | Special Elections                                    | 2         |
|  |         | Recount Elections                                    | -         |
|  |         | State/Cty/Mun/SchBd Referendum                       | 3         |
|  |         | Campaign Finance Statements                          | 160       |
|  |         | Nomination Papers Received                           | -         |
|  |         | Election Ballot Set-up/Proofing                      | 4         |
|  |         | Challenges to Nomination Papers and Recall Petitions | -         |
|  |         | Recall Elections/Petitions/Hearings                  | -         |
|  |         | Statistical Booklet                                  | -         |
|  |         | Elections requiring Braille Ballots                  | 3         |
|  |         | Election Commission Meetings                         | 4         |
|  |         | State/County Joint Hearings                          | -         |
|  |         | <b>Treasurer</b>                                     |           |
|  |         | Checks Issued  | 95,075    |
|  |         | Lost Checks/Stop Payments                            | 567       |
|  |         | Property Tax Receipts Issued                         | 6,758     |
|  |         | Delinquent Tax Notices Processed                     | 11,233    |
|  |         | Tax Forms Furnished                                  | 726,466   |
|  |         | <b>Register of Deeds</b>                             |           |
|  |         | With Transfer Fee                                    | 12,063    |
|  |         | Without Transfer Fee                                 | 7,968     |
|  |         | Total Transfer Fees                                  | 6,455,932 |
|  |         | Average Real Estate Sale Price                       | 178,393   |
|  |         | Foreclosures (LisPendens)                            | 7,472     |
|  |         | Wisc Commerce Department Stipulations                | 1,249     |
|  |         | Total Mortgages                                      | 40,667    |
|  |         | Assignments  | 9,781     |
|  |         | Partial Release                                      | 889       |
|  |         | Release  | 45,564    |
|  |         | Land Contracts                                       | 138       |
|  |         | Sheriff Deeds  | 2,879     |
|  |         | Joint Tenancy Survivorship                           | 1,518     |
|  |         | Federal Tax Liens                                    | 2,674     |
|  |         | Financing Statements                                 | 1,153     |
|  |         | Military Discharge                                   | 7         |
|  |         | Electronic Recording                                 | 41,938    |
|  |         | E-Docs % of Total Documents                          | 28        |
|  |         | Total Records  | 148,186   |
|  |         | Vital Statistics:                                    |           |
|  |         | Births   | 16,141    |
|  |         | Marriages  | 4,236     |
|  |         | Deaths   | 9,293     |
|  |         | Copies Issued-Paid                                   | 86,307    |
|  |         | Copies Issued-Free                                   | 298       |
|  |         | Subdivision Plats No.                                | 2         |
|  |         | Subdivision Plats Lots                               | 29        |
|  |         | Condominium Plats No.                                | 22        |
|  |         | Condominium Plats Units                              | 665       |
|  |         | Revenue:   |           |
|  |         | Copies and Images                                    | 399,243   |
|  |         | Recorded Documents                                   | 1,535,486 |
|  |         | Vital Statistics                                     | 397,965   |
|  |         | County Share Transfer Fee                            | 1,291,186 |
|  |         | <b>County Clerk</b>                                  |           |
|  |         | Marriage Licenses                                    | 4,652     |
|  |         | Domestic Partnerships                                | 217       |
|  |         | Marriage License/Domestic Partnerships Waivers       | 207       |
|  |         | Marriage License/Domestic Partnerships Duplicates    | 76        |
|  |         | Marriage Civil Ceremonies                            | 954       |
|  |         | County Board Files                                   | 482       |
|  |         | County Ordinances                                    | 18        |
|  |         | County Board Proceedings Pages                       | 1,084     |

**County of Milwaukee, Wisconsin  
Operating Indicators by Function  
Fiscal Year Ended December 31, 2009**

|  |         | Function |   |        |
|--|---------|----------|---|--------|
| <b>Health and Human Services</b>                     |         |          | <b>County Clerk (continued)</b>                       |        |
| <b>Emergency Medical System</b>                      |         |          | Employee Garnishments                                 | 2,768  |
| Dispatches   | 45,920  |          | Employee Wage Assignments                             | 9,425  |
| Doctor Calls   | 1,320   |          | Employee Tax Levies                                   | 139    |
| Medical Transports                                   | 20,577  |          | Employment Verifications                              | 63     |
| Reports  | 30,756  |          | Contractor Lien Notices/Vendor Tax Levies             | 45     |
| <b>Aging Programs and Services</b>                   |         |          | Contractor Qualification Statements                   | 107    |
| Senior Meals Program:                                |         |          | Claims Processed                                      | 315    |
| Congregate   | 346,811 |          | Summons and Complaints Processed                      | 158    |
| Home Delivered                                       | 259,151 |          | Construction Bid Notices                              | 86     |
| Volunteer Hours                                      | 74,631  |          | Legal Documents Assigned to Central Files             | 51     |
| Specialized Transportation Services One-Way Rides    | 125,397 |          | Lobbying Registrations                                | 46     |
| Participants-Senior Centers / Senior Home Delivery   | 6,740   |          | Passport Applications Accepted                        | 683    |
| Participants-Wellness Works Program                  | 36,625  |          | Passport Photos                                       | 314    |
| Benefit Specialist/Legal Services (In Hours)         | 14,256  |          | Oaths of Office Administered                          | 49     |
| Employment Training and Placement Svcs (Hours)       | 95      |          | DNR Licenses Sold                                     | 331    |
| Information and Assistance Contact Calls 24 Hours    | 32,453  |          | Documents Notarized                                   | 5,173  |
| Information Inquiries                                | 47,399  |          |   |        |
| Meals and Transportation Assistance                  | 125,397 |          | <b>Behavioral Health</b>                              |        |
| Web Site Visits                                      | 843     |          | <b>Inpatient Services Branch</b>                      |        |
| Long Term Care Referrals and Applications Processed  | 10,120  |          | Acute Adult Inpatient:                                |        |
| Functional Screens Performed                         | 3,188   |          | Average Daily Census                                  | 89     |
| <b>Care Management Organization (CMO)</b>            |         |          | Patients Served                                       | 1,734  |
| Family Care New Enrollees                            | 1,616   |          | Admissions  | 2,336  |
| Family Care Continual Enrollees                      | 5,657   |          | Patient Days  | 32,573 |
| Family Care Dis-enrolled Clients                     | 1,239   |          | Average Daily Length of Stay                          | 15     |
| <b>Economic Support Division</b>                     |         |          | CAIS Inpatients:                                      |        |
| Average Monthly Food Stamps                          | 81,861  |          | Average Daily Census                                  | 9      |
| Average Monthly Medicaid Individuals Served          | 245,476 |          | Patients Served                                       | 1,103  |
| Child Day Care (Families Per Month)                  | 14,565  |          | Admissions  | 1,551  |
| Interim Disability Assistance Program                | 118     |          | Patient Days  | 3,440  |
| Delinquency and Court Services Division              |         |          | Average Daily Length of Stay                          | 2      |
| Detention, Court Intake and Probation:               |         |          | <b>Nursing Home Services - Rehabilitation Centers</b> |        |
| Staffed Capacity of Juvenile Detention               | 109     |          | Average Daily Census                                  | 131    |
| Average Daily Population                             | 95      |          | Patients Served                                       | 153    |
| Detention Admissions (Annual)                        | 2,912   |          | Admissions  | 16     |
| Health Assessments / MH Screens in Detention         | 4,576   |          | Patient Days  | 47,894 |
| Annual Delinquency / JIPS Referrals                  | 2,741   |          | <b>Community Services</b>                             |        |
| Average Monthly Intake / Probation / Diversion Cases | 2,265   |          | Community Support Program:                            |        |
| POSIT / Drug / Alcohol Screens                       | 2,634   |          | Patients Served                                       | 372    |
| AODA Assessments                                     | 363     |          | Admissions  | 10     |
| Victim Notifications                                 | 2,714   |          | Contacts (Visits)                                     | 48,515 |
| Diversion Restitution Payments Processed             | 23      |          | Adult Day Treatment:                                  |        |
| Administrative Review Panels                         | 206     |          | Average Daily Census                                  | 25     |
| Warrants Issued                                      | 721     |          | Patients Served                                       | 80     |
| Probation Orientation                                | 650     |          | Admissions  | 64     |
| Avg Monthly Youth under Delinquency and Courts Svcs  | 2,265   |          | Appointments  | 16,061 |
| Juveniles Served in Community Programs (Annual)      | 3,982   |          | Visits  | 4,468  |
| Juvenile Commitments (Annual)                        | 206     |          | Targeted Case Management:                             |        |
| Average Daily Youth under Dept of Corrections        | 308     |          | Patients Served                                       | 293    |
| <b>Disabilities Services Division</b>                |         |          | Admissions  | 61     |
| Adults Served by Service Bureau                      | 2,518   |          | Contacts (Visits)                                     | 9,429  |
| Children Served by Service Bureau                    | 4,798   |          | <b>Crisis Services</b>                                |        |
| Physical Disabilities - Adult Support Services       | 762     |          | Psychiatric Crisis Services-Admissions                | 12,894 |
| Resource Center Services                             | 16,255  |          | Patients Served                                       | 1,785  |
| Family Care Enrollments                              | 451     |          | Admissions  | 1,530  |
| <b>Housing Division (DHHS in 2008)</b>               |         |          | Appointments  | 5,681  |
| Special Needs-Safe Haven (Persons/Year)              | 64      |          | Crisis Response and Respite:                          |        |
| Special Needs-Shelter Plus Care (Persons/Year)       | 537     |          | Patients Served                                       | 1,158  |
| HOME/Home Repair - Number of New Loans               | 133     |          | Admissions  | 1,274  |
|  |         |          | Appointments  | 1,392  |
| <b>Courts and Judiciary</b>                          |         |          | <b>Alcohol and Other Drug Abuse Services</b>          |        |
| <b>Register in Probate</b>                           |         |          | Methodone Detox                                       | 183    |
| Civil Commitments - Adult                            | 5,419   |          | Inpatient Care (Detox)                                | 3,542  |
| Civil Commitments - Juvenile                         | 639     |          | Intake Assessments                                    | 4,727  |
| Guardianship/Conservatorship                         | 1,019   |          | Outpatient  | 3,112  |

**County of Milwaukee, Wisconsin  
Operating Indicators by Function  
Fiscal Year Ended December 31, 2009**

|   | Function   |  |         |
|---|------------|--|---------|
| <b>Register in Probate (continued)</b>      |            | <b>Alcohol and Other Drug Abuse Services (continued)</b> |         |
| Protective Placement                        | 287        | Day Treatment  | 903     |
| Annual Review of Protective Placement       | 1,599      | Day Treatment-Residential                                | 727     |
| Informal Administration                     | 1,068      | Community Living Support Services                        | 5,709   |
| Formal Administrations                      | 138        |  |         |
| Trusts                                      | 36         | <b>Parks, Recreation, and Culture</b>                    |         |
| Special Administration, Summary Proceedings | 238        | <b>Zoo</b>   |         |
| Descent/Life Estate                         | 6          | Zoo Attendance-Adults                                    | 383,982 |
| Adult Adoption                              | 13         | Zoo Attendance-Junior                                    | 186,930 |
| Wills Deposited For Safekeeping             | 90         | Zoo Attendance- Free to County Residents                 | 720,330 |
| Temporary Guardianships                     | 13         | <b>Parks</b>   |         |
| Ancillary Proceedings                       | 2          | Facilities Rentals:                                      |         |
|   |            | Picnic with Shelters                                     | 813     |
| <b>Transit/Para transit</b>                 |            | Picnic without Shelters                                  | 2,276   |
| Buses Assigned                              | 483        | Buildings  | 1,998   |
| Buses Operated                              | 394        | Lodges   | 27      |
| Bus Miles Traveled                          | 17,958,867 | Pools  | 41      |
| Bus Hours Driven                            | 1,346,998  | Slips  | 644     |
| Revenue Passengers                          | 39,405,363 | Special Event Permits                                    | 267     |
| Transit Plus Ridership                      | 1,170,456  | Rounds of Golf   | 302,262 |
|   |            | Pool Attendance  | 251,447 |
| <b>Airport</b>                              |            |  |         |
| Passengers Served                           | 7,946,562  |  |         |
| Carriers - Commercial                       | 12         |  |         |
| Runways                                     | 5          |  |         |
| Acreage                                     | 2,386      |  |         |
| Daily Departures/Arrivals                   | 420        |  |         |
| Aircraft Operations                         | 169,693    |  |         |
| Revenue Landing Weight (in 1,000 lbs)       | 5,552,988  |  |         |
| Air Freight (in 1,000 lbs)                  | 147,390    |  |         |

\* Only includes background investigations completed by the Criminal Investigations Division

**County of Milwaukee, Wisconsin  
Capital Asset Statistics by Function  
For the Fiscal Year Ended December 31, 2009**

**Function**

**Legislative, Executive, and Staff**

Vehicles - Cars, Vans, SUVs, Pickup Trucks 2

**Public Safety**

**General**

Buildings 1

**Medical Examiner**

Vehicles - Cars, Vans, SUVs, Pickup Trucks 2

**District Attorney**

Vehicles - Cars, Vans, SUVs, Pickup Trucks 9

**Sheriff**

Ambulance 1  
Bomb Trucks 1  
Generator 1  
K-9 Vehicles 3  
Parking Checker Vehicles 2  
Squad Cars 70  
Vehicles - Cars, Vans, SUVs, Pickup Trucks 49

**House of Correction**

Barn and Four Silos 1  
Buildings 16  
Buses 3  
Cargo Vehicles 2  
Chicken Coops 1  
Creamery 1  
Dump Trucks 1  
Fuel Storage Tanks 2  
Garages 2  
Greenhouses 1  
Kennels 1  
Pump Houses 2  
Spreaders 1  
Toll Booths and Sheriff Check-In 2  
Tractors 2  
Vehicles - Cars, Vans, SUVs, Pickup Trucks 9  
Warehouses, Storage Buildings and Sheds 12  
Water Towers 1

**Public Works and Highways**

|                                      |    |  |     |
|--------------------------------------|----|--|-----|
| Air Compressors                      | 11 | Mowers and Attachments                     | 38  |
| Asphalting Equipment                 | 13 | Other Miscellaneous Road Working Equipment | 6   |
| Back Hoe and Attachments             | 1  | Pump House                                 | 1   |
| Buildings                            | 8  | Snow Plows and Attachments                 | 185 |
| Cranes and Attachments               | 11 | Spreaders, Graders and Attachments         | 112 |
| Dump Trucks and Other Large Trucks   | 90 | Sweepers, Cleaners and Attachments         | 18  |
| Electrical Substation                | 2  | Tractors                                   | 18  |
| Fork Lifts and Attachments           | 9  | Trailers                                   | 9   |
| Garages                              | 7  | Vehicles - Cars, Vans, SUVs, Pickup Trucks | 110 |
| Generators and Hydraulic Power Units | 5  | Water Pumps and Tanks                      | 8   |
| Liquid Calcium Applicators           | 64 | Water Towers and Reservoirs                | 5   |
| Loaders and Attachments              | 21 | Warehouses, Storage Buildings and Sheds    | 14  |

**County of Milwaukee, Wisconsin  
Capital Asset Statistics by Function  
For the Fiscal Year Ended December 31, 2009**

**Function  
Parks, Recreation, and Culture**

|   |     | <b>Parks</b>                               |     |
|---|-----|--|-----|
| Backhoe, Crane, Fork Lift and Attachments | 14  | Mowers and Attachments                     | 54  |
| Band Shells and Amphitheater              | 3   | Nature Preserves and Gardens               | 4   |
| Barns and Silos                           | 5   | Parking Structures & Garages               | 8   |
| Bathhouses                                | 15  | Parks                                      | 96  |
| Bathhouse/Pavilions                       | 27  | Parkways                                   | 6   |
| Boat Launches                             | 1   | Pavilions                                  | 30  |
| Boathouses                                | 3   | Pools                                      | 15  |
| Booths                                    | 14  | Pump Houses                                | 11  |
| Buildings                                 | 128 | Recreation Buildings                       | 4   |
| Comfort Stations                          | 27  | Scooters                                   | 21  |
| Community Centers                         | 3   | Shelters                                   | 32  |
| Concession Stands                         | 4   | Ski Chalets                                | 1   |
| Dam and Dam Dugout                        | 2   | Snow Plows, Equipment and Attachments      | 115 |
| Dump Trucks and Other Large Vehicles      | 27  | Spreaders and Attachments                  | 49  |
| Gazebos                                   | 3   | Storage Containers                         | 5   |
| Golf Clubhouses                           | 13  | Storage Sheds                              | 107 |
| Golf Courses                              | 13  | Tractors                                   | 22  |
| Golf Dome                                 | 1   | Trailers                                   | 8   |
| Harvesters                                | 11  | Tree and Brush Equipment                   | 8   |
| Hoppers                                   | 5   | Vehicles - Cars, Vans, SUVs, Pickup Trucks | 145 |
| Houses and Lodges                         | 11  | Wading Pools                               | 36  |
| Indoor Baseball Facilities                | 1   | Walkway Bridge                             | 1   |
| Lighthouse                                | 1   | Water Playgrounds & Splash Pads            | 5   |
| Loaders and Attachments                   | 22  | Weed Sprayers and Attachments              | 24  |
| Miscellaneous Equipment                   | 24  |  |     |
|   |     | <b>Zoo</b>                                 |     |
| Animal Dens                               | 4   | Garages                                    | 1   |
| Animal Exhibits                           | 6   | Gazebos                                    | 3   |
| Animal Islands                            | 1   | Loaders and Attachments                    | 3   |
| Animal Overlooks                          | 2   | Observation Decks                          | 2   |
| Animal Petting Rings                      | 1   | Parking Lot                                | 1   |
| Aviaries and Pheasantries                 | 5   | Photovoltaic Solar Systems                 | 2   |
| Barns                                     | 12  | Pools                                      | 1   |
| Standalone Bleachers                      | 2   | Pump Houses                                | 2   |
| Boat Landings                             | 1   | Roadway Sweeper                            | 1   |
| Booths                                    | 16  | Sheds                                      | 7   |
| Buildings                                 | 36  | Shelters                                   | 4   |
| Carousels                                 | 1   | Snow Plows                                 | 6   |
| Catch Basin Cleaner                       | 1   | Spreaders and Attachments                  | 3   |
| Chick Hatchery                            | 1   | Stages                                     | 2   |
| Clubhouses                                | 1   | Storage Containers                         | 7   |
| Comfort/Concession Stations               | 8   | Theaters with Bleachers                    | 2   |
| Dump Trucks                               | 3   | Train Depot and Crossing Shacks            | 4   |
| Electrical Substation                     | 1   | Vehicles - Cars, Vans, SUVs, Pickup Trucks | 15  |
| Entrance Kiosks                           | 3   | Wishing Well                               | 1   |
| Farm Entry Structures                     | 1   |  |     |

**County of Milwaukee, Wisconsin  
Capital Asset Statistics by Function  
For the Fiscal Year Ended December 31, 2009**

**Function**

**Health and Human Services**

|                      |   |  |   |
|----------------------|---|--|---|
| Ambulances           | 2 | Sheds                                      | 3 |
| Buildings            | 8 | Vehicles - Cars, Vans, SUVs, Pickup Trucks | 6 |
| Recreational Centers | 2 | Wading Pools                               | 1 |
| Senior Centers       | 6 | Wheelchair Accessible Vans                 | 1 |

**Airport**

|                                      |    |   |    |
|--------------------------------------|----|---|----|
| Air Traffic Control Towers           | 1  | Mowers and Attachments                      | 17 |
| Buildings                            | 46 | Other - Miscellaneous                       | 10 |
| Bus/Lot Shelters                     | 8  | Parking Structures                          | 1  |
| Cargo Carriers                       | 3  | Pump Houses                                 | 2  |
| Combo Units                          | 12 | Remote Transmitter                          | 1  |
| Crash and Rescue Facility            | 1  | Runway Brooms                               | 8  |
| Dump Trucks and Other Large Vehicles | 22 | Spreaders, Deicers, Salters and Attachments | 18 |
| Entrance/Exit Helix                  | 2  | Snow Plows and Attachments                  | 49 |
| Fire Trucks                          | 5  | Sweepers and Attachments                    | 10 |
| Surface Friction Tester              | 1  | Taxi Stop Boxes                             | 1  |
| Ground Run-up Enclosures             | 2  | Teller Boxes                                | 3  |
| Guard Shack and Check Station        | 2  | Terminals and Concourses                    | 5  |
| Hangars                              | 25 | Toll Booths                                 | 12 |
| Hydrant Fuel System                  | 1  | Tractors                                    | 9  |
| Kennels                              | 2  | Trailers                                    | 1  |
| Liquid Calcium Applicators           | 4  | Vehicles - Cars, Vans, SUVs, Pickup Trucks  | 19 |
| Loaders and Attachments              | 19 | Warehouses, Storage Buildings and Sheds     | 19 |

**Transit**

|                      |    |          |   |
|----------------------|----|----------|---|
| Buildings            | 15 | Sheds    | 1 |
| Bus Waiting Stations | 4  | Shelters | 2 |