

COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION

1 FPA

Referred

OCT 15 2012

DATE : October 9, 2012  
TO : Supervisor Dimitrijevic, Chairwoman, County Board of Supervisors  
FROM : Pension Obligation Bond Workgroup  
SUBJECT : **Initial Authorizing Resolution for the Pension Obligation Bonds**

County Board  
Chair

FILE NO. 12-861

**REQUEST**

The Pension Obligation Bond Workgroup, is seeking approval of the attached resolution authorizing the refunding of a not-to-exceed amount of \$145,000,000 in Taxable General Obligation Pension Obligation Notes to replace the \$135,000,000 Taxable Note Anticipation Notes (Anticipation Notes). The Anticipation Notes were issued, along with the \$265,000,000 Taxable Pension Obligation Notes, to partially fund the County's unfunded actuarially accrued liability (UAAL).

The attached resolution provides parameters for the refunding and delegates approval of the sale of the notes to the Comptroller. The Comptroller's approval is limited to results of the sale that fall within the parameters outlined in the resolution. An informational report will be submitted to the Finance, Personnel and Audit Committee to communicate the final results of the note sale.

**BACKGROUND**

At the July 2012 Finance, Personnel and Audit Committee, the Comptroller's Office submitted an informational report and PowerPoint presentation as a review of the 2009 note issuances and an overview of the replacement of the \$135,000,000 Anticipation Notes. The overview consisted of a review of the pension obligation notes issued in 2009 that were used to reduce the County's UAAL of \$398,000,000 which was in existence as of January 1, 2008.

The County issued \$400,000,000, which consisted of \$265,000,000 in Taxable General Obligation Promissory Notes (20-year term) and \$135,000,000 in Taxable General Obligation Note Anticipation Notes (5-year term). Wisconsin State Statutes limit the term for general obligation notes for this purpose to 20 years. The UAAL was amortized over a 25 year term. To match the UAAL, the County issued a 20-year note and a 5-year note.

The Anticipation Notes as the title indicates were issued in anticipation of the issuance of \$135,000,000 in notes to replace the 5-year Anticipation Notes with a structure that would amortize the \$135,000,000 over the years 2028-2033. The Anticipation Notes were structured so that the County would pay interest only for the first four years and principal and interest in the final year. The final year payment would include a \$135,000,000 principal payment. The principal payment of \$135,000,000 is due on December 1, 2013. Therefore, it is recommended that the County proceed with the plan to replace the \$135,000,000 prior to the December 1 payment date.

The attached initial authorizing resolution and note resolution requests permission to issue a not-to-exceed amount of \$145,000,000 in notes, which includes amounts for \$135,000,000 in principal, \$7,276,500 in interest, cost of issuance and an allowance for market changes that may increase the note amount. The POB Workgroup is in the process of determining the structure and term of the notes. (Please see Attachment 1 for estimated debt service schedules).

**BOND SALE PARAMETERS**

The parameters for the financing would consist of the following:

- Both maximum coupon rate and true interest costs (TIC) of 5.5 percent – A coupon rate is the interest rate for each maturity or principal amount. The true interest cost is the actual interest rate paid on bonds, which is expressed as a percentage of the total debt in today's dollars and includes the costs of issuance and other fees.
- Par Call Provision – The par call provision provides the County with the right to call the bonds after a specified number of years and only pay principal or the par amount of the bonds at the time of the call. The par call is the normal call provision that the County uses on its debt. Typically, the County uses a 10 year call date. The refunding bonds may or may not have that specific number, but the basics are the same.
- Make Whole Call Provision – The make whole call provision indicates that if the County were to call the bonds, it would have to make a lump sum payment to investors based on the net present value of the future bond payments. In other words, investors would be “made whole”.

The lump sum payment associated with the make whole call provision is referred to as a “make whole penalty” due to the high cost associated with having to pay a lump sum payment to the bondholders. The lump sum payment is derived from an agreed upon formula that is based on the net present value of the future bond payments.

In 2009, the taxable bond market was not responsive to par call bonds. Therefore, the \$265,000,000 Taxable Pension Promissory Notes and the \$135,000,000 Taxable Note Anticipation Notes have a “make whole” provision.

The make whole call provision is a characteristic of the corporate debt model within the taxable bond market. The taxable market is more familiar with municipal debt since the introduction of the Build America Bond program. Municipal issuers have been able to issue taxable debt, including pension bonds, without this provision. However, the taxable bond market still provides a benefit for the make whole call provision, so the County may have an interest in pursuing it as an option for some of the bonds.

- Minimum purchase price of 98 percent of the par amount of the bonds – The price of the bond reflects the maximum price an investor would want to pay for the bond based on the coupon rate and the market rate. This is known as the yield or rate of return on the bond. When the coupon rate on the bond is equal to the market rate the purchase price is equal to the principal amount of the bond (par). If the coupon rate is lower than the market rate, the bonds will be purchased at a discount. If the coupon is higher than the market rate, the bonds will be purchased at a premium. If there is a premium paid, the amount of the premium would be used to reduce the amount of the refunding bond issue. Whether or not the bond purchase price is a par, discount or premium is dependent upon market conditions on the day of the sale.

## **INITIAL AUTHORIZING RESOLUTION AND NOTE RESOLUTION**

The attached resolution (Attachment 2) for the proposed notes provides parameters for the notes and delegates approval of the sale of the notes to the Comptroller, which will require the Finance, Personnel and Audit Committee and County Board approval. Approval of the attached resolution will require a majority vote of the County Board of Supervisors. The attached resolution authorizes the issuance of the notes and directs County staff to take the action necessary for the sale of the notes.

## **DEBT ISSUANCE EXPENSE**

The attached resolution authorizes and directs the Comptroller to request credit ratings and to pay all professional services and other issuance expenses related to the issuance of the bonds from debt proceeds. A DAS-only appropriation transfer will be processed to pay expenses related to this financing. Anticipated expenses may include bond counsel, financial auditor, financial advisory fees, official statement printing and mailing costs, credit rating fees and expenses, trust agent, and other issuance costs such as publication and express mail costs.

## **RECOMMENDATION**

The POB Workgroup requests that the Finance, Personnel and Audit Committee approve and recommend approval by the full County Board of the attached resolutions. The resolution delegates to the Comptroller the authority to approve the final terms and conditions of the note sale provided that those terms and conditions are within the parameters set forth in the attached resolution. The sale will consist of the issuance of a not-to-exceed amount of \$145,000,000 to replace the \$135,000,000 Taxable Pension Note Anticipation Notes. An informational report will be submitted to the Finance, Personnel and Audit Committee to communicate the final results of the bond sale.

Pension Obligation Bond Workgroup

Attachments

pc: Chris Abele, County Executive  
Supervisor Dimitrijevic, Chairman, County Board of Supervisors  
Patrick Farley, Director, Department of Administrative Services  
Amber Moreen, Chief of Staff, County Executive's Office  
Tia Tohorst, County Executive's Office  
Kelly Bablitch, Chief of Staff, County Board  
Pamela Bryant, Capital Finance Manager  
Stephen Cady, County Board Fiscal and Budget Analyst  
Justin Rodriguez, Fiscal and Management Analyst  
Chuck Jarik, Chapman and Cutler LLP  
David Anderson, Public Financial Management  
Emile Banks, Emile Banks and Co.  
Pension Obligation Bond Workgroup

**Attachment 1**

**INITIAL AUTHORIZING RESOLUTION AND NOTE RESOLUTION**

**INITIAL RESOLUTION AUTHORIZING THE ISSUANCE  
OF GENERAL OBLIGATION PROMISSORY NOTES IN AN  
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED  
\$145,000,000**

BE IT RESOLVED by the County Board of Supervisors of Milwaukee County, Wisconsin, that, pursuant to Section 59.85 and 67.12(12) of the *Wisconsin Statutes*, as supplemented and amended, there shall be issued the general obligation promissory notes of said County in an aggregate principal amount not to exceed \$145,000,000 for the public purpose of providing for the unfunded prior service liability with respect to the employee retirement system of said County, which general obligation promissory notes said County has previously covenanted to issue and which general obligation promissory notes were anticipated to be issued in connection with the issuance of the Taxable Pension Notes, Series 2009B of said County; and that, for the purpose of paying the various installments of principal of and interest on said notes as they severally mature, prior to the issuance and delivery of said notes there shall be levied on all taxable property in said County a direct annual irrevocable tax sufficient for that purpose.

BE IT FURTHER RESOLVED by the County Board of Supervisors of Milwaukee County, Wisconsin, that the County Clerk of the County is directed to send certified copies of this resolution to the County's co-bond counsel, Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, Attention: Charles L. Jarik, and Emile Banks & Associates, LLC, Suite 290, 1200 North Mayfair Road, Milwaukee, Wisconsin 53226, Attention: Emile Banks, and to the Office of the Comptroller, 901 North 9th Street, Milwaukee, Wisconsin 53223, Attention: Pamela Bryant.

RESOLUTION authorizing the sale of General Obligation Promissory Notes of Milwaukee County, Wisconsin, in an aggregate principal amount not to exceed \$145,000,000, and related matters.

WHEREAS, a county having a population of 500,000 or more is authorized by Sections 59.85 and 67.12 of the *Wisconsin Statutes*, as supplemented and amended, to borrow money and to issue general obligation promissory notes to provide for any unfunded prior service liability with respect to an employee retirement system of the county; and

WHEREAS, Milwaukee County, Wisconsin (the "*County*") is a county having a population of 500,000 or more; and

WHEREAS, it has previously been determined that it is necessary and desirable to issue general obligation promissory notes of the County (the "*Notes*"), in an aggregate principal amount not to exceed \$145,000,000 in order to provide sufficient proceeds, after the payment of issuance expenses, to make a contribution to the County Employees Retirement System, which Notes the County has previously covenanted to issue;

NOW, THEREFORE, Be It Resolved by the County Board of Supervisors of Milwaukee County, Wisconsin, as follows:

*Section 1.* There shall be issued the Bonds of the County and/or the Notes of the County, in an aggregate principal amount not to exceed \$145,000,000 for the purpose aforesaid; *provided*, that the Comptroller of the County (the "*Comptroller*") is hereby authorized to make all such changes to the financing documents relating to the Notes and the financing structure of the Notes to conform to any changes to such documents and financing structures, which are approved by the Finance, Personnel and Audit Committee and the County Board of Supervisors of the County.

*Section 2.* The Comptroller is hereby authorized and directed to negotiate the sale of the Notes to the underwriters previously selected by the County, as the Comptroller may

determine. The Comptroller shall also cause to be prepared and distributed an Official Statement or Official Statements with respect to the Notes. The Comptroller is further hereby authorized and directed to negotiate any agreements and ancillary arrangements, within the meaning of Section 59.86 of the *Wisconsin Statutes*, as supplemented and amended, relating to the Notes.

*Section 3.* After the sale of the Notes and the consideration thereof by this County Board of Supervisors, this County Board of Supervisors will consider a resolution or resolutions authorizing the execution and delivery of a purchase agreement relating to the Notes with said underwriters, and prescribing the terms thereof and the form of Note.

*Section 4.* Proceeds of the Notes shall be applied at the direction of the Director of the Department of Administrative Services of the County ("*DAS*"), upon the request of the Comptroller, to the payment of issuance expenses with respect to the Notes. A DAS-only appropriation transfer will be processed to increase expenditure authority in the non-departmental Debt Issue Expense budget to pay such issuance expenses. The issuance expenses will cover the fees for the following services provided in connection with the issuance of the Notes as well as the out-of-pocket disbursements of the County: credit rating agencies, bond insurance, credit/liquidity support, official statement printing and mailing, financial advisory services, bond counsel services, and other legal fees, financial auditor services, and other fees related to the issuance of the Notes and the conclusion of the other related agreements and ancillary arrangements.

*Section 5.* The County Clerk of the County is directed to send certified copies of this resolution to the County's co-bond counsel, Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, Attention: Charles L. Jarik, and Emile Banks & Associates, LLC, Suite 290, 1200 North Mayfair Road, Milwaukee, Wisconsin 53226, Attention: Emile

Banks, and to the Office of the Comptroller, 901 North 9th Street, Milwaukee, Wisconsin 53223,  
Attention: Pamela Bryant.

RESOLUTION NO. \_\_\_\_\_

RESOLUTION authorizing the sale, determining rates of interest and other details and levying taxes in connection with the issuance of Taxable General Obligation Pension Promissory Notes, Series 2012A, of Milwaukee County, Wisconsin, in an aggregate principal amount not to exceed \$145,000,000.

WHEREAS, counties are authorized by the provisions of Section 67.12(12), *Wisconsin Statutes*, as supplemented and amended (the "*Statute*"), to issue promissory notes for any public purpose and to refund any municipal obligations, including interest on them; and

WHEREAS, the term "*public purpose*" is defined in the Statute as "the performance of any power or duty of the issuing municipality"; and

WHEREAS, pursuant to Section 59.85, *Wisconsin Statutes*, as supplemented and amended, counties with a population of 500,000 or more are empowered to fund the unfunded prior service liability of the employment retirement system of the county; and

WHEREAS, Milwaukee County, Wisconsin (the "*County*") is a county with a population of 500,000 or more, and now wishes to fund the unfunded prior service liability of the employment retirement system of the County; and

WHEREAS, the County Board of Supervisors of the County has previously adopted initial resolutions on November 6, 2008, authorizing the issuance of general obligation promissory notes of the County in an aggregate principal amount not to exceed \$400,000,000 for the purpose of funding the unfunded prior service liability of the employee retirement system of the County; and

WHEREAS, pursuant to a resolution duly adopted by the County Board of Supervisors of the County on March 19, 2009 (the "*Note Anticipation Note Resolution*"), in anticipation of the issuance of a portion of said promissory notes, the County has previously issued its Taxable Pension Notes, Series 2009B (the "*Note Anticipation Notes*") on April 2, 2009; and

WHEREAS, in connection with the issuance of the Note Anticipation Notes, the County covenanted to issue its promissory notes herein authorized, pursuant to the Note Anticipation Note Resolution; and

WHEREAS, it is considered necessary and desirable by the County Board of Supervisors of the County that the County borrow an amount not to exceed \$145,000,000 for the purposes aforesaid and that the County issue its Taxable General Obligation Pension Promissory Notes, Series 2012A (the "*Notes*") to evidence the indebtedness thereby incurred; and

WHEREAS, J.P. Morgan Securities Inc., on its own behalf and on behalf of others, has offered to purchase the Notes, and the County Board of Supervisors of the County has determined to accept such offer;

NOW, THEREFORE, Be It Resolved by the County Board of Supervisors of Milwaukee County, Wisconsin, as follows:

*Section 1. Definitions.* For all purposes of this Resolution, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Section 1 shall have the meanings set forth below, and shall include the plural as well as the singular.

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

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

(ii) if the yield described in clause (i) above cannot be determined, the linear interpolation of the yield for the maturity of the actively traded U.S. Treasury security having a maturity that is closest to, but no later than, the date corresponding to the remaining average life of the maturity of the Notes to be prepaid and the yield of the actively traded U.S. Treasury security having a maturity that is closest to, but no earlier than, the date corresponding to the remaining average maturity of the maturity of the Notes to be prepaid, as shown on the most recent yield data for the applicable U.S. Treasury maturity index from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication); or

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

received from no less than five (5) primary dealers in U.S. government securities selected by the County.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended.

“*County*” shall mean Milwaukee County, Wisconsin, and any successor to the duties or functions of the County.

“*Discount Yield*” shall mean, with respect to each maturity of the Notes to be prepaid on a particular date, the Blended Treasury Yield determined with respect to the Notes of such series and maturity, plus 0.\_\_\_\_% per annum. The Discount Yield will be calculated assuming semiannual compounding based upon a calendar year of 360 days consisting of twelve thirty-day months.

“*Discounted Value*” shall mean, with respect to each outstanding maturity of the Notes to be prepaid, the sum of the amounts obtained by discounting all remaining scheduled payments of principal and interest (exclusive of interest that has accrued or will accrue to the date fixed for prepayment) on such maturity from the respective dates for such scheduled payments to the applicable date fixed for prepayment, at a yield equal to the applicable Discount Yield.

“*Governing Body*” shall mean the County Board of Supervisors of the County, or such other council, board, commission or body, by whatever name known, which shall succeed to its powers.

“*Note*” or “*Notes*” shall mean one or more of the Taxable General Obligation Pension Promissory Notes, Series 2012A, authorized to be issued by the terms of this Resolution.

“*Note Register*” shall mean the books of the County kept by the Note Registrar to evidence the registration and transfer of the Notes.

“*Pro Rata*” shall mean, with respect to any mandatory sinking fund prepayment in part, the amount that results from applying a fraction, the numerator of which is equal to the amount of the Notes maturing on December 1, 20\_\_, held by a registered owner of such Notes maturing on said date and the denominator of which is equal to the total amount of such Notes maturing on said date then outstanding.

“*Note Registrar*” shall mean the County Treasurer of the County in Milwaukee, Wisconsin, or a successor designated as Note Registrar under this Resolution.

“*Purchase Agreement*” shall have the meaning set forth in Section 9 of this Resolution.

“*Resolution*” shall mean this resolution as adopted by the Governing Body of the County.

“*Statute*” shall mean Chapter 67 of the *Wisconsin Statutes*, as supplemented and amended.

*Section 2. Authorization.* The issuance of promissory notes in an aggregate principal amount not to exceed \$145,000,000 is hereby authorized for the purpose of providing funds for the public purpose of funding the unfunded prior service liability of the employee retirement system of the County.

The Notes shall be designated "Taxable General Obligation Pension Promissory Notes, Series \_\_\_\_\_," shall be dated the date of issuance, and shall also bear the date of authentication thereof, shall bear a series designation as determined in the Purchase Agreement (being the year in which the Notes are issued and lettered appropriately), shall be in fully registered form, shall be in denominations of \$5,000 each and integral multiples thereof (but no single Note shall represent installments of principal maturing on more than one date), shall be appropriately lettered and numbered, and shall mature on December 1 of the years (or such other date or dates as shall be set forth in the Purchase Agreement) in the respective principal amounts not later than twenty (20) years after the date of the issuance thereof, and shall bear interest at the rates per annum such that the true interest cost of the Notes does not exceed five and one-half percent (5.50%), and such that the amounts necessary to pay principal of and interest on the Notes in any year does not exceed the tax levy set forth in Section 10 hereof in the immediately preceding year, as shall be determined and approved by the Comptroller of the County upon the recommendation of the Pension Obligation Bond Working Group of the County to the Comptroller of the County to be in the best interests of the County, subject to the terms of this Resolution, and as shall be set forth in the Purchase Agreement, the execution of the Purchase Agreement by the Comptroller of the County to constitute conclusively the approval of such terms by the Comptroller of the County, which delegation is deemed to be proper by the County.

*Section 3. Interest; Payment Provisions.* The Notes shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, at the respective rates set out above, such interest (computed upon the basis of a 360-day year consisting of twelve 30-day months) being payable on the first days of June and December of each year, commencing on June 1, 2013 (or such other date or dates as shall be set forth in the Purchase Agreement). Interest on each Note shall be paid by check or draft of the Note Registrar to the person in whose name such Note is registered at the close of business on the fifteenth day of the calendar month next preceding the applicable interest payment date. The principal of the Notes shall be payable in lawful money of the United States of America only at the principal office of the Note Registrar.

*Section 4. Execution; Authentication.* The Notes shall be executed on behalf of the County with the manual or facsimile signature of the Chairperson of the County and with the manual or facsimile signature of the County Clerk of the County, and sealed with the official seal of the County or a printed facsimile thereof. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Notes shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Note Registrar as authenticating agent of the County and showing the date of authentication. No Note shall be valid or obligatory for any purpose or

be entitled to any security or benefit under this Resolution unless and until such certificate of authentication shall have been duly executed by the Note Registrar by manual signature, and such certificate of authentication upon any such Note shall be conclusive evidence that such Note has been authenticated and delivered under this Resolution. The certificate of authentication on any Note shall be deemed to have been executed by the Note Registrar if signed by an authorized officer of the Note Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Notes issued under this Resolution.

*Section 5. Registration of Notes; Persons Treated as Owners.* The County shall cause books (the "Note Register") for the registration and for the transfer of the Notes as provided in this Resolution to be kept at the principal office of the Note Registrar, which is hereby constituted and appointed the registrar of the County.

Upon surrender for transfer of any Note at the principal office of the Note Registrar duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Note Registrar duly executed by, the registered owner or his attorney duly authorized in writing, the County shall execute and the Note Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Note or Notes of the same series, maturity and interest rate of authorized denominations, for a like aggregate principal amount. Any fully registered Note or Notes may be exchanged at said office of the Note Registrar for a like aggregate principal amount of Note or Notes of the same series, maturity and interest rate of other authorized denominations. The execution by the County of any fully registered Note shall constitute full and due authorization of such Note and the Note Registrar shall thereby be authorized to authenticate, date and deliver such Note.

The Note Registrar shall not be required to transfer or exchange any Note during the period of fifteen (15) days next preceding any interest payment date on such Note, nor to transfer or exchange any Note after notice calling such Note for prepayment has been mailed nor during the period of fifteen (15) days next preceding mailing of a notice of prepayment of any Notes.

The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Note shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Notes, but the County or the Note Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes, except in the case of the issuance of a Note or Notes for the unpaid portion of a Note surrendered for prepayment.

The County and/or the Note Registrar may enter into an agreement with a securities depository registered under Section 17A of the Securities Exchange Act of 1934, as amended (the "Securities Depository"), including without limitation The Depository Trust Company, to establish procedures with respect to Notes owned by such Securities Depository. Such

agreement may impose additional requirements on the Note Registrar with respect to the Notes. If the County or the Note Registrar enters into such an agreement with a Securities Depository, the Securities Depository shall be the record owner of the Notes.

*Section 6. Prepayment.* As provided in the Purchase Agreement, the Notes may be subject to prepayment at the option of the County as a whole, or in part in such order of maturity as the County may determine (less than all of the Notes of a single maturity to be selected by the Note Registrar as hereinafter provided), on any date on and after December 1, 2022 (or such other date as shall be set forth in the Purchase Agreement), at a prepayment price of 100% of the principal amount thereof being prepaid. Alternatively, as provided in the Purchase Agreement, the Notes may be subject to prepayment at the option of the County as a whole, or in part in such order as the County may determine (less than all of the Notes of a single maturity to be selected by the Note Registrar as hereinafter provided), on any date, at a prepayment price of the greater of (i) 100% of the principal amount thereof being prepaid, or (ii) the Discounted Value, plus in each case accrued interest to the date fixed for prepayment; *provided*, that if Notes subject to mandatory sinking fund prepayment are selected for optional prepayment in part pursuant to this paragraph, the Notes maturing on said mandatory sinking fund prepayment date shall be prepaid Pro Rata, unless otherwise provided in the Purchase Agreement.

The Notes maturing on one or more dates, shall be subject to mandatory sinking fund prepayment in part, on December 1 of the years (or such other date or dates as shall be set forth in the Purchase Agreement) and in the aggregate principal amounts at a prepayment price of 100% of the principal amount thereof being prepaid, as shall be determined and approved by the Comptroller of the County upon the recommendation of the Pension Obligation Bond Working Group of the County to the Comptroller of the County to be in the best interests of the County, subject to the terms of this Resolution, and as shall be set forth in the Purchase Agreement, the execution of the Purchase Agreement by the Chairperson of the County to constitute conclusively the approval of such terms by the Comptroller of the County, which delegation is deemed to be proper by the County; *provided*, that the determination and approval of such mandatory sinking fund schedule shall be established such that the payment of principal of and interest on the Notes in any year does not exceed the tax levy set forth in Section 10 hereof in the immediately preceding year. In the event that Notes that are subject to mandatory sinking fund prepayment on a given date, are called for optional prepayment prior to maturity, the County shall be entitled to a credit against the respective mandatory sinking fund prepayment requirements in such order among the mandatory sinking fund prepayment dates and the maturity date for such date as shall be designated by the County to the Note Registrar.

The Notes shall be prepaid only in the principal amount of \$5,000 each and integral multiples thereof. At least forty-five (45) days prior to the date fixed for any optional prepayment (unless a shorter notice shall be satisfactory to the Note Registrar), the County shall notify the Note Registrar of any such date fixed for optional prepayment and of the principal amount of Notes to be prepaid. For purposes of any prepayment of less than all of the outstanding Notes of a single maturity, the particular Notes or portions of Notes to be prepaid shall be selected by the Note Registrar from the outstanding Notes of the longest maturity then outstanding by such method as the Note Registrar shall deem fair and appropriate, and which

may provide for the selection for prepayment of Notes or portions of Notes in principal amounts of \$5,000 and integral multiples thereof.

The Note Registrar shall promptly notify the County in writing of the Notes or portions of Notes selected for prepayment and, in the case of any Note selected for partial redemption, the principal amount thereof to be prepaid.

*Section 7. Prepayment Procedure.* Unless waived by any registered owner of Notes (or portions thereof) to be prepaid, notice of the call for any such prepayment shall be given by the Note Registrar on behalf of the County by mailing the prepayment notice by registered or certified mail, postage prepaid, not less than thirty (30) days prior to the date fixed for prepayment to the registered owner of the Note or Notes to be so prepaid at the address shown on the Note Register or at such other address as is furnished in writing by such registered owner to the Note Registrar. Failure to give such notice by mailing to any owner of any Note, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other Notes.

All notices of prepayment shall state:

- (1) the date fixed for prepayment,
- (2) the prepayment price,
- (3) if less than all outstanding Notes are to be prepaid, the identification, including CUSIP numbers (and, in the case of partial prepayment, the respective principal amounts) of the Notes to be prepaid,
- (4) that on the date fixed for prepayment the prepayment price will become due and payable upon each such Note or portion thereof called for prepayment, and that interest thereon shall cease to accrue from and after said date, and
- (5) the place where such Notes are to be surrendered for payment of the prepayment price, which place of payment shall be the principal office of the Note Registrar.

Prior to any date fixed for prepayment, the County shall deposit with the Note Registrar an amount of money sufficient to pay the prepayment price of all the Notes or portions of Notes which are to be prepaid on that date. With respect to an optional prepayment of the Notes, unless moneys sufficient to pay the principal of and interest on the Notes to be prepaid shall have been received by the Note Registrar prior to the giving of such notice of prepayment, such notice may, at the option of the County, state that said prepayment shall be conditional upon the receipt of such moneys by the Note Registrar on or prior to the date fixed for prepayment. If such moneys are not received, such notice shall be of no force and effect, the County shall not prepay the Notes or portion thereof and the Note Registrar shall give notice, in the same manner in which the notice of prepayment was given, that such moneys were not so received and that the Notes or portion thereof will not be prepaid.

Notice of prepayment having been given as aforesaid, the Notes or portions of Notes so to be prepaid shall, on the date fixed for prepayment, become due and payable at the prepayment price therein specified, and from and after such date (unless the County shall default in the payment of the prepayment price) such Notes or portions of Notes shall cease to bear interest. Upon surrender of such Notes for prepayment in accordance with said notice, such Notes shall be paid by the Note Registrar at the prepayment price. Installments of interest due on or prior to the date fixed for prepayment shall be payable as herein provided for the payment of interest. Upon surrender for any partial prepayment of any Note, there shall be prepared for the registered owner a new Note or Notes of the same maturity in the amount of the unpaid principal. All Notes which have been prepaid shall be cancelled and destroyed by the Note Registrar and shall not be reissued.

In addition to the prepayment notice required above, further notice of prepayment (the "*Additional Prepayment Notice*") shall be given by the Note Registrar as set forth below, but no defect in the Additional Prepayment Notice nor any failure to give all or any portion of the Additional Prepayment Notice shall in any manner affect the effectiveness of a call for prepayment if notice thereof is given as prescribed above.

Each Additional Prepayment Notice given hereunder shall contain the information required above, plus (i) the date such notice required above has been or will be mailed; (ii) the date of issuance of the Notes being prepaid, as originally issued; (iii) the maturity date of each Note (or portion thereof) to be prepaid; and (iv) any other descriptive information needed to identify accurately the Notes being prepaid prior to maturity.

Each Additional Prepayment Notice shall be sent at least thirty (30) days before the date fixed for prepayment by legible facsimile transmission, registered or certified mail (postage prepaid) or overnight delivery service to The Depository Trust Company of New York, New York, and to at least two (2) of the national information services that disseminate notices of prepayment of obligations such as the Notes.

*Section 8. Form of Notes.* The Notes, the certificate of authentication to be endorsed thereon and the form of assignment are all to be in substantially the following forms with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution:

[Form of Note - Front Side]

UNITED STATES OF AMERICA

STATE OF WISCONSIN

MILWAUKEE COUNTY

TAXABLE GENERAL OBLIGATION PENSION PROMISSORY NOTE, SERIES 2012A

See Reverse Side for  
Additional Provisions

No. R-			\$ _____
DATED DATE	MATURITY DATE	RATE OF INTEREST	CUSIP NO.
_____, 20__	_____ 1, _____	_____ %	_____

Registered Owner:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS: That Milwaukee County in the State of Wisconsin (the "*County*") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner hereinabove identified, or registered assigns as hereinafter provided, on the Maturity Date hereinabove identified, the Principal Amount hereinabove identified and to pay interest (computed on the basis of a 360-day year consisting of twelve 30-day months) on said Principal Amount from the Dated Date hereinabove identified or from the most recent interest payment date to which interest has been paid at the Rate of Interest per annum hereinabove identified, payable on the first days of \_\_\_\_\_ and \_\_\_\_\_ of each year, commencing on \_\_\_\_\_ 1, 20\_\_, until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable to this Note.

The principal of this Note is payable in lawful money of the United States of America only at the principal office of County Treasurer of the County in Milwaukee, Wisconsin, as note registrar and paying agent, and its successors (the "*Note Registrar*"). Payment of each installment of interest shall be made to the Registered Owner hereof who shall appear on the registration books of the County maintained by the Note Registrar at the close of business on the fifteenth day of the calendar month next preceding the interest payment date, and shall be paid by check or draft of the Note Registrar mailed to such Registered Owner at his address as it appears

on such registration books or at such other address as may be furnished in writing by such Registered Owner to the Note Registrar.

Reference is hereby made to the further provisions of this Note set forth on the reverse side hereof and such further provisions shall for all purposes have the same effect as if set forth on the front side of this Note.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist, happen and be performed precedent to and in the issuance of this Note have been done, have existed, have happened and have been performed in regular form and manner as required by the Constitution and the laws of the State of Wisconsin; that this Note, together with all other indebtedness of the County, does not exceed any limitation prescribed by law; and that the County has levied a direct annual irrepealable tax sufficient to pay the interest hereon when it falls due and also to pay and discharge the principal hereof at maturity.

The full faith, credit and resources of the County are hereby pledged for the payment of the principal of and interest on this Note and the issue of which it is a part as the same respectively become due and for the levy and collection of sufficient taxes for that purpose.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Note Registrar.

IN WITNESS WHEREOF, Milwaukee County, Wisconsin, by its County Board of Supervisors, has caused this Note to be executed with the duly authorized manual or facsimile signature of its Chairperson and with the duly authorized manual or facsimile signature of its County Clerk, and its official seal or a facsimile thereof to be impressed or reproduced hereon, as of the Dated Date hereinabove identified.

---

County Clerk

---

Chairperson

[SEAL]

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes described in the within mentioned Resolution and is one of the Taxable General Obligation Pension Promissory Notes, Series 2012A, of Milwaukee County, Wisconsin.

Date of Authentication:

\_\_\_\_\_ , \_\_\_\_\_

By \_\_\_\_\_  
County Treasurer, as Note Registrar

[Form of Note - Reverse Side]

This Note is one of an authorized issue of Taxable General Obligation Pension Promissory Notes, Series 2012A, aggregating the principal amount of \$ \_\_\_\_\_ (the "Notes"), issued for the public purpose consisting of funding the unfunded prior service liability of the retirement system of the County, pursuant to and in all respects in compliance with Chapter 67 of the *Wisconsin Statutes*, as supplemented and amended, and a resolution adopted by the County Board of Supervisors of the County on November 6, 2012 (the "Resolution").

This Note is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal office of the Note Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the authorizing resolution, and upon surrender and cancellation of this Note. Upon such transfer a new Note or Notes of authorized denominations of the same series, maturity and interest rate and for the same aggregate principal amount will be issued to the transferee in exchange for this Note.

The Notes are issued in fully registered form in denominations of \$5,000 each and integral multiples thereof. This Note may be exchanged at the principal office of the Note Registrar for a like aggregate principal amount of Notes of the same series, maturity and interest rate of other authorized denominations, upon the terms set forth in the authorizing resolution.

The County and the Note Registrar may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the County nor the Note Registrar shall be affected by any notice to the contrary.

Notes of the issue of which this Note is one are subject to prepayment at the option of the County as a whole, or in part in such order as the County may determine in integral multiples of \$5,000 (less than all the Notes of a single maturity to be selected by the Note Registrar in such manner as it shall deem fair and appropriate) on any date on and after \_\_\_\_\_ 1, 202\_, at a prepayment price of 100% of the principal amount thereof being prepaid.

The Notes maturing on \_\_\_\_\_ 1, 20\_\_, are subject to mandatory sinking fund prepayment prior to maturity, Pro Rata, as provided in the Resolution, on \_\_\_\_\_ 1 of the years and in the aggregate principal amounts at a prepayment price of 100% of the principal amount thereby being prepaid as follows:

YEAR                      PRINCIPAL AMOUNT

\$

Any optional prepayment of such Notes maturing on such date may be applied as a credit to such mandatory sinking fund prepayment requirements in such order as shall be designated by the County, as provided in the Resolution.

Notice of any intended prepayment shall be sent by registered or certified mail, postage prepaid, not less than thirty (30) days prior to the date fixed for prepayment to the registered owner of each Note to be prepaid (in whole or in part) at the address shown on the registration books of the County maintained by the Note Registrar or at such other address as is furnished in writing by such registered owner to the Note Registrar. Such notice of prepayment may be conditional as provided in the authorizing resolution. When so called for prepayment, this Note, or the portion hereof being so called for prepayment, will cease to bear interest on the specified prepayment date, provided funds for prepayment are on deposit at the place of payment on that date, and shall not be deemed to be outstanding.

\*           \*           \*           \*

The following abbreviations, when used in the inscription on the face of the within Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM- as tenants in common

UNIF TRANS MIN ACT-  
UNIF GIFT MIN ACT-

TEN ENT- as tenants by the entirety

\_\_\_\_\_ Custodian \_\_\_\_\_

JT TEN- as joint tenants with right  
of survivorship and not as  
tenants in common

(Cust) (Minor)  
under Uniform Gifts to Minors

Act \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not listed above.

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Name and Address of Assignee)

the within Note and does hereby irrevocably constitute and appoint \_\_\_\_\_

\_\_\_\_\_

attorney, to transfer the said Note on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

Signature guaranteed:

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

*Section 9. Sale of Notes.* The sale of the Notes to J.P. Morgan Securities Inc., of Chicago, Illinois, on its own behalf and on behalf of others, at a price of not less than 98% of the principal amount thereof and accrued interest to the date of delivery thereof, is hereby approved, such purchase price to be determined and approved by the Comptroller of the County upon the recommendation of the Pension Obligation Bond Working Group of the County to the Comptroller of the County to be in the best interests of the County, subject to the terms of this Resolution, and as shall be set forth in the Purchase Agreement, the execution of the Purchase Agreement by the Chairperson of the County to constitute conclusively the approval of such purchase price by the Comptroller of the County, which delegation is deemed to be proper by the County. The County shall sell and deliver the Notes to J.P. Morgan Securities, Inc., as representative of the underwriters, under the terms and conditions set forth in the Purchase Agreement presented to this meeting and incorporated herein by this reference (the "*Purchase Agreement*"). The form, terms and provisions of the Bond Purchase Agreement are hereby approved, and the Chairperson and the County Clerk of the County are authorized and directed to execute, attest and deliver the Purchase Agreement. The officers of the County are hereby authorized and directed to do any and all acts necessary to conclude delivery of the Notes to said purchaser, upon receipt of the purchase price.

*Section 10. Levy of Taxes.* In order to provide for the collection of a direct annual tax sufficient to pay the interest on the Notes and to pay and discharge the principal thereof at maturity, there is hereby levied upon all taxable property in Milwaukee County, Wisconsin, a direct annual tax in an amount sufficient for that purpose, and there is hereby levied upon all of said taxable property in the County the following direct annual tax in each of the years and amounts as follows:

YEAR OF LEVY	AMOUNT FOR INTEREST AND PRINCIPAL
2012	\$ 9,813,000
2013	14,444,150
2014	14,448,775
2015	14,447,500
2016	14,444,500
2017	14,443,675
2018	14,443,650
2019	14,448,050
2020	14,445,225
2021	14,444,075
2022	14,447,950
2023	14,444,925
2024	14,443,625
2025	14,447,125
2026	14,448,225
2027	14,448,225
2028	45,478,500
2029	45,478,350
2030	45,481,050

In each of said years 2012 to 2031, inclusive, the direct annual tax above levied shall be extended upon the tax rolls of the County and collected by the officers of the County in the same manner and at the same time as taxes for general County purposes for such years are extended and collected, and when so collected, the proceeds of said taxes shall be used solely for paying the principal of and interest on the Notes so long as any of the Notes remain outstanding.

Interest on or principal of the Notes falling due at any time when there shall be on hand insufficient funds from the proceeds of the above tax levy for the payment of such interest or principal shall be paid promptly when due from other funds of the County, which funds shall be reimbursed therefor out of the proceeds of the taxes above levied when such taxes shall have been collected.

*Section 11. Debt Service Fund.* There has been ordered to be established in the County Treasury a fund separate and distinct from all other funds of the County and designated the "Debt Service Fund," which fund shall be used solely for the purpose of paying principal of, premium, if any, and interest on municipal obligations issued pursuant to Chapter 67, *Wisconsin Statutes*, as supplemented and amended. There is hereby created, and there shall be deposited in, an account known as the "Series 2012A Taxable General Obligation Pension Promissory Note Account," to be held as a part of the Debt Service Fund, all money raised by taxation pursuant to Section 9 hereof, and such other sums as may be necessary to pay interest on the Notes when the same shall become due and to retire the Notes at their respective maturity dates and mandatory sinking fund prepayment dates.

*Section 12. Use of Proceeds; Notes to Remain in Registered Form.* The principal proceeds of the Notes shall be deposited in a special fund and used solely for the purposes for which the Notes are hereby authorized.

The County further recognizes that the Notes will be issued, and shall remain in fully registered form. In this connection, the County agrees that it will not take any action to permit the Notes to be issued in, or converted into, bearer or coupon form.

*Section 13. Duties of Note Registrar.* If requested by the Note Registrar, the Chairperson of the County is authorized to execute and the County Clerk of the County is authorized to attest the Note Registrar's standard form of agreement between the County and the Note Registrar with respect to the obligations and duties of the Note Registrar hereunder which may include the following:

- (a) to act as note registrar, authenticating agent, paying agent and transfer agent as provided herein;
- (b) to give notice of prepayment of Notes as provided herein;
- (c) to cancel and destroy Notes which have been paid at maturity or upon earlier prepayment or submitted for exchange or transfer;

(d) to furnish the County at least annually a certificate of destruction with respect to Notes cancelled and destroyed; and

(e) to furnish the County at least annually an audit confirmation of Notes paid, Notes outstanding and payments made with respect to interest on the Notes.

The County Clerk of the County is hereby directed to file a certified copy of this Resolution with the Note Registrar.

The County covenants that it shall at all times retain a Note Registrar with respect to the Notes, that it will maintain at the designated office of such Note Registrar a place or places where Notes may be presented for payment or registration of transfer or exchange, and that it shall require that the Note Registrar properly maintain the Note Register and perform the other duties and obligations imposed upon it by this Resolution in a manner consistent with the standards, customs and practices of the municipal securities industry.

The Note Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing the certificate of authentication on any Note, and by such execution the Note Registrar shall be deemed to have certified to the County that it has all requisite power to accept and has accepted such duties and obligations. The Note Registrar is the agent of the County, and shall not be liable in connection with the performance of its duties, except for its own negligence or willful wrongdoing. The Note Registrar shall, however, be responsible for any representation in its certificate of authentication on the Notes.

The County may remove the Note Registrar at any time. In case at any time the Note Registrar shall resign, shall be removed, shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator or conservator of the Note Registrar, or of the property thereof, shall be appointed, or if any public office shall take charge or control of the Note Registrar, or of the property or affairs thereof, the County covenants and agrees that it will thereupon appoint a successor Note Registrar. The County shall mail notice of any such appointment made by it to each registered owner of any Note within twenty (20) days after such appointment. Any Note Registrar appointed under the provisions of this Section 13 shall be a County officer or a bank, trust company or national banking association.

*Section 14. Continuing Disclosure Certificate.* The Chairperson and the County Clerk of the County, or either of them, are hereby authorized to execute and deliver on behalf of the County a continuing disclosure certificate with respect to the Notes (the "*Continuing Disclosure Certificate*") in substantially the form as the individuals executing the Continuing Disclosure Certificate on behalf of the County shall approve, his or her execution to constitute conclusive evidence of his or her approval of the form of such Continuing Disclosure Certificate. When the Continuing Disclosure Certificate shall be executed and delivered on behalf of the County as contemplated herein, it shall be binding on the County, and all officers, employees and agents of the County are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the terms and provisions of the Continuing Disclosure Certificate. Copies of the Continuing Disclosure Certificate shall be placed in the official records of the County, and shall be available for public

inspection at the offices of the County. Notwithstanding any other provision of this Resolution to the contrary, the sole remedy for the failure to comply with the Continuing Disclosure Certificate shall be the ability of the beneficial owners of the Notes to seek mandamus or specific performance.

*Section 15. Other Documents.* The Chairperson, the County Clerk, the County Treasurer and all other officers of the County are hereby authorized to execute all documents and certificates necessary in connection with the authorization and delivery of the Notes, including without limitation an official statement describing the Notes and the County.

*Section 16. Severability.* If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

*Section 17. Ordinances, Resolutions Superseded.* All ordinances and resolutions in conflict herewith are hereby superseded to the extent of such conflict, and this Resolution shall take effect from and after its passage.

*Section 18. Certified Copies of this Resolution.* The County Clerk of the County is hereby directed to send certified copies of this Resolution to Co-Bond Counsel for the County, Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, Attention: Charles L. Jarik, and Emile Banks & Associates, LLC, Suite 290, 1200 North Mayfair Road, Milwaukee, Wisconsin 53226, Attention: Emile Banks, and to the Milwaukee County Department of Administrative Services – Fiscal Affairs Division, 901 North 9th Street, Room 308, Milwaukee, Wisconsin 53223, Attention: Pamela Bryant.

**Attachment 2**

**INITIAL AUTHORIZING RESOLUTION AND NOTE RESOLUTION**

Milwaukee County  
 Projection of Milwaukee County General Obligation and Pension  
 Debt and Pension Contributions - Scenario A for \$135 Million Refunding  
**Original Plan from 2009**

	Existing Debt W/ Assumption of New Capital	Combined Pension Obligation Bonds - Scenario A	Annual Pension Contributions	Total Debt and Pension Costs
	1	2	3	
2013	\$ 73,350,220	\$ 35,240,180	\$ 30,582,000	\$ 139,172,400
2014	71,925,970	32,219,270	31,920,000	136,065,240
2015	55,925,860	32,241,160	41,041,800	129,208,820
2016	54,940,760	32,294,700	43,852,500	131,087,960
2017	56,567,710	32,344,420	45,372,200	134,284,330
2018	52,469,400	32,379,480	46,954,100	131,802,980
2019	51,522,540	32,413,980	48,572,200	132,508,720
2020	53,861,580	32,587,660	50,203,600	136,652,840
2021	55,380,540	32,582,190	51,892,400	139,855,130
2022	56,697,540	32,576,120	53,640,300	142,913,960
2023	53,640,340	32,565,490	55,449,300	141,655,130
2024	50,816,470	32,556,540	57,321,700	140,694,710
2025	42,309,250	32,544,820	59,259,600	134,113,670
2026	39,953,180	32,486,920	61,265,300	133,705,400
2027	34,837,500	32,432,150	63,341,200	130,610,850
2028	34,695,750	32,364,130	65,489,900	132,549,780
2029	30,765,750	32,941,730	67,713,700	131,421,180
2030	27,094,000	32,941,980	70,015,300	130,051,280
2031	23,429,000	21,644,370	72,397,500	117,470,870
2032	19,761,500	-	74,863,100	94,624,600
<b>Total</b>	<b>\$ 939,944,860</b>	<b>\$ 609,357,290</b>	<b>\$ 1,091,147,700</b>	<b>\$ 2,640,449,850</b>

1 Based upon current debt service and an assumption of capital debt issues at maximum allowed debt issuance level, using County's capital debt restriction

2 Pension Obligation Debt of \$265 Million in 2009 and amortization of \$135 million 2012 Debt Issuance assuming a debt payment based on original assumptions of \$8.9 million per year, with remaining principal in last 3 years - (Scenario A.)

3 Estimated Annual Pension Contributions, before offset for employee contributions. Estimates are based on 2012 Actuarial report, with an assumption of amortization of investment gain/loss over the subsequent budget years.

Milwaukee County  
 Projection of Milwaukee County General Obligation and Pension  
 Debt and Pension Contributions - Scenario B for \$135 Million Refunding  
**Level Debt Service**

	Existing Debt W/ Assumption of New Capital	Combined Pension Obligation Bonds - Scenario B	Annual Pension Contributions	Total Debt and Pension Costs
	<b>1</b>	<b>2</b>	<b>3</b>	
2013	\$ 73,350,220	\$ 36,273,250	\$ 30,582,000	\$ 140,205,470
2014	71,925,970	35,945,390	31,920,000	139,791,360
2015	55,925,860	35,946,170	41,041,800	132,913,830
2016	54,940,760	35,947,430	43,852,500	134,740,690
2017	56,567,710	35,947,740	45,372,200	137,887,650
2018	52,469,400	35,944,200	46,954,100	135,367,700
2019	51,522,540	35,948,560	48,572,200	136,043,300
2020	53,861,580	35,948,570	50,203,600	140,013,750
2021	55,380,540	35,945,700	51,892,400	143,218,640
2022	56,697,540	35,948,520	53,640,300	146,286,360
2023	53,640,340	35,946,900	55,449,300	145,036,540
2024	50,816,470	35,945,990	57,321,700	144,084,160
2025	42,309,250	35,945,190	59,259,600	137,514,040
2026	39,953,180	35,947,950	61,265,300	137,166,430
2027	34,837,500	35,945,620	63,341,200	134,124,320
2028	34,695,750	23,520,830	65,489,900	123,706,480
2029	30,765,750	-	67,713,700	98,479,450
2030	27,094,000	-	70,015,300	97,109,300
2031	23,429,000	-	72,397,500	95,826,500
2032	19,761,500	-	74,863,100	94,624,600
<b>Total</b>	<b>\$ 939,944,860</b>	<b>\$ 563,048,010</b>	<b>\$ 1,091,147,700</b>	<b>\$ 2,594,140,570</b>

1 Based upon current debt service and an assumption of capital debt issues at maximum allowed debt issuance level, using County's capital debt restriction

2 Pension Obligation Debt of \$265 Million in 2009 and amortization of \$135 million 2012 Debt Issuance assuming a debt payment based on level debt service over a 15 year period at approximately \$12.5 million per year after year 1 (Scenario B).

3 Estimated Annual Pension Contributions, before offset for employee contributions. Estimates are based on 2012 Actuarial report, with an assumption of amortization of investment gain/loss over the subsequent budget years.

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** 10/5/12

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** Initial Authorizing Resolution for the Pension Obligation Bonds

**FISCAL EFFECT:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact                                     | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required  | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues     |
| <input type="checkbox"/> Absorbed Within Agency's Budget   | <input type="checkbox"/> Decrease Capital Revenues     |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget   |  |
| <input type="checkbox"/> Decrease Operating Expenditures   | <input type="checkbox"/> Use of contingent funds       |
| <input type="checkbox"/> Increase Operating Revenues   |  |
| <input type="checkbox"/> Decrease Operating Revenues   |  |

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	t	see explanation
	Revenue	0	
	Net Cost	0	
<b>Capital Improvement Budget</b>	Expenditure		
	Revenue		
	Net Cost		

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The Pension Obligation Bond Workgroup, is seeking approval of the attached resolution authorizing the refunding of a not-to-exceed amount of \$145,000,000 in Taxable General Obligation Pension Obligation Notes to replace the \$135,000,000 Taxable Note Anticipation Notes (Anticipation Notes). The Anticipation Notes were issued, along with the \$265,000,000 Taxable Pension Obligation Notes, to partially fund the County's unfunded actuarially accrued liability (UAAL).

The attached resolution provides parameters for the refunding and delegates approval of the sale of the notes to the Comptroller. The Comptroller's approval is limited to results of the sale that fall within the parameters outlined in the resolution. An informational report will be submitted to the Finance, Personnel and Audit Committee to communicate the final results of the note sale.

B. Savings are anticipated since the market conditions reflect a low interest rate environment. The POB Workgroup is the process of determining the structure, which would dictate the estimated savings.

C. The 2013 Recommended budget reflects an interest rate payment of \$8,916,500, which is approximately \$1.6 million above the interest rate of \$7,276,500 for the \$135,000,000 Note Anticipation Notes.

D. The parameters for the financing would consist of the following: both maximum coupon rate and true interest costs (TIC) of 5.5 percent, par call provision, minimum purchase price of 98 percent of the par amount of the bonds, no call provision and a minimum purchase price of 100 percent of the par amount of the bonds. (Please see the Initial Authorizing Resolution for the Pension Obligation Bonds report for details for each parameter).

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<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

Department/Prepared By Pamela Bryant

Authorized Signature

A handwritten signature in blue ink, appearing to be "ACAH Bryant", written over a horizontal line.

Did DAS-Fiscal Staff Review?

Yes

No

FPA

2

Referred

OCT 15 2012

County Board  
Chair

**COUNTY OF MILWAUKEE**  
INTEROFFICE COMMUNICATION

DATE : October 9, 2012 FILE NO. 12-862  
TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors  
FROM : Scott Manske, Comptroller  
SUBJECT : **Initial Authorizing Resolution for the General Obligation Refunding Bonds**

**REQUEST**

The Comptroller's Office is requesting approval of the attached resolution authorizing the refunding of the 2004 and 2005 General Obligation Corporate Purpose Bond Issues for a not-to-exceed amount of \$27,000,000.

The attached resolution provides parameters for the refunding and delegates approval of the sale of the bonds to the Comptroller. The Comptroller's approval is limited to results of the sale that fall within the parameters outlined in the resolution. An informational report will be submitted to the Finance, Personnel and Audit Committee to communicate the final results of the bond sale.

**BACKGROUND**

At the request of the Department of Administrative Services (DAS)', Public Financial Management (PFM), the County's Co-Financial Advisors, performed an analysis of the County's outstanding bond issues from September 2011 to April 2012. The purpose of the analysis was to determine if any of the County's outstanding bond issues could be refunded to generate net present value savings equal to a minimum of 3 percent of the refunded principal amount. The County's debt management policies state that the net present value savings for proposed advanced refundings provide a minimum of 3 percent of refunded principal.

This proposal to refund the 2004 and 2005 General Obligation Corporate Purpose Bond Issues is a result of the preliminary analysis and review.

The refunded maturities are for the years 2014-2020. The County would issue a not-to-exceed amount of \$27,000,000 to refund \$24,790,000, which includes amounts for cost of issuance and market changes that may increase the bond amount.

**BOND SALE PARAMETERS**

The parameters for the financing would consist of the following:

- 
1. Debt issuance and management are now responsibilities of the Comptroller's Office. At the time of the inquiry they were under the responsibility of the Department of Administrative Services.
  2. The Comptroller's Office has submitted a separate report and resolution to the for the October 2012 cycle of the Finance and Audit Committee a request approval to issue not-to-exceed amount of \$145,000,000 General Obligation Pension Refunding Bonds to refund the \$135,000,0000 Pension Note Anticipation Notes.

- Net present value savings of 3 percent – Net present value is a financing principle that allows for the analysis of costs that are incurred today and savings that occur in the future to be evaluated in today’s dollars (time value of money). Positive net present values reflect positive savings. As discussed above the County has established a standard of at least 3 percent of refunded principal. The preliminary analysis resulted in a net present value savings of approximately 2 million, which represents in excess of 8 percent of refunded principal.
- Maximum coupon rate of 5 percent – A coupon rate is the interest rate for each maturity or principal amount.
- Maximum true interest costs (TIC) of 2.5 percent – The true interest cost is the actual interest rate paid on bonds, which is expressed as a percentage of the total debt in today’s dollars and includes the costs of issuance and other fees.
- No call provision – The no call provision indicates that the County will not be able to refund the new bonds prior to maturity. The remaining years of the refunded bonds is 6 years, so it is unlikely that the County would refund the new bonds. In addition, due to the short term of the bonds, a no call provision may be necessary to obtain a low interest rate and encourage investor interest in the bonds.
- Minimum purchase price of 100 percent of the par amount of the bonds – The price of the bond reflects the maximum price an investor would want to pay for the bond based on the coupon rate and the market rate. This is known as the yield or rate of return on the bond. When the coupon rate on the bond is equal to the market rate the purchase price is equal to the principal amount of the bond (par). If the coupon rate is lower than the market rate, the bonds will be purchased at a discount. If the coupon is higher than the market rate, the bonds will be purchased at a premium. If there is a premium paid, the amount of the premium would be used to reduce the amount of the refunding bond issue. Whether or not the bond purchase price is a par, discount or premium is dependent upon market conditions on the day of the sale.

## RECOMMENDATION

The Comptroller’s Office requests that the Finance, Personnel and Audit Committee approve and recommend approval by the full County Board of the attached resolution. The resolution delegates, to the Comptroller, the authority to approve the final terms and conditions of the bond sale provided that those terms and conditions are within the parameters set forth in the attached resolution. The sale will consist of the issuance of General Obligation Refunding Bonds to refund the 2004 and 2005 Corporate Purpose Bond Issues for a not-to-exceed amount of \$27,000,000. An informational report will be submitted to the Finance, Personnel and Audit Committee to communicate the final results of the bond sale.

- 
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Scott Manske  
Comptroller

pc: Chris Abele, County Executive  
Supervisor Willie Johnson, Co-Chairman, Finance and Audit Committee  
Supervisor David Cullen, Co-Chairman, Finance and Audit Committee  
Pat Farley, Director, Department of Administrative Services  
Amber Moreen, Chief of Staff  
Kelly Bablitch, Chief of Staff, County Board  
Pamela Bryant, Capital Finance Manager  
Stephen Cady, County Board Fiscal and Management Analyst  
Joseph Czarnecki, County Clerk  
Daniel Diliberti, County Treasurer  
Chuck Jarik, Chapman and Cutler LLP  
Emile Banks, Emile Banks and Associates  
David Anderson, Public Financial Management  
Justin Rodriguez, Fiscal and Management Analyst  
Carol Mueller, Finance and Audit Committee Clerk

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  2. The Comptroller's Office has submitted a separate report and resolution to the for the October 2012 cycle of the Finance and Audit Committee a request approval to issue not-to-exceed amount of \$145,000,000 General Obligation Pension Refunding Bonds to refund the \$135,000,000 Pension Note Anticipation Notes.

## A RESOLUTION

RESOLUTION determining to issue General Obligation Refunding Bonds of Milwaukee County, Wisconsin, in an aggregate principal amount not to exceed \$27,000,000, providing details, prescribing the form of bond, awarding the bonds, levying taxes, and related matters.

WHEREAS, Milwaukee County, Wisconsin (the "County") is authorized by the provisions of Chapter 67, Wisconsin Statutes, as supplemented and amended, to issue bonds for any public purpose and to refund any municipal obligations, including interest on them; and

WHEREAS, by an initial resolution duly adopted on November 1, 2012, there have been authorized to be issued not to exceed \$27,000,000 general obligation bonds of the County for the public purpose of refunding certain outstanding obligations of the County, including the interest thereon (the "Prior Bonds"); and:

WHEREAS, the County Clerk of the County has caused a notice of public hearing with respect to the plan of finance or refinance of the costs of certain projects financed with the proceeds of the Prior Bonds through the issuance of the Bonds to be published in the *Milwaukee Journal-Sentinel* and *The Daily Reporter*, each a newspaper of general circulation in Milwaukee County, Wisconsin, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), on October \_\_, 2012, and October \_\_, 2012, respectively; and the Committee on Finance and Audit of the County Board of Supervisors of the County has conducted said public hearing on November 1, 2012;

WHEREAS, it is considered necessary and desirable by the County Board of Supervisors of the County that the County borrow an amount not to exceed \$27,000,000 for the purpose aforesaid and that the County issue its General Obligation Refunding Bonds (the "Bonds") to evidence the indebtedness thereby incurred; and

WHEREAS, notice of the sale of the Bonds for such purpose will be published in *The Bond Buyer*; and

WHEREAS, it is now necessary that said bonds be sold and issued for the public purpose aforesaid in an aggregate principal amount not to exceed \$27,000,000;

NOW, THEREFORE, Be It Resolved by the County Board of Supervisors of Milwaukee County, Wisconsin, as follows:

*Section 1. Definitions.* For all purposes of this Resolution, except as otherwise expressly provided herein or unless the context otherwise requires, the terms defined in this Section 1 shall have the meanings set forth below, and shall include the plural as well as the singular:

“*Bond*” or “*Bonds*” shall mean one or more of the General Obligation Refunding Bonds authorized to be issued by the County by the terms of this Resolution.

“*Bond Order*” means the Bond Order executed by the Comptroller of the County, approving the terms of sale of the Bonds, as provided for in Section 2 of this Resolution.

“*Bond Register*” shall mean the books of the County kept by the Registrar to evidence the registration and transfer of the Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*County*” shall mean Milwaukee County, Wisconsin, and any successor to the duties or functions of the County.

“*Escrow Agent*” means a banking institution or trust company designated by the Comptroller and its successors.

“*Escrow Agreement*” shall mean the Escrow Agreement, by and between the County and the Escrow Agent, relating to the Refunded Bonds.

“*Escrow Fund*” means the fund by that name established under the Escrow Agreement.

“*Governing Body*” shall mean the County Board of Supervisors of the County, or such other council, board, commission or body, by whatever name known, which shall succeed to its powers.

“*Prior Bonds*” means (i) the \$26,950,000 aggregate principal amount of General Obligation Corporate Purpose Bonds, Series 2004A of the County, currently outstanding in the aggregate principal amount of \$ \_\_\_\_\_, and (ii) the \$24,610,000 aggregate principal amount of General Obligation Corporate Purpose Bonds, Series 2005A of the County, currently outstanding in the aggregate principal amount of \$ \_\_\_\_\_.

“*Registrar*” shall mean the County Treasurer of the County in Milwaukee, Wisconsin, or a successor designated as Registrar under this Resolution.

“*Resolution*” shall mean this resolution as adopted by the Governing Body of the County.

*Section 2. Authorization and Public Approval.* The issuance of the Bonds in an aggregate principal amount not to exceed \$27,000,000 is hereby authorized for the purpose of providing funds for the public purpose of refunding the Refunded Bonds, as set out in the preamble to this Resolution. The County hereby approves the plan of refinancing of the costs of certain public purpose projects financed with the proceeds of the Prior Bonds through the issuance of the Bonds, as described in the aforesaid notice of public hearing which is hereby incorporated herein by reference, which approval shall be considered the public approval required by Section 147(f) of the Code.

The Bonds shall be designated "General Obligation Refunding Bonds, Series \_\_\_\_\_," shall be dated the date of the issuance thereof, as originally issued, and shall also bear the date of their authentication by the Registrar and shall bear a series designation as set forth in the Bond (bring the year in which the Bonds were issued and an appropriate letter). The Bonds shall be in fully registered form, shall be in denominations of \$5,000 each and integral multiples thereof (but no single Bond shall represent installments of principal maturing on more than one date), shall be lettered "R" and numbered consecutively starting with the number one, shall mature on August 1 of the years (or such other date or dates as shall be set forth in the Bond Order), in the principal amounts, not later than August 1, 2021, and shall bear interest at the rate or rates per annum not to exceed five percent (5%) per annum; *provided*, that the true interest cost with respect to the Bonds shall not exceed two and one-half percent (2.50%) per annum, and the interest rate savings on the refunding shall be not less than three percent (3%). Subsequent to the sale of the Bonds, the Comptroller of the County shall file in the office of the County Clerk of the County a Bond Order directed to the County Board of Supervisors of the County, setting forth the terms of sale, the aggregate principal amount of Bonds sold, the aggregate principal amount of the Bonds maturing each year, the interest rate or rates to be borne by the Bonds sold, the date or dates on which principal and interest will be paid, and the redemption (including mandatory sinking fund redemption) provisions of the Bonds, and thereafter the Bonds so sold shall be duly prepared and executed in the form and manner set forth herein and delivered to the best bidder in accordance with the terms of sale. The County deems it proper to delegate to the Comptroller of the County the power to approve any and all changes as he or she shall, on behalf of the County, determine, subject to the limitations of this Resolution.

*Section 3. Interest; Payment Provisions.* The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, at the rates set out above, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on February 1 and August 1 of each year, commencing on August 1, 2013 (or such other date or dates as shall be set forth in the Bond Order). Interest on each Bond shall be paid by check or draft of the Registrar to the person in whose name such Bond is registered at the close of business on the fifteenth day of the calendar month next preceding the applicable interest payment date. The principal of each Bond shall be payable in lawful money of the United States of America only upon presentation and surrender of such Bond at the principal office of the Registrar in Milwaukee, Wisconsin.

*Section 4. Execution; Authentication.* The Bonds shall be executed on behalf of the County with the manual or facsimile signature of the Chairperson of the County and with the manual or facsimile signature of the County Clerk of the County, and sealed with the official seal of the County or a printed facsimile thereof. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Registrar as authenticating agent of the County and showing the date of authentication thereof. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until such certificate of

authentication shall have been duly executed by the Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Resolution. The certificate of authentication on any Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued under this Resolution.

*Section 5. Registration of Bonds; Persons Treated as Owners.* The County shall cause books (the "*Bond Register*") for the registration and for the transfer of the Bonds as provided in this Resolution to be kept at the principal office of the Registrar, which is hereby constituted and appointed the registrar of the County with respect to the Bonds herein authorized.

Upon surrender for transfer of any Bond at the principal office of the Registrar duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar duly executed by, the registered owner thereof or his attorney duly authorized in writing, the County shall execute and the Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denomination or denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity and interest rate of other authorized denominations. The execution by the County of any fully registered Bond shall constitute full and due authorization of such Bond, and the Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however*, that the principal amount of the outstanding Bonds authenticated by the Registrar shall never exceed the authorized principal amount of the Bonds, less previous retirements.

The Registrar may, but shall not be required to, transfer or exchange any Bond during the period of fifteen (15) days next preceding any interest payment date on such Bond.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, premium (if any) or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the County or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

The County and/or the Registrar may enter into an agreement with a securities depository registered under Section 17A of the Securities Exchange Act of 1934, as amended (the "*Securities Depository*"), including without limitation The Depository Trust Company, which is the record owner of the Bonds, to establish procedures with respect to Bonds owned by such Securities Depository. Such agreement may impose additional requirements on the Registrar with respect to the Bonds.

*Section 6. No Prior Redemption.* The Bonds shall not be subject to redemption prior to maturity.

*Section 7. Form of Bonds.* The Bonds, the certificate of authentication to be endorsed thereon and the form of assignment to be endorsed thereon are all to be in substantially the following forms with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution:

[Form of Bond—Front Side]

No. R-\_\_\_\_\_

\$\_\_\_\_\_

**UNITED STATES OF AMERICA**

**STATE OF WISCONSIN**

**MILWAUKEE COUNTY**

**GENERAL OBLIGATION  
REFUNDING BOND, SERIES \_\_\_\_\_**

See Reverse Side for  
Additional Provisions

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP NUMBER
_____ %	August 1, 20__	_____, 20__	_____

Registered Owner:

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That Milwaukee County in the State of Wisconsin (the "County"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner hereinabove identified, or registered assigns as hereinafter provided, on the Maturity Date hereinabove identified, the Principal Amount hereinabove identified and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Dated Date hereinabove identified or from the most recent interest payment date to which interest has been paid at the Rate of Interest per annum hereinabove identified on February 1 and August 1 of each year, commencing on August 1, 2013, until said Principal Amount is paid.

The principal of this Bond is payable in lawful money of the United States of America only upon presentation and surrender of this Bond at the principal office of the County Treasurer of the County, in Milwaukee, Wisconsin, as registrar and paying agent (the "Registrar"). Payment of each installment of interest hereon shall be made to the Registered Owner hereof who shall appear on the registration books of the County maintained by the Registrar at the close of business on the fifteenth day of the calendar month next preceding the applicable interest payment date, and shall be paid by check or draft of the Registrar mailed to such Registered Owner at his address as it appears on such registration books or at such other address as may be furnished in writing by such Registered Owner to the Registrar.

Reference is hereby made to the further provisions of this Bond set forth on the reverse side hereof, and such further provisions shall for all purposes have the same effect as if set forth on the front side of this Bond

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist, happen and be performed precedent to and in the issuance of this Bond have been done, have existed, have happened and have been performed in due time, form and manner as required by the Constitution and the laws of the State of Wisconsin; that this Bond, together with all other indebtedness of the County, does not exceed any limitation prescribed by law; and that the County has levied a direct annual irrepealable tax sufficient to pay the interest hereon when it falls due and also to pay and discharge the principal hereof at maturity.

The full faith, credit and resources of the County are hereby pledged for the payment of the principal of and interest on this Bond and the issue of which it is a part as the same respectively become due and for the levy and collection of sufficient taxes for that purpose.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

IN WITNESS WHEREOF, Milwaukee County, Wisconsin, by its County Board of Supervisors, has caused this Bond to be executed with the duly authorized manual or facsimile signature of its Chairperson and with the duly authorized manual or facsimile signature of its County Clerk, and its official seal or a facsimile thereof to be impressed or reproduced hereon, as of the Dated Date hereinabove identified.

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County Clerk

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Chairperson

[SEAL]

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the within mentioned Resolution, and is one of the General Obligation Refunding Bonds, Series 20\_\_ of Milwaukee County, Wisconsin.

Date of Authentication: \_\_\_\_\_

By \_\_\_\_\_  
County Treasurer  
Milwaukee County

[Form of Bond - Reverse Side]

This Bond is one of an authorized issue of General Obligation Refunding Bonds, Series \_\_\_\_, aggregating the principal amount of \$\_\_\_\_\_ (the "Bonds") issued for the public purpose of refunding certain obligations of the County, including the interest thereon, pursuant to and in all respects in compliance with Chapter 67, *Wisconsin Statutes*, as supplemented and amended, and a resolution adopted by the County Board of Supervisors of the County on November \_\_, 2012 (the "Resolution").

Bonds of the issue of which this Bond is one are not subject to redemption prior to maturity.

This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal office of the Registrar in Milwaukee, Wisconsin, but only in the manner, subject to the limitations and upon the payment of the charges provided in the authorizing resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of the same maturity and interest rate of authorized denomination or denominations and for a like aggregate principal amount will be issued to the transferee in exchange for this Bond.

The Bonds are issuable in fully registered form in denominations of \$5,000 each and integral multiples thereof. This Bond may be exchanged at the principal office of the Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations, upon the terms set forth in the authorizing resolution.

The County and the Registrar may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and the interest due hereon and for all other purposes, and neither the County nor the Registrar shall be affected by any notice to the contrary.

\* \* \*

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	—	as tenants in common	UNIF GIFT/TRANS MIN ACT-
			Custodian
TEN ENT	—	as tenants by the entirety	(Cust) (Minor)
JT TEN	—	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts/Transfers to Minors Act
			(State)

Additional abbreviations may also be used though not listed above.

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
\_\_\_\_\_  
(Name and Address of Assignee)

the within Bond, and does hereby irrevocably constitute and appoint \_\_\_\_\_, or its successor as Registrar, to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature guaranteed: \_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

*Section 8. Sale of Bonds.* The Bonds shall be sold to the best bidder at a price of not less than 100% of the principal amount thereof plus accrued interest to the date of delivery, is hereby approved (such best bidder and such purchase price to be set forth in the Bond Order. The County Treasurer of the County is hereby authorized to deliver the Bonds to said purchasers upon payment of the purchase price.

*Section 9. Tax Levy.* In order to provide for the collection of a direct annual tax sufficient to pay the interest on the Bonds and to pay and discharge the principal thereof at maturity, there is hereby levied upon all the taxable property in Milwaukee County, Wisconsin, a direct annual tax in amounts sufficient for that purpose, and there is hereby levied upon all taxable property in the County the following direct annual tax in each of the years and amounts, to-wit:

YEAR	AMOUNT
2012	\$1,068,825
2013	3,008,825
2014	4,771,225
2015	4,800,025
2016	4,812,025
2017	4,819,425
2018	4,816,825
2019	2,262,750

In each of said years from 2012 to 2020, inclusive, the direct annual tax above levied shall be extended upon the tax rolls of the County in the same manner and time as taxes for general County purposes, and when collected the proceeds of said taxes shall be deposited into the account of the debt service fund established in favor of the Bonds, to be used solely for paying the principal of and interest on the Bonds as long as any of the Bonds remain outstanding.

*Section 10. Sufficiency.* Interest or principal maturing at any time during the life of the Bonds when there shall be insufficient funds on hand from the above tax levy to pay the same shall be paid promptly when due from the general fund of the County, and said fund shall be reimbursed in a like amount out of the proceeds of taxes hereby levied when the same shall have been collected.

*Section 11. Debt Service Fund.* There has been ordered to be established in the County Treasury a fund separate and distinct from all other funds of the County to be designated the "Debt Service Fund," which fund shall be used solely for the purpose of paying the principal of, premium, if any, and interest on municipal obligations issued pursuant to Chapter 67, *Wisconsin Statutes*, as supplemented and amended. There is hereby created, and there shall be deposited in, an account known as the "Series \_\_\_\_ General Obligation Refunding Bond Account," such series to be the same as the series of the Bonds, to bear the same series designation as the Bonds, to be held as a part of the Debt Service Fund, all money raised by taxation pursuant to Section 9 hereof, and such other sums as may be necessary to pay interest on the Bonds when the same shall become due and to retire the Bonds at their respective maturity dates.

*Section 12. Use of Proceeds; No Arbitrage; Bonds to Remain in Registered Form; Reimbursement.* Other than the principal proceeds of the Bonds used to pay the costs of issuance of the Bonds and the refunding of the Refunded Bonds, the principal proceeds of the Bonds shall be deposited in the Escrow Fund established under the Escrow Agreement, and used solely for the purposes for which the Bonds are hereby authorized and as provided in the Escrow Agreement. The Chairman of the County Board of Supervisors of the County is hereby authorized and directed to execute, and the County Clerk of the County is hereby authorized and directed to attest and to affix the official seal of the County to, and the Chairman of the County Board of Supervisors and the County Clerk of the County are hereby authorized and directed to deliver, the Escrow Agreement in substantially the same form as presented to the Governing Body, with such changes therein as shall be approved by the Chairman of the County Board of Supervisors of the County, his or her execution of the Escrow Agreement to constitute conclusive evidence of his approval of any and all such changes.

The County recognizes that the purchasers and owners of the Bonds will have accepted them on, and paid therefor a price which reflects, the understanding that the interest thereon is excludible from Federal gross income of the owners thereof under laws in force at the time the Bonds shall have been delivered. In this connection, the County agrees that it shall take no action which may render the interest on any of the Bonds includible in Federal gross income of the owners thereof. The County agrees that, to the extent possible under state law, it will comply with whatever Federal law is adopted in the future which applies to the Bonds, and affects the tax-exempt status of the interest on the Bonds. In furtherance of the foregoing provisions, but without limiting their generality, the County agrees: (a) through its officers to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants and assurances contained in certificates or agreements as may be prepared by counsel approving the Bonds; (c) to consult with such counsel and to comply with such advice as may be given; (d) to pay to the United States of America, if necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (e) to file such forms, statements and supporting documents as may be required and in a timely manner; and (f) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys and other persons to assist the County in such compliance.

The Chairperson, the County Clerk and the County Treasurer of the County, or any of them, are hereby authorized to execute on behalf of the County a Tax Exemption Certificate and Agreement to assure the purchasers and owners of the Bonds that the proceeds of the Bonds are not expected to be used in a manner which would or might result in the Bonds being "reimbursement bonds" issued in contravention of Section 1.103-18 of the United States Treasury Department Regulations (the "*Regulations*") or "arbitrage bonds" under Section 148 of the Code or the Regulations currently in effect or proposed. Such Tax Exemption Certificate and Agreement shall constitute a representation, certification and covenant of the County, and shall be incorporated herein by reference, and no investment of Bond proceeds or of moneys accumulated to pay the Bonds herein authorized shall be made in violation of the expectations prescribed by said Tax Exemption Certificate and Agreement. Such Tax Exemption Certificate and Agreement shall constitute an agreement of the County to follow certain covenants which may require the County to take certain actions (including the payment of certain amounts to the

United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions as specified in such Tax Exemption Certificate and Agreement.

The County further recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that the interest thereon is excludible from Federal gross income of the owners thereof under laws in force at the time the Bonds are delivered. In this connection, the County agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

*Section 13. Duties of Registrar.* If requested by the Registrar, the Chairperson of the County is hereby authorized to execute, and the County Clerk of the County is hereby authorized to attest, and said Chairperson and County Clerk are hereby authorized to deliver, the Registrar's standard form of agreement between the County and the Registrar with respect to the obligations and duties of the Registrar hereunder which shall include the following:

- (a) to act as Registrar, authenticating agent, paying agent and transfer agent as provided herein;
- (b) to cancel and destroy Bonds which have been paid at maturity or submitted for exchange or transfer;
- (c) to furnish the County at least annually a certificate of destruction with respect to Bonds cancelled and destroyed; and
- (d) to furnish the County at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

The County Clerk of the County is hereby directed to file a certified copy of this Resolution with the Registrar.

The County covenants that it shall at all times retain a Registrar with respect to the Bonds, that it will maintain at the designated office of such Registrar a place or places where Bonds may be presented for payment or registration of transfer or exchange, and that it shall require that the Registrar properly maintain the Bond Register and perform the other duties and obligations imposed upon it by this Resolution in a manner consistent with the standards, customs and practices of the municipal securities industry.

The Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing the certificate of authentication on any Bond, and by such execution the Registrar shall be deemed to have certified to the County that it has all requisite power to accept and has accepted such duties and obligations. The Registrar is the agent of the County, and shall not be liable in connection with the performance of its duties, except for its own negligence or willful wrongdoing. The Registrar shall, however, be responsible for any representation in its certificate of authentication on the Bonds.

The County may remove the Registrar at any time. In case at any time the Registrar shall resign, shall be removed, shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar, or of the property thereof, shall be appointed, or if any public office shall take charge or control of the Registrar, or of the property or affairs thereof, the County covenants and agrees that it will thereupon appoint a successor Registrar. The County shall mail notice of any such appointment made by it to each registered owner of any Bond within twenty (20) days after such appointment. Any Registrar appointed under the provisions of this Section 13 shall be a County officer or a bank, trust company or national banking association.

*Section 14. Continuing Disclosure Certificate.* The Chairperson and the County Clerk of the County are hereby authorized, empowered and directed to execute and deliver the Continuing Disclosure Certificate with respect to the Bonds (the "*Continuing Disclosure Certificate*") in substantially the form as the individuals executing the Continuing Disclosure Certificate on behalf of the County shall approve, his or her execution to constitute conclusive evidence of his or her approval of the form of such Continuing Disclosure Certificate. When the Continuing Disclosure Certificate is executed and delivered on behalf of the County as herein provided, the Continuing Disclosure Certificate will be binding on the County and the officers, employees and agents of the County, and the officers, employees and agents of the County are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Certificate, as executed. Copies of the Continuing Disclosure Certificate shall be placed in the official records of the County, and shall be available for public inspection at the offices of the County. Notwithstanding any other provision of this Resolution to the contrary, the sole remedy for failure to comply with the Continuing Disclosure Certificate shall be the ability of any beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the County to comply with its obligations under the Continuing Disclosure Certificate.

*Section 15. Other Documents.* The Chairperson, the County Clerk, the County Treasurer and all other officers of the County are hereby authorized to execute all documents and certificates necessary in connection with the authorization and delivery of the Bonds, including without limitation an official statement describing the Bonds and the County.

*Section 16. Prior Action.* The action of the County Clerk of the County in causing the notice of the sale of the Bonds and the notice of public hearing with respect to the Bonds to be published is hereby in all respects ratified and confirmed.

*Section 17. Severability.* If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability or such section, paragraph or provision shall not affect any of the remaining sections, paragraphs and provisions of this Resolution.

*Section 18. Conflicting Proceedings Superseded.* All ordinances, resolutions or orders, or parts thereof, heretofore enacted, adopted or entered, in conflict with the provisions of this

Resolution, shall be and in the same are hereby superseded to the extent of such conflict, and this Resolution shall be in effect from and after its passage.

*Section 19. Certified Copies of this Resolution.* The County Clerk of the County is hereby directed to send certified copies of this Resolution to Co-Bond Counsel for the County, Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, Attention: Charles L. Jarik, and Emile Banks & Associates, LLC, Suite 290, 1200 North Mayfair Road, Milwaukee, Wisconsin 53226, Attention: Emile Banks, and to the Milwaukee County Department of Administrative Services – Fiscal Affairs Division, 901 North 9th Street, Room 308, Milwaukee, Wisconsin 53223, Attention: Pamela Bryant.

**INITIAL RESOLUTION AUTHORIZING THE  
ISSUANCE OF  
\$27,000,000 GENERAL OBLIGATION REFUNDING BONDS**

BE IT RESOLVED by the County Board of Supervisors of Milwaukee County, Wisconsin, that there shall be issued the general obligation bonds of said County in an aggregate principal amount not to exceed \$27,000,000 for the public purpose of refunding certain outstanding municipal obligations of said County, including the interest thereon; and that, for the purpose of paying the various installments of principal of and interest on said bonds as they severally mature, prior to the issuance and delivery of said bonds there shall be levied on all taxable property in said County a direct annual irrevocable tax sufficient for that purpose.

BE IT FURTHER RESOLVED by the County Board of Supervisors of Milwaukee County, Wisconsin, that the County Clerk of the County is directed to send certified copies of this resolution to the County's co-bond counsel, Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, Attention: Charles L. Jarik, and Emile Banks & Associates, LLC, Suite 290, 1200 North Mayfair Road, Milwaukee, Wisconsin 53226, Attention: Emile Banks, and to the Office of the Comptroller, 901 North 9th Street, Milwaukee, Wisconsin 53223, Attention: Pamela Bryant.

RESOLUTION authorizing the advertisement for public sale and the sale of General Obligation Refunding Bonds, Series 2012 of Milwaukee County, Wisconsin, in an aggregate principal amount not to exceed \$27,000,000, and related matters.

WHEREAS, counties are authorized by Chapter 67 of the *Wisconsin Statutes*, as supplemented and amended, to borrow money and to issue bonds and promissory notes to finance any project undertaken for a public purpose and to refund municipal obligations, including the interest thereon; and

WHEREAS, it has previously been determined that it was necessary and desirable to issue general obligation bonds of Milwaukee County, Wisconsin (the "*County*"), in an aggregate principal amount not to exceed \$27,000,000 for the purpose of refunding certain outstanding municipal obligations of the County, pursuant to Chapter 67 of the *Wisconsin Statutes*, as supplemented and amended; and

WHEREAS, it is now necessary and desirable for the County to issue its General Obligation Refunding Bonds, Series 2012, in an aggregate principal amount not to exceed \$27,000,000;

NOW, THEREFORE, Be It Resolved by the County Board of Supervisors of Milwaukee County, Wisconsin, as follows:

*Section 1.* There shall be issued the General Obligation Refunding Bonds, Series 2012 of the County in an aggregate principal amount not to exceed \$27,000,000 (the "*Bonds*"); *provided*, that the Comptroller of the County (the "*Comptroller*") is hereby authorized to make all such changes to the resolutions adopted by the County Board of Supervisors of the County relating to the Bonds and the financing structure of the Bonds to conform to any changes to such resolutions and financing structures, which are approved by the Finance, Personnel and Audit Committee of the County Board of Supervisors of the County.

*Section 2.* For the purpose of offering the Bonds for sale, pursuant to Section 67.08(2), *Wisconsin Statutes*, as supplemented and amended, the Comptroller is hereby

authorized and directed to cause to be circulated the Official Terms of Offering for the Bonds and to disseminate appropriate notices of the sale of the Bonds at such times and in such manner as the Comptroller may determine and to receive bids for the Bonds at such time or times as the Comptroller may determine. The Comptroller shall also cause to be prepared and distributed an Official Statement or Official Statements, including the Official Terms of Offering, with respect to the Bonds.

*Section 3.* After the receipt of bids for the Bonds and the consideration thereof by this County Board of Supervisors, this County Board of Supervisors will consider resolutions prescribing the terms thereof and the form of Bond, and levying taxes in the specific amount necessary to pay the principal of and interest on the Bonds.

*Section 4.* Proceeds of the Bonds shall be applied at the direction of the Director of the Department of Administrative Services of the County (“DAS”), upon the request of the Comptroller, to the payment of issuance expenses with respect to the Bonds. An administrative appropriation transfer will be processed to increase expenditure authority in the non-departmental Debt Issue Expense budget to pay such issuance expenses. The issuance expenses may cover the fees for the following services provided in connection with the issuance of the Bonds as well as the out-of-pocket disbursements of the County: credit rating agencies, bond insurance, official statement printing and mailing, financial advisory services, bond counsel services, financial auditor services and other fees related to the issuance of the Bonds.

*Section 5. Copies of Resolution to Co-Bond Counsel and Comptroller.* The County Clerk of the County is directed to send certified copies of this resolution to the County’s co-bond counsel, Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, Attention: Charles L. Jarik, and Emile Banks & Associates, LLC, Suite 290, 1200 North Mayfair Road,

Milwaukee, Wisconsin 53226, Attention: Emile Banks, and to the Office of the Comptroller, 901  
North 9th Street, Milwaukee, Wisconsin 53223, Attention: Pamela Bryant.

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** 10/5/12

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** Initial Authorizing Resolution for the General Obligation Refunding Bonds

**FISCAL EFFECT:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact                                     | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required  | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues     |
| <input type="checkbox"/> Absorbed Within Agency's Budget   | <input type="checkbox"/> Decrease Capital Revenues     |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget   |  |
| <input type="checkbox"/> Decrease Operating Expenditures   | <input type="checkbox"/> Use of contingent funds       |
| <input type="checkbox"/> Increase Operating Revenues   |  |
| <input type="checkbox"/> Decrease Operating Revenues   |  |

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	see explanation	see explanation
	Revenue	0	
	Net Cost	0	
<b>Capital Improvement Budget</b>	Expenditure		
	Revenue		
	Net Cost		

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.<sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The Comptroller's Office is requesting approval of the attached resolution authorizing the refunding of the 2004 and 2005 General Obligation Corporate Purpose Bond Issues for a not-to-exceed amount of \$27,000,000.

The attached resolution provides parameters for the refunding and delegates approval of the sale of the bonds to the Comptroller. The Comptroller's approval is limited to results of the sale that fall within the parameters outlined in the resolution. An informational report will be submitted to the Finance, Personnel and Audit Committee to communicate the final results of the bond sale.

B. The preliminary analysis resulted in a net present value savings of approximately 2 million, which represents in excess of 8 percent of refunded principal.

C. No estimated savings are projected for 2012, but approximately \$300,000 per year for the years 2013-2020. This preliminary analysis assumes that the County will sell the bonds in December 2012.

D. The parameters for the financing would consist of the following: net present value savings of 3 percent, maximum coupon rate of 5 percent, maximum true interest costs of 2.5 percent, no call provision, and minimum purchase price of 100 percent of the par amount of the bonds.

---

<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

Department/Prepared By Pamela Bryant

Authorized Signature



Did DAS-Fiscal Staff Review?  Yes  No

**Daniel J. Diliberti**  
**Milwaukee County Treasurer**

901 N. 9<sup>th</sup> St. Rm. 102  
 Milwaukee, WI 53233

Inter-Office Memo

DATE: September 4, 2012  
 TO: Willie Johnson, Jr, Chairman, Finance and Personnel  
 FROM: Daniel J. Diliberti, Milwaukee County Treasurer  
 Subject: Notice of projected revenue surplus of \$500,000 in Interest and Penalty Payments in collection of Delinquent Property Taxes.

Per the directive of County Board Resolution 86-666, departments are to notify the Finance Committee of any projected deficits or surpluses in departmental accounts that exceed budgeted amounts.

This year, the Treasurer's Office is reporting a projected budget surplus of approximately \$400,000 in Revenue Account Number 1213 – Interest and Penalty Payments on Delinquent Property Taxes

This surplus is due to three factors.

- A. **Foreclosures:** This office undertook an initiative to reorganize our collections operations and address a backlog in foreclosures complicated by the limited action in this area by prior administrations. It began by coordinating our effort with a coalition of Milwaukee community-based organizations that were working with at-risk homeowners – especially those affected by the sub-prime mortgage crisis. Other resources directed at elderly homeowners, including our own Department on Aging and Aurora's Project Hope, were included in our foreclosure prevention efforts.

In addition, we began a systemic review of all delinquent properties and began the process of foreclosure for those properties with long-term delinquencies. We also initiated the Wisconsin Income Tax Refund Intercept Program, primarily to help settle smaller delinquent amounts. Finally we negotiated payment plans for homeowners who had no other recourse.

As a result of these efforts, this year the backlog of foreclosures has been addressed up to one year after receipt by the municipality. The payments received through this process yielded an upward blip in revenue – resulting in the receipt of significant amounts of delinquent tax payments last year and this year. This catch-up process is now complete and we have already begun to see a declining amount of delinquent taxes.

- B. **Bank Payments:** This year we saw an uptick in revenues resulting from robo-signing and bank-initiated mortgage foreclosures. The robo-signing scandal

delayed the foreclosure process for many banks and mortgage companies because machine-signed forgery of documents were thrown out of court and had to be re-done. In the meantime, the banks took action to protect their financial interest in at-risk properties. Banks, last year and this year, began paying delinquent property taxes directly to this office in order to preclude the county from foreclosing - which would have resulted in the mortgage companies losing their financial stake in the at-risk properties.

- C. **Federal Mortgage Rescue Programs:** The federal mortgage re-work program for homes at risk for foreclosure also affected our collections. Banks required that delinquent taxes be included in a re-worked mortgage formula or required that the back taxes be paid through the establishment of a monthly escrow payment. This limited-time occurrence resulted in numerous checks received from mortgage companies that paid the delinquent tax amounts in full.
- D. **Support and Assistance from Other Departments:** It is worth mentioning that the assistance of other departments was critical to enable this office to undertake and accommodate the temporary increase in collections.

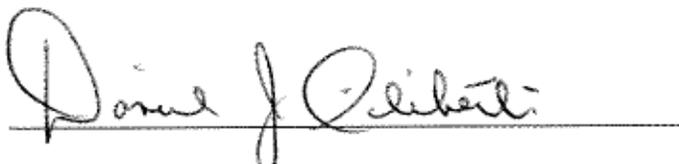
A major step in this process was the action taken by the Department of Human Resources which approved the reclassification of office staff. This accommodation enabled our staff to perform additional duties to initiate and consolidate the management of various property tax collections tasks.

Support for these changes from the County Board and DAS in this process was also much-appreciated.

Technical support for the needed software improvements was provided by IMSD. The support of IMSD's Applications' staff enabled us to upgrade our property records database software, as well as billing statements and mailings. With their help we were able to upgrade to an on-line, real-time delinquent tax information and payment system.

Corporation Counsel's Office also provided the legal guidance to navigate challenges in the foreclosure process and carried out the necessary legal steps to advance these efforts through the court system.

Finally, I would like to commend the staff team in the Treasurer's Office that, while working under difficult conditions, displayed initiative, flexibility, diligence and professionalism in implementing a unified collections process that has yielded the results herein reported.



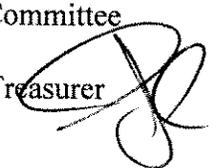
Daniel J. Diliberti, Milwaukee County Treasurer



Daniel J. Diliberti  
Milwaukee County Treasurer

DATE: September 7, 2012

TO: Willie Johnson, Jr. and David Cullen,  
Co-chairs, Finance, Personnel & audit Committee

FROM: Daniel J. Diliberti, Milwaukee County Treasurer 

RE: Sales Tax Application to Internet Sales

I am writing to express my support for the attached draft resolution forwarded by the WCA Board of Directors regarding the application of sales taxes to internet sales. My reasons for support can be summarized in one word: "jobs."

The lack of a uniform mechanism to apply state and local sales taxes to internet sales has created tax loophole that has long been in need of redress. Exempting internet sales from sales taxes has, in reality, turned the sales tax into a surtax tax on doing business locally. Current law, in effect, raises the cost of purchasing goods and services in local retail businesses by exempting on-line-only stores from sales taxes while mandating their collection in local retail establishments. In doing so, we have effectively created an incentive for people to forego local business in favor of internet store purchases. Wisconsin is already, for all intents and purposes, subsidizing internet sales to the tune of \$100-\$200 million dollars and driving people away from local retail stores in favor of a tax free internet black market - where people obtain the same consumer goods elsewhere for approximately 6% less (often accompanied by free mailing and shipping offers).

With 71% of the American economy based on consumer purchases, we can ill afford to drive increasing amounts of retail sales away from Wisconsin stores and to on-line and, often, out of state companies.

In the interest of job retention, supporting local businesses, providing funding for much-needed services, and implementing fair and uniform tax laws, I urge you to enact a similar resolution and express support for state and national efforts to make this change possible.

###



22 EAST MIFFLIN STREET, SUITE 900  
MADISON, WI 53703  
TOLL FREE: 1.866.404.2700  
PHONE: 608.663.7188  
FAX: 608.663.7189  
[www.wicounties.org](http://www.wicounties.org)

## MEMORANDUM

**TO:** County Board Chairs, Executives, Administrators, and Administrative Coordinators

**FROM:** Mark D. O'Connell, WCA Executive Director

**DATE:** August 29, 2012

**RE:** Sales Tax Resolution

We have recently received several requests for a draft resolution regarding collecting sales taxes related to Internet sales. Enclosed you will find a draft resolution the WCA legislative staff is asking you to consider introducing at your next board meeting. Currently, between \$100 million and \$200 million is being uncollected annually in Wisconsin state and local sales tax due to online-only retailers not collecting and remitting the tax. To assist WCA's lobbying efforts on this issue, we are asking county boards to adopt resolutions supporting legislation that would require online retailers with subsidiaries or affiliates located in Wisconsin to collect and remit state and local sales tax.

Not only is this a marketplace equity issue for traditional brick and mortar businesses in Wisconsin that are currently collecting sales tax, but it is also a revenue issue for county government. At a time when state aids are declining and sales tax growth is uncertain, enforcement of the state's sales tax law is critical.

Again, please consider introducing this resolution at your next board meeting. If your board does adopt the resolution, please inform WCA Research and Legislative Associate Kyle Christianson.

cc: WCA Board of Directors

# County Board Resolution

Approved this \_\_\_\_ Day of \_\_\_\_\_, 2012 by  
\_\_\_\_\_ County

Relating to

## Supporting Legislation Requiring Online-Only Retailers to Collect and Remit Wisconsin Sales Tax

WHEREAS, under current law many online-only retailers are refusing to collect and remit sales taxes in states where they do not have a physical presence; and

WHEREAS, this creates an unfair price advantage for online-only retailers over traditional brick-and-mortar Wisconsin businesses that provide Wisconsin-based jobs; and

WHEREAS, as the amount of unpaid tax by some people grows, more revenue needs to be collected from everyone else to compensate; and

WHEREAS, uncollected Wisconsin state and local sales tax revenue is estimated between \$100 and \$200 million annually; and

WHEREAS, sales tax revenues are an important component of state and local government budgets; and

WHEREAS, this resolution supports all Wisconsin residents, businesses and units of government.

NOW, THEREFORE, BE IT RESOLVED that \_\_\_\_\_ County does hereby support legislation requiring online retailers with subsidiaries or affiliates located in Wisconsin to collect and remit Wisconsin state and local sales tax.

**COUNTY OF MILWAUKEE  
Inter-Office Communication**

**Date:** October 8, 2012

**To:** Chairwoman Marina Dimitrijevic, Milwaukee County Board of Supervisors

**From:** Scott Manske, Comptroller

**Subject:** Protocols of the Office of the Comptroller (File No. 12-245)

**BACKGROUND**

At the May 17, 2012 meeting of the Committee on Finance and Audit, the Committee reviewed a report and Ordinance revisions to implement the new Office of the Comptroller. The Comptroller's Office was created in 2011 Wisconsin Act 62. Discussion of the establishment of the new function included a request from the Committee that the Comptroller report back prior to October 1, 2012 to share policies and procedures on how he intends to meet the responsibilities of the office.

**ANALYSIS**

The primary concerns discussed at the May 17 meeting were the role of the Comptroller in providing fiscal notes, fiscal analysis and audit services. In general, the other functions of the office (see attached list of statutory duties) will be addressed with either existing staff or procedures or with enhanced coordination between the Office of the Comptroller and the Department of Administrative Services Fiscal Services Division.

**Fiscal Notes**

Wisconsin Statutes 59.255(g) states that the Comptroller shall provide the County Executive and County Board with a fiscal note for all proposed legislation. In addition, Milwaukee County Ordinance section 1.10 requires that a fiscal note be attached to all resolutions and ordinances. The Ordinance also requires that the fiscal note be reviewed per the policies established by the Comptroller and that it be on a form supplied by the Comptroller. According to a February 17, 2012 opinion by Corporation Counsel:

"With respect to methodology, the statute requires that the Comptroller "provide" a fiscal note. However, the statute does not require that the Comptroller's office actually draft the fiscal note. Current county practice allows fiscal notes to be drafted by various individuals and then approved by the Department of Administrative Services. There is no readily apparent reason to prevent the Comptroller from fulfilling the responsibility for fiscal notes in a similar manner. The Comptroller's approval of a fiscal note prepared by another individual, whether that individual works in the Comptroller's office or elsewhere in the county, would constitute the "provision" of a fiscal note."

**Fiscal Analysis**

Wisconsin Statutes 59.255(g) also requires that, whenever requested to do so by the County Executive or Board, the Comptroller shall provide independent analysis of any matter affecting the County. As with the review of fiscal notes, management of workflow will require cooperation and judgment on the part of all affected parties. There will be instances where the Comptroller's Office will independently prepare analysis with limited input from other parties. There will be other instances where the primary role of the Comptroller will be to provide an independent review of analysis prepared by other parties.

One example of this approach is due diligence reports. A department that is originating a public private initiative governed by the due diligence ordinance section is in a better position to address all of the fiscal and non-fiscal elements of their proposal. Further, according to 32.88(2) "Any Milwaukee County agency considering a venture with a non-county entity is responsible for ensuring that all relevant provisions of this section are addressed subject to Department of Administrative Services - Fiscal Affairs Division review."

The Comptroller, on the other hand, is positioned to independently review the fiscal aspects of due diligence reports. The primary challenge will be the need to allow for adequate time to conduct the review. The Comptroller and the Department of Administrative Services will work together to evaluate County Ordinance and administrative policy on Due Diligence. To that end, it will be important for administrators to involve the Comptroller as early in the process as possible so that an appropriate work plan and timetable can be developed, especially related to any debt issues.

Over the next few years, we will closely with administrators to ensure that all parties know the process which will be followed to provide policy makers with fiscal analysis.

#### Audit

Work assignments for the Department of Audit have been handled in a number of ways, including: directive of the County Board, directive of the County Board Chairman, Committee requests, initiative of the Department of Audit, and requests from various other sources. 2011 Wisconsin Act 62 transfers Milwaukee County audit functions to the new position of Comptroller. As a result, the following process will govern the prioritization of work assignments for the Comptroller's Division of Audit (in descending order of priority):

**Directive of the Comptroller** – The Division of Audit reports to the Comptroller and, in keeping with this, audit work is done as directed by the Comptroller.

**Request of the full County Board** – Milwaukee County Ordinance Section 1.11(c) (2) states that the Committee on Finance, Personnel and Audit has responsibility for Office of the Comptroller policy. As such, audits are initiated by the County Board via resolution presented to the Finance, Personnel and Audit Committee. Audits also are requested through County Board budget amendments or concurrence with audits initiated in the County Executive's Recommended Budget.

**Committee Requests** – Requests for audit work that do not entail full-scale audit efforts are received via the Finance, Personnel and Audit Committee from other standing committees of the County Board.

**Initiative of the Division of Audit** – In an effort to assure County-wide audit coverage and respond to general areas of concern and interest to the County, audits are conducted as deemed appropriate in the judgment of the Director of Audits in consultation with the Comptroller or the Finance, Personnel and Audit Committee. Such audits may be conducted in response to requests by administrators responsible for County departments.

**Other** – Fraud hotline contacts, citizen inquiries, requests by state and federal authorities, and referrals from law enforcement officials also prompt audit work.

#### OTHER MATTERS

In addition to County Board involvement in the audit process, the May 10, 2012 staff report also discussed revenue estimates and fiscal independence.

##### Revenue Estimates

The Office of the Comptroller will prepare a baseline revenue report at the end of 2012. In future years, the report will be updated.

##### Fiscal Independence

Three concerns were raised about the independence of staff providing fiscal analysis:

- the employment status of "at-will" analysis and the desirability of civil service status as an alternative;
- the "DAS Model" which was created 10 years ago to streamline and standardize fiscal process by deploying DAS budget staff to operating departments; and
- application of the "DAS Model" to accounting positions.

We recommend the following approach to these matters:

Employment Status – independence could be strengthened by placing fiscal, policy, program and management analysts in civil service positions.

DAS Model for Budget Staff – consideration should be given to assigning staff to operating departments. As the Comptroller's Office undertakes the goal of holding departmental administrators responsible for fiscal performance, it will be constructive to have key fiscal staff reporting to those administrators.

DAS Model for Accounting Staff – at this time, we have no recommendation for any changes in the reporting line for accountants employed by Milwaukee County. As we continue to build the Comptroller's Office staffing and implement 2011 Act 62, we may re-visit this conclusion.

Please refer this memo to the Committee on Finance, Personnel and Audit.



Scott Manske

SM/cah

cc: Chris Abele, Milwaukee County Executive  
Milwaukee County Board of Supervisors  
Amber Moreen, Chief of Staff, Milwaukee County Executive's Office  
Patrick Farley, Director, Department of Administrative Services  
Craig Kammolz, Fiscal & Budget Administrator, Department of Administrative Services  
Jerome J. Heer, Director of Audits  
Kelly Bablitch, Chief of Staff, County Board Staff  
Steve Cady, Fiscal & Budget Analyst, County Board Staff  
Carol Mueller, Chief Committee Clerk

## KEY PROVISIONS OF MILWAUKEE COUNTY COMPTROLLER LEGISLATION

The Office of the Comptroller which was created by 2011 Wisconsin Act 62 ("Act 62") defines the duties and responsibilities of the Comptroller as:

### **Chief Financial Officer and Debt (Wis. Stats. 59.255(2)(a))**

*The comptroller is the chief financial officer of the county, and the administrator of the County's financial affairs. The comptroller shall oversee all of the county's debt.*

### **Financial Reporting Wis. Stats. 59.255(d)**

*Each month, at the County Board's first meeting, the comptroller shall report to the board and the county executive, in writing, the condition of the county's outstanding contracts and of each of the county's funds and the claims payable from the funds. The comptroller shall also file with the county executive and the board each year on or before October 1 a certified and detailed statement of the receipts and disbursements on account of each fund of the county during the preceding fiscal year, specifying the source of each receipt and the object of each disbursement, and also an estimate of the receipts and disbursements for the current fiscal year.*

### **Countersign All Contracts Wis. Stats. 59.255(e)**

*The comptroller shall countersign all contracts with the county if he or she determines that the county has, or will have, the necessary funds to pay the liability that the county may incur under the contract. No contract is valid until so countersigned.*

### **Monitor Treasurer's Accounts Wis. Stats. 59.255(f)**

*At least monthly the comptroller shall examine the treasurer's accounts as reported and as kept, and shall report to the county executive and board as to their correctness and as to any violation by the treasurer of the treasurer's duty in the manner of keeping accounts or disbursing moneys.*

### **Fiscal Analysis and Fiscal Notes Wis. Stats. 59.255(g)**

*Whenever requested to do so by the county executive or board, the comptroller shall provide an independent fiscal analysis of any matter affecting the county, and shall provide the county executive and board with a fiscal note for all proposed legislation.*

### **Five Year Financial Forecast Wis. Stats. 59.255(h)**

*Annually, the comptroller shall prepare a written 5-year financial condition forecast for the county, which shall be distributed to the county executive and the board.*

### **Audit Wis. Stats. 59.255(i)**

*The comptroller shall perform all audit functions related to county government. The comptroller shall also have the duties and all the powers and responsibilities conferred upon the clerk as auditor under s. 59.47 (1), and shall perform any additional duties and shall have any additional powers as are imposed and conferred upon him or her from time to time by resolution adopted by the board. Audit functions under this paragraph shall be performed in accordance with governmental auditing standards issued by the comptroller general of the United States and generally accepted auditing standards.*

### **Shared Service Contracts Wis. Stats. 59.255(j)**

*The comptroller shall administer and oversee all shared services contracts.*

### **Annual Pension Obligation Bond Report Wis. Stats. 59.85(2)(d)(2) (Intro)**

*Annually, the county comptroller under s. 59.255 shall submit to the governor, the department of revenue, and the department of administration, and to the chief clerk of each house of the legislature, for distribution to the legislature under s. 13.172 (2) a report that includes all the following:*

**Milwaukee County Office of the Sheriff's  
Federal Asset Forfeiture Fund Expenditures  
Comply with Program Criteria but Improvement  
Needed in Reporting Accuracy, Compliance  
with County Procurement Procedures**

**September 2012**

**Milwaukee County Office of the Comptroller  
Audit Services Division**

**Scott B. Manske  
Milwaukee County Comptroller**



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**Jerome J. Heer, Director of Audits  
Douglas C. Jenkins, Deputy Director of Audits**

**Audit Team**

Jere A. Trudeau  
Sandra M. Swan

**Review Team**

Douglas C. Jenkins  
Paul A. Grant, CPA

**Administrative Support**

Cheryl A. Hosp



Office of the Comptroller  
Audit Services Division

# Milwaukee County

Scott B. Manske  
Jerome J. Heer  
Douglas C. Jenkins

- Milwaukee County Comptroller
- Director of Audits
- Deputy Director of Audits

September 28, 2012

To the Honorable Chairwoman  
of the Board of Supervisors  
of the County of Milwaukee

We have completed an audit of the Milwaukee County Office of the Sheriff's use of Federal Asset Forfeiture Program funds (Forfeiture Funds).

The attached audit report notes that U.S. Department of Justice (DOJ) regulations clearly give the local law enforcement agency head considerable discretion, within specified guidelines, in spending Forfeiture Funds. We did not identify any expenditures within the review period of January 1, 2008 through May 7, 2012 that we considered impermissible under the program criteria. The report also identifies a need for improved accuracy in annual reports submitted to DOJ and with following local procurement procedures.

The report provides recommendations to address specific issues noted during the audit.

A response from both the Office of the Sheriff is included as **Exhibits 3**. We appreciate the cooperation extended by Office of the Sheriff management and staff during the course of this audit.

Please refer this report to the Committee on Finance, Personnel and Audit.

Jerome J. Heer  
Director of Audits

JJH/DCJ/cah

Attachment

cc: Scott B. Manske, Milwaukee County Comptroller  
David Clarke, Jr., Milwaukee County Sheriff  
Milwaukee County Board of Supervisors  
Chris Abele, Milwaukee County Executive  
Patrick Farley, Director, Department of Administrative Services  
Kelly Bablitch, Chief of Staff, County Board Staff  
Craig Kammholz, Fiscal & Budget Administrator, DAS  
Steve Cady, Fiscal & Budget Analyst, County Board Staff  
Carol Mueller, Chief Committee Clerk, County Board Staff

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# Milwaukee County Office of the Sheriff's Federal Asset Forfeiture Fund Expenditures Comply with Program Criteria but Improvement Needed in Reporting Accuracy, Compliance with County Procurement Procedures

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## Summary

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The U.S. Department of Justice (DOJ) Asset Forfeiture Program is a nationwide law enforcement initiative designed to recover property that may be used to compensate victims, and deter crime. One of the most important provisions of asset forfeiture is the authorization to share federal forfeiture proceeds with cooperating state and local law enforcement agencies. This is accomplished through the DOJ's Equitable Sharing Program, which establishes guidelines and requirements to which state and local law enforcement agencies must adhere as a condition of receiving shared funds (Forfeiture Funds).

### **Milwaukee County Office of the Sheriff's federal Asset Forfeiture Program expenditures from January 1, 2008 through May 7, 2012 fell within permissible program criteria.**

Clear and specific criteria for appropriate use of federal Asset Forfeiture Program funds (Forfeiture Funds) are contained in the U.S. Department of Justice publication, Guide to Equitable Sharing for State and Local Law Enforcement Agencies (April 2009). We examined supporting documentation for each Forfeiture Fund expenditure during the period January 1, 2008 through May 7, 2012. We applied our judgment in concluding whether or not the expenditures fell within Department of Justice guidelines for permissible use of Forfeiture Funds. We did not identify any expenditures within the review period that we considered impermissible under the program criteria. Following is a summary of the expenditures categorized by qualifying DOJ program criteria.

Equipment	\$450,530	54.5%
Training	\$144,586	17.5%
Community-based Programs	\$115,065	13.9%
Travel Costs	\$77,307	9.4%
Facilities	\$30,485	3.7%
Awards & Memorials	\$7,557	0.9%
Other	<u>\$1,047</u>	<u>0.1%</u>
<b>Total</b>	<b>\$826,577</b>	<b>100.0%</b>

A complete listing of the \$826,577 in Milwaukee County Office of the Sheriff Forfeiture Fund expenditures during the review period is presented as **Exhibit 2**.

## Permissible Uses

The overarching policy requirement for appropriate use of federal Asset Forfeiture Program funds is that shared monies and property obtained from the program are to be used for law enforcement purposes. **Section 1** of this audit report provides excerpts from the Department of Justice guide describing the qualifying criteria for each Forfeiture Fund expenditure category used by the Milwaukee County Office of the Sheriff during the period reviewed. After each category description, we provide several examples of actual transactions and the purposes for which they were made according to supporting documentation and interviews with Office of the Sheriff management.

## The Office of the Sheriff can improve program compliance in some areas

In addition to the overarching principle that federal Asset Forfeiture Program funds shall be used for law enforcement purposes only, there are several other noteworthy program requirements contained in the *Guide to Equitable Sharing for State and Local Law Enforcement Agencies* publication (the *Guide*).

### Applicability of Local Ordinances

For instance, the *Guide* states:

*Subject to laws, rules, regulations, and orders of the state or local jurisdiction governing the use of public funds available for law enforcement purposes, the expenses noted below are pre-approved as permissible uses of shared funds and property.* [Emphasis added.]

While the Office of the Sheriff follows the County's rules and regulations related to travel charged to the Forfeiture Fund, it does not adhere to applicable County procurement ordinances. Office of the Sheriff management stated that it operated under the belief that purchases did not have to be made through the Procurement Division because such rules and regulations only pertained to County funds. Since Forfeiture Funds are not County funds, there was a presumption that County rules and regulations were optional.

We discussed this issue in depth with top management of the DOJ section responsible for administering its asset forfeiture program nationally. He stated unequivocally that law enforcement agencies receiving Forfeiture Funds are bound by the rules and regulations of their governing jurisdictions. Specifically, the Office of the Sheriff is required to follow procurement, travel and all other applicable County requirements when spending Forfeiture Funds.

Office of the Sheriff management pointed out that no previous Milwaukee County Sheriffs have followed Milwaukee County procurement procedures for Forfeiture Fund expenditures. Office of the

Sheriff management has indicated it is seeking clarification, in writing, from the Department of Justice regarding the applicability of local ordinances to Forfeiture Fund expenditures.

### **Community-Based Programs**

DOJ's *Guide to Equitable Sharing for State and Local Law Enforcement Agencies (April 2009)* details extensive criteria that must be met for determining a community-based program's eligibility to receive Forfeiture Fund benefits.

For instance, the chief law enforcement officer is required to explain in writing why the applicant's receipt of Forfeiture Fund benefits for the particular activity or use is supportive of and consistent with a law enforcement effort, policy, and/or initiative within the guidelines to support community-based programs. We found internal memos or other similar documentation written by Office of the Sheriff management describing the reasons for making the payment and the associated law enforcement benefit for all seven organizations for which we reviewed documentation.

However, the chief law enforcement officer is also responsible for determining whether an organization receiving program benefits, or its principals (e.g., officer, director, trustee or fiduciary) currently is the subject of federal, state or local criminal investigation. We found no evidence of this compliance requirement being performed by the Office of the Sheriff.

In addition, there are eight specific certifications that must be made, in writing, by the head of each community-based organization receiving Forfeiture Fund benefits. For most of the \$82,378 in payments that directly benefited individual organizations, we found references to an organization's non-profit status in the documentation provided. However, we found no written certifications addressing the other seven compliance requirements necessary for community-based organizations.

### Maximum Allowable Annual Payments in Support of Community-Based Programs

Law enforcement agencies may use up to 15% of the total of shared monies received by that agency in the last two fiscal years for the costs associated with non-profit community-based programs or activities that are formally approved by the chief law enforcement officer (i.e., Sheriff). All expenditures must be supportive of and consistent with a law enforcement effort, policy, and/or initiative. The Office of the Sheriff does not have a system in place for categorizing its Forfeiture Fund payments so as to determine compliance with the 15% requirement. We determined that the Office of the Sheriff spent a total of \$24,514 more than the maximum allowable for community-based programs for the years 2009 and 2011.

### **Annual Equitable Sharing Agreement and Certification**

Law Enforcement agencies are required to submit annual Equitable Sharing Agreement and Certification reports to DOJ detailing the Forfeiture Fund activity within 60 days of the end of the fiscal year. We compared the ending balance of the Forfeiture Fund bank account as of December 31, 2011 with the ending balance reported by the Office of the Sheriff's 2011 annual Equitable Sharing Agreement and Certification report. After taking into account outstanding revenues and expenses, we determined that the fund's year-end balance for 2011 reported to DOJ was understated by \$11,490. The understatement was a combination of multiple and sometimes offsetting errors. Errors included both mathematical miscalculations and inaccurate recording of data. It is apparent that the Office of the Sheriff has not been reconciling its annual statements to the Forfeiture Fund balance as a control to help ensure reported amounts are accurate.

### **Documentation for Travel Expenditures**

We also identified some problems related to documentation of travel costs charged to the Forfeiture Fund. We asked for the supporting documentation, including travel expense reports and related invoices, for each of the annual payments made from the Forfeiture Fund. However, Office of the Sheriff fiscal staff was unable to isolate the specific travel reports used to document some of the checks issued from the Forfeiture Fund. Office of the Sheriff fiscal staff attempted to identify appropriate travel cost items to document support for the check amounts in question, but differences were noted for two of the three years within the review period.

Recommendations are included to address each of the issues identified during the audit. A management response from the Office of the Sheriff is included as **Exhibit 3**. We wish to acknowledge the cooperation of the Office of the Sheriff management and staff during the course of this audit.

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## Background

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The U.S. Department of Justice (DOJ) Asset Forfeiture Program is a nationwide law enforcement initiative designed to remove the tools of crime from criminal organizations, deprive wrongdoers of the proceeds of their crimes, recover property that may be used to compensate victims, and deter crime. According to DOJ, asset forfeiture has been used to attack the financial infrastructure of criminal enterprises and return funds to victims of large-scale fraud.

One of the most important provisions of asset forfeiture is the authorization to share federal forfeiture proceeds with cooperating state and local law enforcement agencies. This is accomplished through the department's Equitable Sharing Program, which establishes guidelines and requirements to which state and local law enforcement agencies must adhere as a condition of receiving shared funds (Forfeiture Funds). According to DOJ reports to Congress, more than \$6 billion in forfeited assets have been shared with state and local law enforcement agencies since passage of the enabling Comprehensive Crime Control Act of 1984.

Typically, law enforcement agencies participating in the Equitable Sharing Program include cities, districts, local, county or state police; sheriff or highway patrol departments; and state or local prosecutors' offices. Determinations of agency eligibility are solely within the discretion of the DOJ, Criminal Division. DOJ requires shared monies and property to be used for law enforcement purposes. Sharing will be withheld from any state or local law enforcement agency where state or local law, regulation, or policy requires federal Equitable Sharing funds to be transferred to non-law enforcement agencies or expended for non-law enforcement purposes.

The Milwaukee County Office of the Sheriff (Office of the Sheriff) receives the vast majority of its Forfeiture Funds from DOJ. **Table 1** summarizes Forfeiture Fund revenues and expenditures of the Office of the Sheriff since 2008.

**Table 1**  
**Asset Forfeiture Program**  
**Summary of Milwaukee County Revenues and Expenditures**  
**2008—2012**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012<sup>1</sup></u>	<u>Totals</u>
<b>Beginning Balance</b>						
<b>Revenues</b>	<b>\$641,333</b>					
DOJ Equitable Sharing	\$44,978	\$111,750	\$46,235	\$80,095	\$8,081	\$291,139
Other Income	-0-	\$6,400	\$32,175	-0-	-0-	\$38,575
Interest Income	<u>\$13,214</u>	<u>\$9,294</u>	<u>\$5,737</u>	<u>\$1,894</u>	<u>\$377</u>	<u>\$30,516</u>
<b>Total Revenues</b>	<b><u>\$58,192</u></b>	<b><u>\$127,444</u></b>	<b><u>\$84,147</u></b>	<b><u>\$81,989</u></b>	<b><u>\$8,458</u></b>	<b><u>\$360,230</u></b>
<b>Total Expenditures</b>	<b><u>\$152,601</u></b>	<b><u>\$107,491</u></b>	<b><u>\$278,509</u></b>	<b><u>\$257,780</u></b>	<b><u>\$30,131</u></b>	<b><u>\$826,512</u></b>
Reporting Discrepancies						\$11,490 <sup>2</sup>
<b>Balance as of 5/07/2012</b>					<b>\$186,541</b>	

Note<sup>1</sup>: Revenues and expenditures through May 7, 2012.

Note<sup>2</sup>: Figures in Table 1 reflect various reporting discrepancies totaling a net \$11,490 as of year-end 2011. As a result, minor differences appear between some of these reported figures and those cited in other areas of this report. These discrepancies are addressed on p. 28 of this report.

Source: Annual Certification Reports submitted by the Office of the Sheriff to DOJ.

There are a number of requirements that encompass all facets of the program, including how assets are seized, how they are liquidated and how the proceeds are distributed. Our review focused on how the Milwaukee County Office of the Sheriff administered the funds once they were received by the County.

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**Section 1: Milwaukee County Office of the Sheriff's Federal Asset Forfeiture Program expenditures from January 1, 2008 through May 7, 2012 fell within permissible program criteria.**

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**DOJ regulations clearly give the local law enforcement agency head considerable discretion, within specified guidelines, in spending Forfeiture Funds.**

County Board Resolution 12-129 directed the Department of Audit (subsequently re-organized as the Audit Services Division of the Office of the Comptroller) to review whether Federal Forfeiture revenues are being put to the highest and best use. Clear and specific criteria for appropriate use of federal Asset Forfeiture Program funds (Forfeiture Funds) are contained in the U.S. Department of Justice publication, *Guide to Equitable Sharing for State and Local Law Enforcement Agencies (April 2009)*. Those regulations clearly give the local law enforcement agency head considerable discretion, within specified guidelines, in spending Forfeiture Funds. Consequently, we did not substitute our judgment for that of the Milwaukee County Sheriff. Rather, we examined supporting documentation for each expenditure and applied our judgment in concluding whether or not the expenditures fell within Department of Justice guidelines for permissible use of Forfeiture Funds.

Using that approach, we categorized each of the Milwaukee County Office of the Sheriff's Forfeiture Fund expenditures from January 1, 2008 through May 7, 2012 into the appropriate qualifying criteria. We did not identify any expenditures within the review period that we considered impermissible under the program criteria. A complete listing of all expenditures, totaling \$826,577 during the review period, is presented as **Exhibit 2**.

A summary of total expenditures by category during the period is shown in **Table 2**.

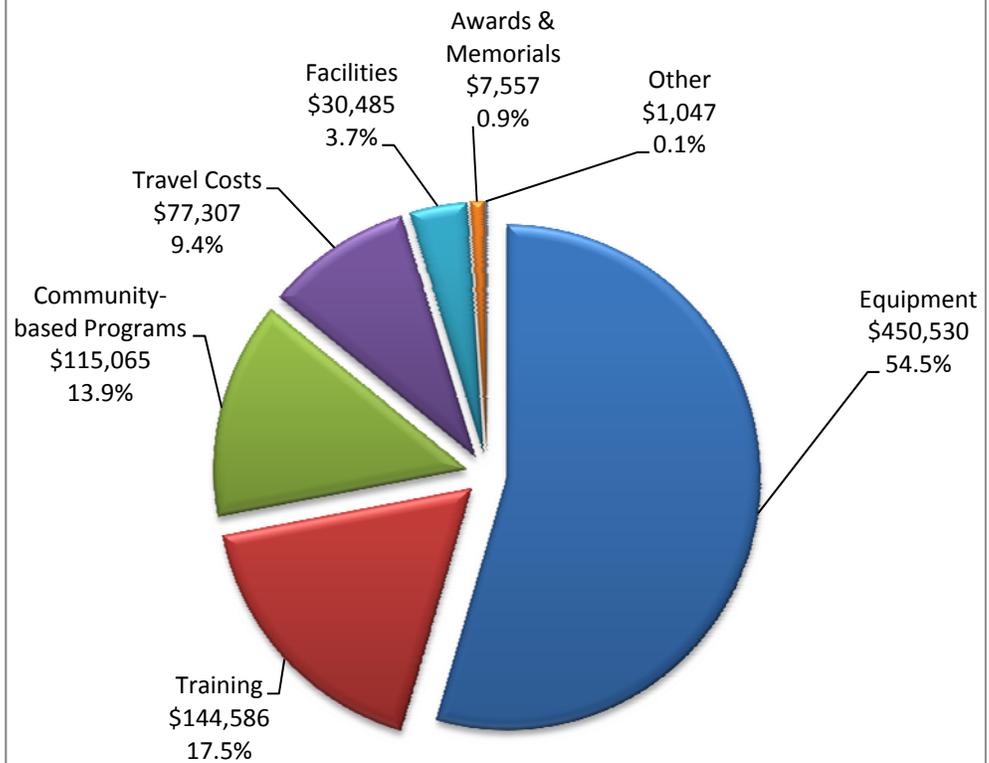
**Table 2**  
**Milwaukee County Office of the Sheriff**  
**Federal Asset Forfeiture Fund Expenditures by Category**  
**January 1, 2008–May 7, 2012**

<u>Summary by Category</u>	<u>Amount</u>	<u>% of Total</u>
Equipment	\$450,530	54.5%
Training	\$144,586	17.5%
Community-based Programs	\$115,065	13.9%
Travel Costs	\$77,307	9.4%
Facilities	\$30,485	3.7%
Awards & Memorials	\$7,557	0.9%
Other	<u>\$1,047</u>	<u>0.1%</u>
<b>Total</b>	<b>\$826,577</b>	<b>100.0%</b>

Source: Equitable Sharing Annual Certifications Reports; Audit Services Division categorizations based on U.S. Dept. of Justice program criteria.

This same information is presented graphically in **Figure 1**.

**Figure 1**  
**Milwaukee County Office of the Sheriff**  
**Federal Forfeiture Fund Expenditures by Category**  
**January 1, 2008 - May 7, 2012**



Source: Equitable Sharing Annual Certifications Reports; Audit Services Division categorizations based on U.S. Dept. of Justice program criteria.

### Permissible Uses

**The overarching policy requirement for use of federal Asset Forfeiture Program funds is that shared monies and property obtained from the program are to be used for law enforcement purposes.**

The overarching policy requirement for appropriate use of federal Asset Forfeiture Program funds is that shared monies and property obtained from the program are to be used for law enforcement purposes. Following are excerpts from the Department of Justice guide describing the qualifying criteria for each Forfeiture Fund expenditure category used by the Milwaukee County Office of the Sheriff during the period reviewed. After each category description, we provide several examples of actual transactions during the period January 2008 through May 7, 2012.

## **Law Enforcement Equipment**

*The costs associated with the purchase, lease, maintenance, or operation of law enforcement equipment for use by law enforcement personnel that supports law enforcement activities. For example, furniture, file cabinets, office supplies, telecommunications equipment, copiers, safes, fitness equipment, computers, computer accessories and software, body armor, uniforms, firearms, radios, cellular telephones, electronic surveillance equipment, and vehicles (e.g., patrol cars and surveillance vehicles).*

**Total Office of the Sheriff law enforcement equipment expenditures = \$450,530 (54.5%)  
Average transaction = \$5,363**

- August 2008—a 2008 Dodge Ram pickup truck was purchased from Ewald Chrysler/Jeep/Dodge for \$42,986. The truck is used by the Mounted Unit for transporting horses (primarily rented horses; one horse was donated to the unit) to event locations. Documentation shows the purchase price was lower than three comparable vehicles for sale in the Milwaukee area.
- November 2009—300 officer uniforms—shirts and trousers—were purchased from Superior Uniform for \$27,732. The full cost of the uniforms was subsequently reimbursed to the Forfeiture Fund from the individual officers that purchased the items. There are no program criteria authorizing use of the Forfeiture Fund as a revolving loan fund. Therefore, we question the appropriateness of using the Forfeiture Fund as a method for the temporary advancement of funds. Since the straightforward acquisition of uniforms is an allowable expenditure under the Equitable Sharing Program, there is no substantive violation in this particular instance. However, according to DOJ management responsible for Forfeiture Fund program oversight, this particular transaction could indicate a circumventing of usual procurement procedures, and as a general rule should not occur.

**We question the appropriateness of using the Forfeiture Fund as a method for the temporary advancement of funds.**

We also noted that the Office of the Sheriff paid the vendor \$2,353 more than the invoices totaled. It is unclear how this occurred. However, the supporting documentation for this expenditure noted this discrepancy, along with the need to offset a future payment to the vendor. According to Office of the Sheriff fiscal staff, the credit due from this vendor has not yet been received.

- September 2010—27 Smith & Wesson Model M&P 15X Special semi-automatic rifles and 200 Magpul EMAGS (Export Magazines) were purchased from Streicher's for \$24,520. The weapons and ammunition were for use by Expressway Patrol vehicles.

- October 2010—a two-horse trailer was purchased from Gold Medal Trailer Sales for \$19,570. The trailer is used for equine transport by the Office of the Sheriff Mounted Unit.
- September 2008—Two personal watercraft, a trailer, wetsuits and accessories were purchased for \$18,140 from Sportland 2, Inc. Documentation indicates that, prior to the purchase, five officers received specialized training on law enforcement deployment from the Wisconsin Department of Natural Resources.
- April 2008—Two Segway two-wheeled electric transport vehicles were purchased from Segway of Milwaukee for \$14,500. The Segways were purchased for use by the Office of the Sheriff Airport Patrol Unit as well as for possible Parks and Tactical Enforcement Unit deployment.
- October 2010—Two high performance metal detectors were purchased from SecurMAR LLC for \$12,340. According to documentation supporting the purchase, the primary purpose for acquiring a metal detector was to screen employees for weapons, cell phones, recording devices, etc. prior to meeting with the Sheriff for disciplinary reasons. The second metal detector provides flexibility for conducting such meetings at a different location.
- October 2011—Physical fitness workout equipment totaling \$11,740 was purchased from Magnum Fitness System. Supporting documentation indicates the two treadmills, elliptical machine, stationary bicycle and floor tiles were purchased for use by personnel assigned to the Office of the Sheriff as part of a 2012 Fitness Initiative.
- January 2011—a 2006 Harley Davidson police motorcycle was purchased from the House of Harley Davidson for \$7,839 for use by the Patrol Division.

**The primary purpose for acquiring a metal detector was to screen employees for weapons, cell phones, recording devices, etc. prior to meeting with the Sheriff for disciplinary reasons.**

We recommend that the Milwaukee County Office of the Sheriff:

1. *Prohibit use of the Forfeiture Fund to 'front' or 'advance' monies for non-Forfeiture Fund expenditures such as uniforms ultimately purchased by Deputy Sheriffs.*
2. *Recoup \$2,353 paid in error to Superior Uniform.*

## **Law Enforcement Training**

*The training of officers, investigators, prosecutors, and law enforcement support personnel in any area that is necessary to perform official law enforcement duties.*

**Total Office of the Sheriff law enforcement training expenditures = \$144,586 (17.5%)  
Average transaction = \$2,728**

**Training for more than 50 participants, conducted on location at the Correctional Center—South, was on Disney’s Approach to Business Excellence.**

- April 2011—A total of \$28,000 was paid to Southern Police Canine, Inc. for six weeks of training on location in North Carolina for two canine handlers in canine patrol/narcotics detection.
- January 2011—Training for more than 50 participants, conducted on location at the Correctional Center—South, at a cost of \$24,900 paid to Disney Destinations, LLC. The training was on Disney’s Approach to Business Excellence.
- June 2009—Tuition of \$11,200 for one staff member to attend training at Harvard University’s John F. Kennedy School of Government. The three-week training course was entitled, “Senior Executives in State and Local Government.” Related travel costs charged to the Forfeiture Fund totaled \$486.
- April 2011—Tuition of \$11,200 for one staff member to attend training at Harvard University’s John F. Kennedy School of Government. The three-week training course was entitled, “Senior Executives in State and Local Government.” Related travel costs totaled \$653.
- December 2011—Tuition of \$6,600 for one staff member to attend training at Harvard University’s John F. Kennedy School of Government. The one-week training course was entitled, “Mastering Negotiation: Building Agreements Across Boundaries.” Related travel costs totaled \$496.
- April 2012—\$1,974 was paid to Underwater Connection for Office of the Sheriff’s Dive Team training.
- January 2010--\$820 in registration fees were paid to Oakland California Police Department Training for one enrollment in a Tactical Science course in Oakland. Related travel costs charged to the Forfeiture Fund totaled \$1,082.

### **Support of Community-Based Programs**

*A state or local law enforcement agency or prosecutor's office may use up to 15 percent of the total of shared monies received by that agency in the last two fiscal years for the costs associated with drug abuse treatment, drug and crime prevention education, housing and job skills programs, or other nonprofit community-based programs or activities that are formally approved by the chief law enforcement officer (e.g., chief, sheriff, prosecutor). All expenditures must be supportive of and consistent with a law enforcement effort, policy, and/or initiative.*

*It is important to note that cash transfers to community-based programs are not permitted. State and local law enforcement agencies are prohibited from making cash transfers or donations to support community-based programs. However, agencies may directly purchase supplies, equipment, and/or services for eligible community-based programs, or reimburse such programs for eligible expenditures with a valid, itemized receipt.*

**Total Office of the Sheriff community-based program  
expenditures = \$115,065 (13.9%)  
Average transaction = \$2,501**

**MADACC provides support to the Office of the Sheriff and other local law enforcement officials by taking custody of animals at the scenes of crimes, arrests, evictions, etc. when necessary.**

- February 2011—A \$10,000 donation was provided to the Friends of Milwaukee Area Domestic Animal Control Commission (MADACC). The donation was to defray a portion of the cost for construction of 16 kennels at the facility. Documentation indicates that MADACC provides support to the Office of the Sheriff and other local law enforcement officials by taking custody of animals at the scenes of crimes, arrests, evictions, etc. when necessary.
- January 2011—Ten laptop computers were purchased from Consistent Computer Bargains at a cost of \$9,988. The computers were purchased for the S.T.O.R.M. (Strong Teen Outreach) Center at the Sherman Park Lutheran Church and School.
- September 2008—A donation of \$5,400 to Marquette University to pay for tuition for four in the Future Milwaukee Program. Marquette University describes Future Milwaukee as a community leadership program dedicated to develop leaders who will give back to their communities, both professionally and personally, and make lasting, positive contributions. According to the program's web site, Future Milwaukee graduates represent every facet of community diversity which includes ethnic, gender and age diversity.
- May 2011—Donations of \$5,000 each (total of \$10,000) to two Hope Christian Schools to defray costs for math and reading laboratories. According to Hope Christian Schools, which stands for Hold Onto the Promises Everywhere, the

laboratories are focused especially on at-risk youth. The organization states that its schools are intentionally located in Milwaukee's toughest neighborhoods because they believe that all children deserve a high-quality college preparatory education.

Additional comments regarding adherence to Equitable Sharing Program requirements pertaining to community-based programming expenditures are presented in **Section 2** of this report.

### **Law Enforcement Travel and Transportation**

*The costs associated with travel and transportation to perform or in support of law enforcement duties and activities. All related costs must be in accordance with the agency's state per diem and must not create the appearance of extravagance or impropriety.*

**Total Office of the Sheriff travel and transportation expenditures = \$77,307 (9.4%)  
Average transaction = \$7,028**

Travel and transportation expenditures from the Office of the Sheriff Forfeiture Fund are typically transacted in batch form. That is, travel for various purposes throughout the year is authorized and paid through the County's standard protocols (i.e., use of a credit card-type Travel Card or reimbursement of documented employee outlays through a travel expense form), Expenses meeting the appropriate DOJ Equitable Sharing guidelines are identified and totaled, and the proper general fund account is reimbursed with a single check from the Forfeiture Fund. This protocol documents compliance with County travel authorization and reimbursement procedures, in accordance with Equitable Sharing program requirements.

**This protocol documents compliance with County travel authorization and reimbursement procedures, in accordance with Equitable Sharing program requirements.**

- July 2010—A check for \$26,645 was issued to the Milwaukee County Treasurer for travel expenses incurred in 2009. Training associated with these travel costs included two staff attending a six-week bomb technician basic course in Huntsville, AL (\$7,942), and six staff traveling to California to observe the practices of various units of the Los Angeles Police Department (\$5,701).
- December 2008—A check for \$17,120 was issued to the Milwaukee County Treasurer for travel expenses incurred in 2007. Costs included with this payment included travel and

tuition costs (\$1,781 and \$13,400, respectively) for three management staff to attend Harvard University classes. The courses included “Driving Government Performance: Leadership Strategies that Produce Results,” “Leadership for the 21st Century” and “The Leadership for a Networked World Program Cross-Boundary Transformation.”

- December 2008—A separate check for \$10,314 was issued to the Milwaukee County Treasurer for travel expenses incurred in 2008. Expense items included \$6,469 for travel and tuition for a six-day training course “Leadership in Crisis” at Harvard University, and \$1,870 for conference fees for four top managers attending the FBI national convention held in Milwaukee.
- April 2011—A \$1,000 travel advance was provided to the Sheriff for travel expenses related to Homeland Security training provided to several police chiefs and county sheriffs from major U.S. cities. Essentially all of the trip expenses were paid from a grant and the Sheriff repaid the advance to the Forfeiture Fund within two weeks of his return.

#### Additional Observations Regarding Travel

Before each trip, management approves the travel and indicates on the approval form if the travel is to be paid through the Forfeiture Fund or Office of the Sheriff operating accounts. We asked for the supporting documentation, including travel expense reports and related invoices, for each of the annual payments made from the Forfeiture Fund. However, Office of the Sheriff fiscal staff was unable to isolate the specific travel reports used to document some of the checks issued from the Forfeiture Fund. Office of the Sheriff fiscal staff attempted to identify appropriate travel cost items to document support for the check amounts in question, but differences were noted for two of the three years within the review period.

**Table 3** shows each of the annual payments for travel expenses that were made during our review period, along with the extent to which documentation for the expenditures was lacking.

**Table 3**  
**Documentation Supporting Travel Expenses**  
**Charged to the Forfeiture Fund**  
**January 2008–May 7, 2012**

Year Expense Was:		----- Amount -----		
<u>Incurring</u>	<u>Paid</u>	<u>Charged</u>	<u>Supported</u>	<u>Difference</u>
2005-06	2008	\$12,752	\$12,298	\$454
2007	2008	\$17,120	\$16,310	\$810
2008	2008	\$10,314	\$10,314	- 0 -
2009	2010	\$26,645	\$17,610	\$9,035
2010	2011	<u>\$6,954</u>	<u>\$6,954</u>	<u>- 0 -</u>
<b>Totals</b>		<b>\$73,785</b>	<b>\$63,486</b>	<b>\$10,299</b>

Notes: There were no 2012 travel charges paid in our review period.

Source: Forfeiture Fund files and related travel expense reports

As **Table 3** shows, travel expenses incurred as far back as 2005 were paid during the review period. Fiscal staff provided documentation to show that the travel costs for 2005--2006 had been accrued in those prior years, but that payment for the costs had been delayed until 2008 for unspecified reasons.

These differences highlight the need for better documentation of supporting annual travel costs charged to the Forfeiture Fund. According to Office of the fiscal staff, changes are being implemented that will better organize travel costs and ensure proper support for future payments from the Forfeiture Fund. We concur with these efforts, and recommend that the Office of the Sheriff:

3. *Implement a system whereby travel costs charged to the Forfeiture Fund can be clearly identified and properly supported.*

Further, some of the examples in this report indicate the need for the Office of the Sheriff to process travel reimbursement transactions from the Forfeiture Fund in a more timely manner. For instance, although a proper accrual was made to the

**Some of the examples in this report indicate the need for the Office of the Sheriff to process travel reimbursement transactions from the Forfeiture Fund in a more timely manner.**

County's financial statements to reflect the fact that outside revenue was due, the December 2008 reimbursement to the County for transactions occurring up to nearly three years earlier raises concerns that no control was in place to ensure that Forfeiture Funds would, in fact, be transferred to reverse the accrual. The timing of the reimbursement also distorts the accounting of the Forfeiture Fund, because the money owed to the County for the prior years' travel expenses were not reflected in annual Certifications of Forfeiture Fund account balances reported to the U.S. Department of Justice.

To maintain proper accounting of County Forfeiture Funds, we recommend the Milwaukee County Office of the Sheriff:

4. *Process all batch travel reimbursement transactions from the federal Forfeiture Fund on a timely basis.*

#### **Law Enforcement and Detention Facilities**

*The costs associated with the purchase, lease, construction, expansion, improvement, or operation of law enforcement or detention facilities used or managed by the recipient agency. For example, the costs of leasing, operating, and furnishing an off-site undercover narcotics facility is a permissible use of shared funds.*

**Total Office of the Sheriff facilities  
expenditures = \$30,485 (3.7%)  
Lone transaction = \$30,485**

- October 2010—The lone facilities expenditure from the Forfeiture Fund was a \$30,385 payment to Suburban Asphalt Co., Inc. for the purchase and installation of a 1/8 mile running track at the County Correctional Facility—South. According to supporting documentation, the running track was intended for use in the D.O.T.S. (Discipline, Order, Training and Structure) program. The mission of the program, for which funding was eliminated in the 2012 Adopted Budget, was to instill discipline, order, training and structure in the lives of incarcerated individuals through education, physical activity and disciplined training.

### **Law Enforcement Awards and Memorials**

*The cost of award plaques and certificates for law enforcement personnel, provided that the plaque or certificate is in recognition of a law enforcement achievement, activity, or the completion of law enforcement training, and the cost does not create the appearance of extravagance or impropriety. Shared funds may not be used to pay cash awards. Shared funds may be used to pay the costs for modest commemorative plaques, displays, or memorials that serve to recognize or memorialize a law enforcement officer's contributions, such as a memorial plaque or stone at a police department facility in honor of officers killed in the line of duty.*

#### **Total Milwaukee County Office of the Sheriff awards and memorials**

**expenditures = \$7,557 (0.9%)**

**Average transaction = \$2,519**

- April 2008 (\$435) and October 2011 (\$4,599 and \$2,523)— All three transactions were purchases from Symbol Arts. Items purchased included 200 Service Excellence Pins, 288 Expect the Best Mugs, 300 Challenge Coins, an additional 100 Service Excellence Pins and 100 Operating While Intoxicated Enforcement Pins.

### **Other Expenditures**

We noted one additional expenditure that was mistakenly run through the federal Forfeiture Fund account and included in the annual certification report submitted to DOJ. According to fiscal staff, a deposit for \$1,047 in 2011 should have been made to a different trust account. Once the mistake was identified, a check was written to correct the error.

**One expenditure was mistakenly run through the federal Forfeiture Fund account.**

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## Section 2: The Office of the Sheriff can improve program compliance in some areas.

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In addition to the overarching principle that federal Asset Forfeiture Program funds shall be used for law enforcement purposes only, there are several other noteworthy program requirements contained in the Guide to Equitable Sharing for State and Local Law Enforcement Agencies publication (the *Guide*).

### Applicability of Local Ordinances

For instance, the *Guide* states:

Subject to laws, rules, regulations, and orders of the state or local jurisdiction governing the use of public funds available for law enforcement purposes, the expenses noted below are pre-approved as permissible uses of shared funds and property.  
[Emphasis added.]

**Law enforcement agencies receiving Forfeiture Funds are bound by the rules and regulations of their governing jurisdictions.**

We discussed this issue in depth with top management of the DOJ section responsible for administering its asset forfeiture program nationally. He stated unequivocally that law enforcement agencies receiving Forfeiture Funds are bound by the rules and regulations of their governing jurisdictions. Specifically, the Office of the Sheriff is required to follow procurement, travel and all other applicable County requirements when spending Forfeiture Funds. The only exception is when a jurisdiction has rules and regulations that conflict with federal law. In such cases, federal law takes precedence.

We confirmed with the Procurement Administrator that the Office of the Sheriff is not following standard procurement procedures when purchasing items with Forfeiture Fund revenues. For instance, requisitions are not made to the Procurement Division for goods costing more than \$2,000.

Available documentation maintained by the Office of the Sheriff for each purchase using Forfeiture Funds often included notations by Office of the Sheriff staff alluding to efforts to reduce costs by obtaining quotes from more than one vendor. However, in most instances, such notations (i.e., personal testimonials) were the only form of documentation maintained to show that competitive pricing was explored.

As previously noted, the Office of the Sheriff follows the County's rules and regulations related to travel charged to the Forfeiture Fund.

**Office of the Sheriff management stated that it operated under the belief that purchases did not have to be made through the Procurement Division.**

Office of the Sheriff management stated that it operated under the belief that purchases did not have to be made through the Procurement Division because such rules and regulations only pertained to County funds. Since Forfeiture Funds are not County funds, there was a presumption that County rules and regulations were optional.

We found nothing in Chapter 32.20 that limits the scope of the Ordinance to specific funding sources. Further, guidelines established by the U.S. Department of Justice specifically state that Forfeiture Fund expenditures are "Subject to laws, rules, regulations, and orders of the state or local jurisdiction governing the use of public funds available for law enforcement purposes...." Therefore, County Ordinances and associated policies and procedures should be applied to expenditures of Forfeiture Funds.

Office of the Sheriff management pointed out that no previous Milwaukee County Sheriffs have followed Milwaukee County procurement procedures for Forfeiture Fund expenditures. Management also noted that there have been past federal audits of the Forfeiture Fund with no comments regarding compliance with local regulations. Our review of numerous Department of Justice audits of local law enforcement agencies' Forfeiture Fund

expenditures indicates the use of a standard audit scope and methodology that does not include a review for compliance with local regulations. Office of the Sheriff management has indicated it is seeking clarification, in writing, from the Department of Justice regarding the applicability of local ordinances to Forfeiture Fund expenditures.

We recommend that the Office of the Sheriff:

5. *Comply with federal Forfeiture Fund guidelines by following all applicable County laws, rules, regulations and orders governing the use of public funds. Specifically, comply with the purchasing requirements as set forth in Chapter 32.20 of the County Ordinances when making purchases involving Forfeiture Funds.*

If the Office of the Sheriff receives written clarification from the Department of Justice indicating local ordinances do not apply to Forfeiture Fund expenditures, we suggest the Office of the Sheriff adopt internal procedures closely paralleling those outlined in Chapter 32.20.

#### **Determination of Forfeiture Fund Use**

Federal Asset Forfeiture rules dictate that the law enforcement agency head is ultimately responsible for authorizing Forfeiture Fund expenditures. Specifically, the *Guide* states that a state or local participating law enforcement agency must:

*Establish an internal procedure to recommend expenditures from the revenue account. In many small agencies, the chief of police determines the purposes for which the funds are used. In larger agencies, committees have been formed to make recommendations for expenditures to the agency head. The agency head must authorize all expenditures from the federal sharing revenue account.*

**Suggestions for how to spend Forfeiture Funds can originate from anyone in the department.**

According to Office of the Sheriff management, suggestions for how to spend Forfeiture Funds can originate from anyone in the department. Requests are elevated up the chain of command to upper management, which ultimately approves the requests and subsequent requests for payment.

## **Increase and Not Replace**

The *Guide* states that:

*Sharing must be used to increase or supplement the resources of the receiving state or local law enforcement agency or any other ultimate recipient agency. Shared resources shall not be used to replace or supplant the appropriated resources of the recipient.*

Based on our review of supporting documentation and interviews with Office of the Sheriff staff, we concluded Forfeiture Funds were not used to replace funds appropriated under the County's annual budgetary process.

## **Eligibility of Community-Based Programs**

As noted in **Section 1**, clear and specific criteria for appropriate use of Forfeiture Funds are contained in the DOJ's *Guide to Equitable Sharing for State and Local Law Enforcement Agencies (April 2009)*. Appendix C of the Guide details extensive criteria that must be met for determining a community-based program's eligibility to receive Forfeiture Fund benefits.

### Law Enforcement Chief Responsibilities

The chief law enforcement officer is required to explain in writing why the applicant's receipt of Forfeiture Fund benefits for the particular activity or use is supportive of and consistent with a law enforcement effort, policy, and/or initiative within the guidelines to support community-based programs. In our review of documentation supporting payments benefitting community-based programs, we found internal memos or other similar documentation written by Office of the Sheriff management describing the reasons for making the payment and the associated law enforcement benefit for all seven organizations for which we reviewed documentation.

The chief law enforcement officer is also responsible for determining whether an organization receiving program benefits, or its principals (e.g., officer, director, trustee or fiduciary)

**The chief law enforcement officer is responsible for determining whether an organization receiving program benefits is the subject of federal, state or local criminal investigation.**

currently is the subject of federal, state or local criminal investigation. We found no evidence of this compliance requirement being performed by the Office of the Sheriff.

#### Responsibilities of Community-Based Organizations

In addition, the head of the receiving organization must certify in writing that:

- It is a private, nonprofit organization, pursuant to 26 U.S.C. § 501(c)(3) or (4).
- It is both community-based, and supportive of and consistent with a law enforcement effort, policy, or initiative.
- It will account separately for all guidelines for shared funds use benefits received, and to subject such accounting to the standard accounting requirements and practices employed under state or local law for recipients of federal, state, or local funds.
- It is in compliance with the federal civil rights laws.
- It is in compliance with federal laws that apply to the applicant.
- No officer, director, trustee, or fiduciary of the organization has been convicted of a felony offense under federal or state law; or convicted of any drug offense. Organizations that cannot certify to this may still receive benefits if the chief law enforcement officer provides an explanation supporting a decision to provide benefits, to be reviewed and approved by federal program officials.
- No shared benefits will be used for political or personal purposes.
- No shared benefits will be used for any purpose that would constitute an improper or illegal use under the laws, rules, regulations, or orders of the state or local jurisdiction in which the applicant is located or operates.

**We identified \$115,065 in Forfeiture Fund payments made for the benefit of community-based programs.**

We identified \$115,065 in Forfeiture Fund payments made for the benefit of community-based programs. Of this amount, \$82,378 was made for the direct benefit of specific organizations, while the remainder was spent in support of the community in general. An example of a general expenditure would be the

purchase of small items such as pencils, coloring books, and junior deputy badges to distribute to the community during special events. **Table 4** lists the organizations that directly benefitted from expenditures made by the Office of the Sheriff.

<b>Organization</b>	<b>Amount</b>
Boy Scout of Milwaukee County	\$17,453
Neighborhood Children’s Sports League	\$10,709
Friends of MADACC	\$10,000
Sherman Park Lutheran Church & School	\$9,988
Beckum-Stapleton Little League	\$9,362
Clear Channel Broadcast	\$8,000
Hope Christian School - Prima	\$5,000
Hope Christian School - Fortis	\$5,000
Journey House Football League	\$2,500
Lighthouse Youth Center	\$2,366
Milwaukee Brewers Charities	<u>\$2,000</u>
<b>Total</b>	<b>\$82,378</b>

Source: Audit Services Division classification of Office of the Sheriff expenditure records.

For most payments we found references to an organization’s non-profit status in the documentation provided. However, we found no written certifications addressing the other compliance requirements necessary for community-based organizations.

Federal requirements need to be followed to ensure that Forfeiture Fund revenues are being spent for the benefit of eligible community-based organizations. We recommend that the Office of the Sheriff:

6. *Implement procedures to ensure that the required eligibility certifications are obtained from community-based organizations receiving Forfeiture Funds prior to making benefits on their behalf.*

7. *Document the determination of whether any key figure within a community-based organization receiving Forfeiture Fund benefits is subject to ongoing criminal investigations, and where key organization figures have been convicted of felony or drug offenses. If such investigations or convictions are identified and the Sheriff deems a prospective expenditure supporting the organization is appropriate, the Sheriff must provide an explanation supporting that decision and submit it to DOJ for approval.*

### **Maximum Allowable Annual Payments in Support of Community-Based Programs**

Law enforcement agencies may use up to 15% of the total of shared monies received by that agency in the last two fiscal years for the costs associated with drug abuse treatment, drug and crime prevention education, housing and job skills programs, or other non-profit community-based programs or activities that are formally approved by the chief law enforcement officer (i.e., Sheriff). All expenditures must be supportive of and consistent with a law enforcement effort, policy, and/or initiative. We reviewed all payments made by the Office of the Sheriff from January 1, 2008 to May 7, 2012. We determined that the Office of the Sheriff spent a total of \$24,514 more than the maximum allowable for community-based programs for the years 2009 and 2011.

**We determined that the Office of the Sheriff spent a total of \$24,514 more than the maximum allowable for community-based programs for the years 2009 and 2011.**

**Table 5** summarizes the total payments made by the Office of the Sheriff over the past four years, along with the shared revenues that went into the computation of the 15% maximum.

**Table 5  
Comparison of Actual Payments for  
Community-Based Programs  
With Allowable Annual Maximums  
2008—2011**

<u>Year</u>	----- Shared Revenues -----			<u>Actual Payments</u>	<u>Payments Under/(Over) Maximum</u>
	<u>Annual</u>	<u>Prior Two Years</u>	<u>15% Maximum</u>		
2006	\$139,504				
2007	\$133,077				
2008	\$44,214	\$272,581	\$40,887	\$17,268	\$23,619
2009	\$111,750	\$177,291	\$26,594	\$28,140	(\$1,546)
2010	\$46,235	\$155,965	\$23,395	\$22,991	\$404
2011	\$80,094	\$157,985	\$23,698	\$46,666	(\$22,968)
<b>Total Payments in Excess of Maximum Allowable</b>				<b><u>(\$24,514)</u></b>	

Source: Audit Services Division analysis based on Milwaukee County Office of the Sheriff records.

The Office of the Sheriff does not have a system in place for categorizing its Forfeiture Fund payments so as to determine compliance with the 15% requirement. We recommend that the Office of the Sheriff:

8. *Develop a system that properly categorizes program payments for community-based organizations on an ongoing basis, and provides the ability to identify if an expenditure will exceed the 15% maximum allowable.*

#### **No General Cash Donations**

Additional restrictions apply to payments in support of eligible community-based organizations. Specifically, the *Guide* states:

***Cash transfers to community-based programs are not permitted.*** *State and local law enforcement agencies are prohibited from making cash transfers or donations to support community-based programs. Instead, agencies may directly purchase supplies, equipment, and/or services for eligible community-based programs, or reimburse such programs for eligible expenditures with a valid, itemized receipt.*

**In all but one instance, we found supporting receipts for specific purchased items that met or exceeded the amount donated by the Office of the Sheriff.**

In all but one instance, we found supporting receipts for specific purchased items that met or exceeded the amount donated by the Office of the Sheriff. However, we found no specific invoices for a \$10,000 payment to the Friends of Milwaukee Area Domestic Animal Control Commission (MADACC). The donation was stated to be for materials used in the construction of 16 kennels; \$7,500 for fencing purchased from a specified vendor, and \$2,500 for stone purchased from another vendor. Upon inquiry, the Office of the Sheriff contacted MADACC and appropriate supporting documentation was obtained.

However, there were no receipts from either vendor. Instead, supporting documentation was in the form of an undated, unaddressed memo on MADACC letterhead (rather than the separate support organization Friends of MADACC, to whom the donation was made) containing the word "Invoice" along with the name of the kennel project. The memo/invoice noted the general breakdown of \$7,500 for fencing and \$2,500 for stone without the detail one would generally expect to see on an invoice (specific item, quantity purchased, unit price, total cost, etc.).

The Office of the Sheriff was aware of the need to make donations only for specific invoices, but in this case felt that the invoice from the Friends of MADACC met the program requirement. However, the importance of the detailed receipt is to document that the expense was in fact incurred by the organization receiving the benefit. We recommend that the Office of the Sheriff:

9. *Make payment to community-based organizations only upon receipt of detailed invoices.*

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## Section 3: Other Issues

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### Annual Equitable Sharing Agreement and Certification

Law Enforcement agencies are required to submit annual Equitable Sharing Agreement and Certification reports to DOJ detailing the equitable sharing activity within 60 days of the end of the fiscal year. The reports provide DOJ with summary information on the beginning and ending balances of the forfeiture account, program and other revenues, and expenditures broken down into specific categories. It should be noted that these expenditure categories are not exactly the same as the eligibility categories noted earlier in this report. For example, the annual report breaks down equipment purchases into more specific categories, such as weapons and protective gear, and electronic surveillance expenditures.

We compared the ending balance of the Forfeiture Fund bank account as of December 31, 2011 with the ending balance reported by the Office of the Sheriff's 2011 annual Equitable Sharing Agreement and Certification report. After taking into account outstanding revenues and expenses, we determined that the fund's year-end balance for 2011 reported to DOJ was understated by \$11,490, as shown in **Table 6**.

**Table 6**  
**Analysis of Forfeiture Fund Ending Balance**  
**As of December 31, 2011**

Ending balance per bank statement	\$208,214
Ending balance reported by Office of the Sheriff	<u>\$196,724</u>
Difference	<u>\$11,490</u>

Source: Audit Services Division based on reconciled bank statement balance as of December 31, 2011, and balance reported by the Office of the Sheriff to DOJ on its 2011 Equitable Sharing Agreement and Certification report.

We attempted to determine the cause for this difference by reviewing the annual Equitable Sharing Agreement and Certification reports from 2006–2011. This helped us to identify several math and other errors in the data reported to DOJ. For example, a subtraction error on the 2007 report resulted in the ending balance to be overstated by \$10,000. In another case, the ending balance for the 2008 report was incorrectly carried forward as the beginning balance for 2010. This error resulted in an understatement of the account balance by \$5,721.

In other instances, the data reported to DOJ was inaccurate. For example, a refund in 2010 for computers purchased the same year was not included as income on the annual Certification report, although it was properly deposited in the Forfeiture Fund.

**It is apparent that the Office of the Sheriff has not been reconciling its annual Certification reports to the Forfeiture Fund balance as a control to help ensure reported amounts are accurate.**

It is apparent that the Office of the Sheriff has not been reconciling its annual Certification reports to the Forfeiture Fund balance as a control to help ensure reported amounts are accurate. It is important to note that this difference reflects inaccurate data reporting, rather than a shortage or overage of funds. The Audit Services Division of the Office of the Comptroller reconciles the Forfeiture Fund account monthly, as it does with all checking accounts Countywide. This practice serves as a control by separating the functions of recording transactions from reconciling those recorded transactions with official bank statements, reducing the ability for departmental staff to omit or otherwise alter the recording of inappropriate transactions.

According to the Office of the Sheriff fiscal manager, he believes the errors in the Certification reports were the result of the person compiling the reports not having access to all available information. He indicated that future reports will be prepared by staff directly involved in Forfeiture Fund activity. We agree that this will help provide greater accuracy in the future, steps need to be taken that will properly record and categorize transactions on

an ongoing basis to prevent reporting errors in the future. We recommend that the Office of the Sheriff:

*10. Implement procedures that will provide for the accurate recording of information contained on the annual certification form submitted to DOJ. This should include reconciling the ending fund balance reported to DOJ with the year-end Forfeiture Fund bank balance to help ensure accurate accounting for all transactions.*

*11. Include an adjusting entry of \$11,490 in the 2012 Certification report to DOJ to accurately reflect the balance of the Forfeiture Fund.*

### **Timely Annual Certification Report Submission**

We could confirm that only one of the six annual Equitable Sharing Agreement and Certification Reports submitted met the 60-day filing requirement. Delays of over five months were noted for four other annual reports that were dated. We could not determine timeliness of the undated 2009 annual report.

Establishing an ongoing system to provide accurate, current data, entered by staff close to the Forfeiture Fund operation, will help expedite the creation of each year's annual report on a timely basis. We recommend that the Office of the Sheriff:

*12. Implement procedures to ensure timely, accurate annual Equitable Sharing Agreement and Certification reports are submitted to DOJ.*

### **Incorrect Posting of HIDTA Revenue**

In 2010, the leases of two vehicles used by the High Intensity Drug Trafficking Area (HIDTA) unit expired. A decision was made to purchase the vehicles for \$18,417. One vehicle was to be purchased with Forfeiture Fund revenues, with the other to be purchased by HIDTA. The Forfeiture Fund paid for both vehicles up front, with the agreement that HIDTA would reimburse the fund \$9,208 at a later date. However, the payment by HIDTA was improperly deposited in the Sheriff's operations account rather than the Forfeiture Fund. We brought this error to the

attention of the Office of the Sheriff management and corrective action was taken.

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## Audit Scope

County Board Resolution 12-129 directed the Audit Services Division of the Office of the Comptroller to perform an audit of the Office of the Sheriff's use of federal forfeiture revenues.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We limited our review of the Milwaukee County Office of the Sheriff's use of Federal Asset Forfeiture Program revenues to the areas specified in this Scope Section. Our review period was from January 2008 through May 7, 2012.

During the course of the audit, we:

- Reviewed documentation supporting payments from the Forfeiture Fund over the review period.
- Categorized payments made from the forfeiture fund by allowable type.
- Reviewed the method used by the Office of the Sheriff to account for forfeiture fund transactions.
- Reconciled forfeiture fund checking account transactions to associated bank statements and the annual Equitable Sharing Agreement and Certification that the Office of the Sheriff is required to submit to the United States Department of Justice (USDOJ).
- Reviewed applicable federal and state laws governing the program and how funds are to be accounted for, including the USDOJ's Guide to Equitable Sharing for State and Local Law Enforcement Agencies.
- Interviewed the Assistant Deputy Chief of Program Operations for the Criminal Division, Asset Forfeiture and Money Laundering Section of the United States Department of Justice regarding various compliance issues, including the appropriateness of select transactions made from the asset forfeiture fund.
- Interviewed Office of the Sheriff management concerning the process used to decide what to spend forfeiture funds on, and the procurement practices followed.
- Reviewed Milwaukee County Comprehensive Annual Financial Report and Single Audit management letters for 2008-11 for Federal Asset Forfeiture Fund issues.
- Researched similar audits performed in other states for compliance issues.
- Obtained and reviewed year-end transactions that posted forfeiture fund revenues and expenditures for the year to the County's Advantage financial records.

**Details of Office of the Sheriff  
Forfeiture Fund Expenditures  
January 1, 2008 – May 7, 2012**

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description</u>	<u>Category</u>	<u>Amount</u>
8/22/08	1954	Ewald Chrysler Jeep Dodge	Mounted Unit - Purchase a 2008 Dodge Ram pickup truck for Mounted Unit	Equipment	\$42,986.00
11/9/09	1999	Superior Uniform	Officer uniforms - 300 trousers, 300 shirts	Equipment	\$27,732.00
9/24/10	2041	Streicher's	Firearms - 27 S&W MP 15X Special semi-automatic rifles, 200 Magpul E-mags for Expressway Patrol vehicles	Equipment	\$24,520.00
10/15/10	2051	Gold Medal Trailer Sales	Mounted Unit - Purchase of horse trailer to transport horses	Equipment	\$19,569.76
9/27/10	2043	Selig Leasing	HIDTA - Purchased two 2007 Chevy Trailblazers whose lease period had ended	Equipment	\$18,417.00
9/24/08	1959	Sportland 2, Inc.	Targeted Enforcement Unit (TEU)- Purchase of two personal water crafts, wetsuits, trailer, accessories	Equipment	\$18,140.00
9/30/10	2044	Braeger Chevrolet	Apprehension Unit - Purchase a 2007 Chevy Trailblazer and 2001 Dodge Grand Caravan	Equipment	\$17,742.53
1/28/11	2064	Lark Uniform Outfitters	Honor Guard - 18 uniforms	Equipment	\$14,669.30
4/18/08	1937	Segway of Milwaukee	Patrol Division - Purchase of two Segways (i2 & x2) for Airport & Parks	Equipment	\$14,500.00
10/14/10	2050	SecurMAR LLC	Purchase of two portable CEIA high performance metal detectors for use during disciplinary hearings	Equipment	\$12,340.00
10/20/11	2110	Magnum Fitness System	Workout equipment (2 treadmills, elliptical machine, bike & floor tiles)	Equipment	\$11,740.00
8/10/10	2033	K-LOG, INC.	AV System - Office furniture (chairs, tables, lectern) as part of the AV system for CCF-C conference room	Equipment	\$10,849.00
9/25/08	1960	AVI Systems, Inc.	AV System - Purchase & installation of comprehensive AV system for Operations Center (Safety Building, Room 209)	Equipment	\$10,151.00
8/31/11	2105	Eder Flag Mfg. Co	Replace 39 worn & outdated agency flags	Equipment	\$9,295.00
5/26/11	2089	Integrated Technologies, Inc	2 surveillance cameras and related equipment for Sheriff's Memorial in Cass Park	Equipment	\$9,265.00
8/6/08	1949	Forrer Business Interiors	Office furniture - 17 chairs	Equipment	\$8,233.00
9/24/10	2042	CDW Government, Inc.	Electronics - Eight 37" HDTV, one 46" HDTV + mounts for COMSTAT video enhancement	Equipment	\$8,210.62
5/19/11	2086	Sportland 2, Inc.	TEU & SWAT Unit - Purchase of all-terrain vehicle	Equipment	\$7,888.00
1/20/11	2063	House of Harley Davidson	Purchase of a used 2006 Harley Davidson FLHTP-IFAIR motorcycle	Equipment	\$7,838.50
6/23/10	2028	AVI Systems, Inc.	AV System - Purchase & installation of AV system at CCF-C, OPS Ctr & MSCO Academy	Equipment	\$7,827.85
3/17/10	2013	MCOS State Forfeiture Fund	AV System - CCF-C Conference Center	Equipment	\$7,360.00
12/11/08	1966	CDW Government, Inc.	Electronics - Purchase five Dell laptops	Equipment	\$7,150.00
1/26/12	2129	Lenco Armored Vehicles	Vehicle repairs - gas injector unit for Bearcat armored vehicle	Equipment	\$6,840.00
1/8/09	1970	Hewlett Packard	Electronics - Purchase & install of printer (HP Designjet T1100 PS)	Equipment	\$6,818.00
3/8/12	2134	Ken Smith Quarter Horses	Mounted Unit - Rent six horses for three months (Jan.- Mar. 2012)	Equipment	\$6,300.00

**Details of Office of the Sheriff  
Forfeiture Fund Expenditures  
January 1, 2008 – May 7, 2012**

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description</u>	<u>Category</u>	<u>Amount</u>
4/27/11	2078	Off Shore Performance	Vehicle repair - Patrol boat	Equipment	\$6,295.00
10/23/09	1998	United Security Services	Electronics - Purchase surveillance system for Intox room	Equipment	\$5,999.00
6/1/09	1981	AVI Systems, Inc.	Electronics - Purchase & install of Audio visual equip (Payment No. 1)	Equipment	\$5,838.00
7/7/09	1990	AVI Systems, Inc.	Electronics - Purchase & install of Audio visual equip (Final Payment)	Equipment	\$5,838.00
4/25/12	2138	Sportland 2, Inc.	Vehicle purchase - 2012 Can-Am 500cc ATV	Equipment	\$5,756.50
8/19/08	1951	Symbol Arts	Officer uniforms - 81 MCSO badges	Equipment	\$5,375.00
9/14/10	2039	Dell Catalog Sales L.P.	Electronics - Two laptop computers for Administrative Bureau (subsequently returned for refund)	Equipment	\$5,295.81
4/27/11	2080	ArmyProperty.Com	Firearms - Four Pelican rifle cases (plus shipping)	Equipment	\$5,067.80
10/28/10	2054	Paragon Development Systems	Electronics - Two laptops for Administration	Equipment	\$4,853.00
8/8/11	2104	Sandra M. Welsler	Mounted Unit - Horse boarding cost for Sept. 2009 - April 2011 (20 months) for donated horse	Equipment	\$4,800.00
10/18/10	2052	CDW Government, Inc.	Electronics - Web conferencing technology enhancements	Equipment	\$4,555.25
10/7/10	2049	Lark Uniform Outfitters	Officer uniforms - Assorted uniform apparel for 12 CCF-S staff	Equipment	\$4,427.03
5/10/10	2015	ColorID	Electronics - Printer & 6 ribbons	Equipment	\$3,501.00
5/7/12	2139	Red the Uniform Tailor	Officer uniforms (no invoice in file)	Equipment	\$3,389.40
8/9/10	2032	Milwaukee County Sheriff's Office	Officer uniforms - Reimburse County for amount collected from officers reimbursement in excess of uniform cost	Equipment	\$3,270.00
9/24/10	2040	Streicher's	Firearms - 27 Blackhawk Strom Sling, adapter, gun case & bail out bag	Equipment	\$3,172.50
9/6/11	2106	CDW Government, Inc.	Electronics - Computer & 55" monitor for DA in prosecuting OWI	Equipment	\$2,938.82
6/25/09	1988	AVI Systems, Inc.	Electronics - Purchase & install of Audio visual equip (Payment No. 2)	Equipment	\$2,864.00
2/15/12	2131	EBattery, Inc.	Vehicle parts - Segway batteries	Equipment	\$2,648.00
7/15/10	2030	Badger Uniforms	Mounted Unit - 12 Blazer jackets & Stratton hats	Equipment	\$2,514.00
2/11/11	2068	Lark Uniform Outfitters	Officer uniforms - Miscellaneous uniform articles	Equipment	\$2,505.71
12/7/11	2127	DJ's Transmissions	Vehicle repairs - transmission of 1984 Peacekeeper armored vehicle	Equipment	\$2,050.00
4/11/11	2075	CDW Government, Inc.	Electronics - Web conferencing technology enhancements - conference phones	Equipment	\$1,931.47
3/17/09	1975	Havyey Communications, Inc.	Vehicle parts - Lights package for truck	Equipment	\$1,802.80
10/7/10	2047	Free Style Graphics, Inc.	Purchase assorted training academy clothing	Equipment	\$1,644.70
11/30/11	2125	Badger Uniforms	Honor Guard - Six pairs of trooper boots	Equipment	\$1,542.00
9/8/08	1957	Ultimate Truck & Car Accessories	Vehicle purchase - Towing package for new 2008 Dodge Ram pickup truck	Equipment	\$1,378.46

**Details of Office of the Sheriff  
Forfeiture Fund Expenditures  
January 1, 2008 – May 7, 2012**

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description</u>	<u>Category</u>	<u>Amount</u>
4/20/09	1979	Xerographic Supply of WI	Electronics - One computer	Equipment	\$1,239.63
2/3/09	1973	Independence First	Office equipment - Two conference tables and 60 chairs	Equipment	\$800.00
4/30/08	1940	MAACO	Vehicle repairs - 2002 GRD PRIX GT	Equipment	\$796.50
8/28/09	1993	Johnson's Cycle & Fitness, Inc.	Bicycle purchase - One specialized policing unit bicycle & accessories	Equipment	\$624.65
8/21/08	1952	K & M Embroidering & Screen Printing	Officer uniforms - Embroidery & Printing for shirts	Equipment	\$614.00
10/21/08	1964	Glen's Auto Body, Inc.	Vehicle repair - Auto body	Equipment	\$580.36
7/19/11	2098	Milwaukee County Sheriff's Office	Mounted Unit - Horse maintenance	Equipment	\$525.00
4/3/09	1977	D & L Auto Services, Inc.	Vehicle repairs - 2008 pickup truck	Equipment	\$521.03
11/10/10	2056	Northern Tool & Equipment	Firearms - Patrol rifle safe	Equipment	\$506.08
2/23/11	2071	John Triantafelo	Mounted Unit - Horse maintenance	Equipment	\$505.00
5/12/10	2022	John Triantafelo	Mounted Unit - Horse maintenance (Shoeing for four horses)	Equipment	\$500.00
1/29/10	2007	Goodyear Wholesale Tire Center	Vehicle parts - 4 tires for seized Pontiac Firebird used by Community Policing Unit	Equipment	\$480.48
3/8/12	2133	Sandra M. Welsler	Mounted Unit - Horse boarding cost for Feb. & March 2012	Equipment	\$480.00
4/27/11	2077	Sportland 2, Inc.	Vehicle repair - ATV	Equipment	\$454.12
8/8/11	2103	Alongi Santas	Worker compensation for new doctors contract	Equipment	\$427.00
4/27/11	2079	Lark Uniform Outfitters	Officer uniforms - Six officer shirts	Equipment	\$371.70
5/23/08	1944	Red the Uniform Tailor	Mounted Unit - Uniforms	Equipment	\$362.45
7/30/08	1948	Ewald's Venus Ford, Inc.	Vehicle repairs - 2004 truck	Equipment	\$337.04
6/20/08	1946	K & M Embroidering & Screen Printing	Mounted Unit - 11 embroidered shirts	Equipment	\$330.00
4/10/08	1936	WI State Fair Park	Mounted Unit - Facility rental cost for Mounted training unit - 5/11/08 - 5/17/08	Equipment	\$300.00
4/3/09	1978	WI State Fair Park	Mounted Unit - Rental of facility for Mounted training unit - State Fair - 5/10/09 - 5/15/09	Equipment	\$300.00
5/29/08	1945	Segway of Milwaukee	Vehicle parts - Equipment for Segways used at Airport	Equipment	\$275.00
3/17/09	1974	Hanna Trailer	Mounted Unit - Maintenance for horse trailer	Equipment	\$264.98
2/13/12	2130	Sandra M. Welsler	Mounted Unit - Horse boarding cost for Jan. 2012	Equipment	\$240.00
6/8/11	2090	Lark Uniform Outfitters	Officer uniforms - 21 name tags	Equipment	\$229.95
3/30/09	1976	Waukesha County Treasurer	Vehicle parts - Installation of light package for truck	Equipment	\$216.90
5/12/10	2021	Johnson's Cycle & Fitness, Inc.	Bicycle maintenance for four bicycles	Equipment	\$169.80
5/12/10	2023	Kettle Moraine Equine Hospital	Mounted Unit - Horse maintenance (blood work & certificates for four horses)	Equipment	\$133.00

**Details of Office of the Sheriff  
Forfeiture Fund Expenditures  
January 1, 2008 – May 7, 2012**

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description</u>	<u>Category</u>	<u>Amount</u>
12/18/08	1967	AVI Systems, Inc.	Electronics - Change order for AV system order - Extron 2 Output Amplifier Cord	Equipment	\$120.00
9/3/08	1956	Registration Fee Trust	Vehicle purchase - Title & Registration for new 2008 Dodge Ram pickup truck	Equipment	\$79.50
12/7/11	2128	Symbol Arts	Honor Guard - one badge	Equipment	\$75.00
6/24/11	2093	Leslie Wachowiak	Officer uniforms - One shirt for Sheriff Clarke	Equipment	\$34.85
				<b>Total - Equipment</b>	<b>\$450,529.83</b>
4/11/11	2074	Southern Police Canine, Inc.	K-9 Unit - Training for two canine handlers for six weeks	Training	\$28,000.00
1/13/11	2058	Disney Destinations, LLC	Training for 50 + at CCF-S by Disney's Approach to Business Excellence	Training	\$24,900.00
6/22/09	1987	Harvard University	Tuition for one - Harvard University Training	Training	\$11,200.00
4/11/11	2076	Harvard University	Tuition for one - Harvard University Training - 7/11/11 - 7/29/11	Training	\$11,200.00
8/20/10	2034	FTF Tactics, LLC	Registration fee for 12 - High Velocity 360	Training	\$8,500.00
12/7/11	2126	Harvard University	Tuition for one - Harvard University - 5/15/11 - 5/20/11	Training	\$6,600.00
11/17/11	2123	Northeast WI Technical College	Registration fee for eight - CERT instructor course	Training	\$5,560.00
9/24/08	1958	Marquette University	Tuition costs for four - Future Milwaukee Program 2008-09	Training	\$5,400.00
10/7/10	2048	LoveThinks, LLC	Instructional material, DVDs, certification packets for PICK and LINKS counseling program	Training	\$5,400.00
10/7/10	2046	Goff & Associates	Travel & consulting fee for Frederic Goff (instructor) 9/13/10 - 9/16/10	Training	\$3,787.63
9/22/09	1994	Marquette University	Tuition costs for two - Future Milwaukee Program 2009-10	Training	\$3,600.00
1/20/11	2062	Goff & Associates	Travel and Consulting fee for Frederic Goff (instructor) - 1/10/11 - 1/14/11	Training	\$3,100.00
5/19/11	2085	Goff & Associates	Travel and Consulting fee for Frederic Goff (instructor) - 4/11/11 -4/15/11	Training	\$2,946.36
1/31/11	2065	Assoc. of SWAT Personnel - WI	Registration fee for 16 - Tactical training seminar for Association of SWAT personnel	Training	\$2,500.00
3/3/11	2072	James W. Schreier, Ph.D.	Training Workshop - Performance-Based Hiring Workshop	Training	\$2,000.00
4/4/12	2137	Underwater Connection	Dive team training	Training	\$1,974.00
3/8/12	2135	Wisconsin Athletic Club	Training for 25 command staff - WAC Wellness Pilot Program	Training	\$1,875.00
10/14/08	1961	Home Front Travelmart Catering	Meals for SWAT Training - 24 meals per day 6 days	Training	\$1,824.00
5/7/08	1941	Van Meter & Associates, Inc.	Training program - "Quota Free police"	Training	\$1,400.00
5/7/08	1942	Van Meter & Associates, Inc.	Training program - "Quota Free police"	Training	\$1,400.00
4/27/09	1980	Karen Blum	Instructor fee for Training at Suffolk County Law School - "Qualified Immunity"	Training	\$1,200.00
4/8/08	1934	WI Department of Justice	Registration fee for one - Death investigations training	Training	\$951.25
1/11/10	2006	Oakland CA Police Dept. Training	Registration fee for one - Tactical Science course in Oakland	Training	\$820.00

**Details of Office of the Sheriff  
Forfeiture Fund Expenditures  
January 1, 2008 – May 7, 2012**

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description</u>	<u>Category</u>	<u>Amount</u>
9/14/10	2038	Aardvake Tactical Foundation	Registration fee for one - Aardvark Tactical Foundation training	Training	\$820.00
10/14/08	1962	DAO Limestone	Lodging for SWAT Training	Training	\$762.21
10/16/08	1963	Governing	30 copies of book "We don't make Widgets"	Training	\$688.50
3/8/12	2132	Col. Ret. Danny McKnight	35 copies of the book Streets of Mogadishu	Training	\$628.25
10/27/11	2119	WLEEEA	Registration fee for five - WI Law Enforcement Explorer Advisors Assoc. conference	Training	\$550.00
7/19/11	2099	Fox Valley Technical College	Training for unspecified subject - this was a re-billing without the specifics	Training	\$545.00
4/8/08	1933	WAHI	Registration fee for two - Annual training conference in Eau Claire	Training	\$390.00
10/29/10	2055	WLEEEA	Registration fee for three - WLEEA annual conference	Training	\$330.00
4/28/11	2082	Powerphone, Inc.	Dispatcher training	Training	\$329.00
4/27/11	2081	WINS CPS Training	WINS CPS Training for one - to become a child safety technician	Training	\$310.00
1/20/09	1971	Major County Sheriffs Assoc.	NSA conference in Washington D C	Training	\$300.00
6/24/11	2092	Fond du Lac County	Registration fee for four - training on civil process	Training	\$300.00
10/20/11	2108	WCTC	Reg. for three - Effective Personnel Investigations & Discipline / Effective Mgmt. Practices	Training	\$240.00
6/30/11	2096	Dane County Treasurer	Registration fee for three - Courtroom Security - Major/High Profile cases	Training	\$225.00
6/15/09	1982	St. Louis Area Law Enforcement Exploring	Registration fee for one advisor - St. Louis Explorer Training Academy	Training	\$210.00
2/9/10	2008	The Exchange Club of Milwaukee	Registration fee for 10 - Crime Prevention Awards program at Wisconsin Club	Training	\$200.00
5/10/10	2016	Pt. Washington Police Dept.	Registration fee + lunch for one - Executive Mgmt. Program training	Training	\$150.00
5/10/10	2017	Pt. Washington Police Dept.	Registration fee + lunch for one - Executive Mgmt. Program training	Training	\$150.00
5/10/10	2018	Pt. Washington Police Dept.	Registration fee + lunch for one - Executive Mgmt. Program training	Training	\$150.00
5/10/10	2019	Pt. Washington Police Dept.	Registration fee + lunch for one - Executive Mgmt. Program training	Training	\$150.00
5/10/10	2020	Pt. Washington Police Dept.	Registration fee + lunch for one - Executive Mgmt. Program training	Training	\$150.00
10/20/11	2107	Milw. County Medical Examiner	Registration fee for one - John R. Taggatz Science Seminar on death investigations	Training	\$150.00
6/15/09	1983	Wisconsin Police Explorer Academy	Registration fee for one advisor - Wis. Police Explorer readiness class	Training	\$125.00
10/27/11	2115	ASIS Greater Milwaukee Chapter	Registration fee for two - Global Threat Analysis	Training	\$120.00
9/14/10	2036	FBI	Assessment fees for one - Training @ Quantico	Training	\$115.00
9/14/10	2037	FBINAA, INC.	Membership fee for one - Training at Quantico	Training	\$105.00
5/26/11	2087	FBINAA, INC.	Registration fee for one - FBINAA annual training	Training	\$75.00
12/8/10	2057	WI Counties Assoc.	Registration fee for one - Dealing with Conflict in County Government	Training	\$70.00

**Details of Office of the Sheriff  
Forfeiture Fund Expenditures  
January 1, 2008 – May 7, 2012**

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description</u>	<u>Category</u>	<u>Amount</u>
4/8/08	1935	WI Counties Assoc.	Registration fee for one - WCA educational seminar	Training	\$60.00
6/28/11	2095	WI Crime Prevention Practitioners Assoc.	Registration fee for one - training in scrap metal theft	Training	\$50.00
				<b>Total - Training</b>	<b>\$144,586.20</b>
2/17/11	2070	Friends of MADACC	Donation for construction of 16 kennels at Milw. Area Domestic Animal Control Comm.	Community-based Prog.	\$10,000.00
1/13/11	2061	Consistent Computer Bargains	Ten laptop computers for S.T.O.R.M. Center (Sherman Park Lutheran Church & School)	Community-based Prog.	\$9,988.00
2/14/11	2069	Clear Channel Broadcast	Sponsorship for Read & Rise literary book fair - 2011	Community-based Prog.	\$8,000.00
10/6/09	1997	Neighborhood Children's Sports League	Donation for equipment	Community-based Prog.	\$7,500.00
6/17/10	2027	Beckum-Stapleton Little League, Inc.	Donation for replacing warning track at Midwest Athletic Field 1, 3 & 4	Community-based Prog.	\$7,500.00
6/22/09	1986	National Premium, Inc.	Community relations handout order	Community-based Prog.	\$5,143.51
5/19/11	2101	Hope Christian School - Fortis	Donation for textbooks and practice readers	Community-based Prog.	\$5,000.00
5/19/11	2102	Hope Christian School - Prima	Donation for math and reading textbooks	Community-based Prog.	\$5,000.00
7/29/08	1947	National Premium, Inc.	Community relations event supplies	Community-based Prog.	\$3,749.93
12/23/09	2005	Neighborhood Children's Sports League	Neighbor Children Sports League - Contribution for equipment	Community-based Prog.	\$3,208.75
7/31/09	1992	Chief's Supply	Purchase 5,000 Jr. Deputy Badges for community distribution	Community-based Prog.	\$3,208.50
2/15/08	1929	Boy Scouts - Milwaukee County	Donation for Law Enforcement Expo contribution - 2008	Community-based Prog.	\$2,500.00
6/25/09	1989	Journey House Football League	Donation for team sponsorship - 2009	Community-based Prog.	\$2,500.00
3/19/08	1931	Stoffel Seals	Purchase 7,500 badges for community distribution	Community-based Prog.	\$2,325.00
11/17/11	2124	Free Style Graphics, Inc.	MCSO Explorer Post 890 - 35 Explorer jackets @ \$75 each	Community-based Prog.	\$2,275.00
3/2/10	2012	Chief's Supply	Purchase 3,000 deputy badges for community distribution	Community-based Prog.	\$2,132.10
11/20/08	1965	AM 1290 WMCS	Donation for WMCS Thanksgiving Bountiful Baskets Giveaway - 2008	Community-based Prog.	\$2,000.00
2/3/09	1972	Boy Scouts - Milwaukee County	Donation for Law Enforcement Expo & Scoutreach contribution - 2009	Community-based Prog.	\$2,000.00
11/19/09	2000	Brewers Charities	Donation for WMCS Thanksgiving Bountiful Baskets Giveaway - 2009	Community-based Prog.	\$2,000.00
11/19/09	2001	Malik Communications	"Fighting Back" Crime Prevention Magazine advertising fee - 2009	Community-based Prog.	\$2,000.00
5/28/10	2026	Learning for Life (NLEEC)	MCSO Explorer Post 890 - Contribution for 2010 national conference	Community-based Prog.	\$2,000.00
10/21/10	2053	AM 1290 WMCS	Sponsoring inner city radio programming	Community-based Prog.	\$2,000.00
10/27/11	2116	AM 1290 WMCS	Sponsoring inner city radio programming	Community-based Prog.	\$2,000.00

**Details of Office of the Sheriff  
Forfeiture Fund Expenditures  
January 1, 2008 – May 7, 2012**

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description</u>	<u>Category</u>	<u>Amount</u>
4/18/08	1938	Beckum-Stapleton Little League, Inc.	Donation for supplies for 2008	Community-based Prog.	\$1,862.21
2/17/10	2010	National Premium, Inc.	Purchase 2,500 pens, 2650 pencils for community distribution	Community-based Prog.	\$1,572.38
10/20/11	2109	Free Style Graphics, Inc.	MCSO Explorer Post 890 - 40 Explorer shirts @ associated patches/logos	Community-based Prog.	\$1,556.00
5/14/08	1943	Learning for Life (NLEEC)	MCSO Explorer Post 890 - Contribution for 2008 national conference	Community-based Prog.	\$1,500.00
5/12/10	2024	Boy Scouts - Milwaukee County	Donation for Law Enforcement Expo contribution - 2010	Community-based Prog.	\$1,500.00
1/13/11	2060	Boy Scouts - Milwaukee County	Donation for Law Enforcement Expo (\$1000) & Scoutreach (\$500) contribution - 2011	Community-based Prog.	\$1,500.00
9/3/10	2035	Paintball Dave's, Inc.	Lighthouse Youth Center - event for 20 youth to "Battle the Deputies" in paintball	Community-based Prog.	\$1,280.00
7/15/10	2029	Free Style Graphics, Inc.	MCSO Explorer Post 890 - Logos, patches, etc.	Community-based Prog.	\$1,222.25
8/15/08	1950	National Premium, Inc.	Community relations event supplies	Community-based Prog.	\$1,198.55
2/11/10	2009	National Premium, Inc.	Purchase 2,500 coloring books for community distribution	Community-based Prog.	\$1,175.00
4/2/10	2014	National Premium, Inc.	Purchase 2,558 key chains for community relations distribution	Community-based Prog.	\$1,097.62
5/24/10	2025	Malik Communications	"Fighting Back" Crime Prevention Magazine advertising fee - 2010	Community-based Prog.	\$1,000.00
10/27/11	2117	CMP Entertainment	Lighthouse Youth Center - 20 youth @ \$45 for community event	Community-based Prog.	\$900.00
2/15/08	1930	Boy Scouts - Milwaukee County	2008 - Boys Scouts (Scoutreach) contribution	Community-based Prog.	\$800.00
2/4/08	1928	Malik Communications	"Fighting Back" Crime Prevention Magazine advertising fee - 2008	Community-based Prog.	\$600.00
9/24/09	1996	National Premium, Inc.	Purchase 8,000 tattoos for community distribution	Community-based Prog.	\$579.57
3/2/10	2011	National Premium, Inc.	Purchase 700 tattoos for community distribution	Community-based Prog.	\$512.00
8/22/08	1953	National Premium, Inc.	Purchase 2,625 pencils that say "Expect the Best" for community distribution	Community-based Prog.	\$393.25
10/27/11	2118	Free Style Graphics, Inc.	Lighthouse Youth Center - 31 shirts	Community-based Prog.	\$385.50
8/27/08	1955	Richard Gellendin	Limousine rental for youth event	Community-based Prog.	\$185.75
3/28/08	1932	MCOS Explorer Unit	MCSO Explorer Post 890 - Annual charter payment for 2008	Community-based Prog.	\$153.00
2/8/11	2067	Free Style Graphics, Inc.	MCSO Explorer Post 890 - Shirt logos	Community-based Prog.	\$46.00
1/13/11	2059	Boy Scouts - Milwaukee County	Registration fee for Sheriff Clarke	Community-based Prog.	\$15.00
				<b>Total - Community-based Programs</b>	<b>\$115,064.87</b>
7/27/10	2031	Milwaukee County Treasurer	Meetings & authorized travel expenses - 2009	Travel Costs	\$26,645.15
12/31/08	1968	Milwaukee County Treasurer	Meetings & authorized travel expenses - 2007	Travel Costs	\$17,120.20
1/3/08	1927	Milwaukee County Treasurer	Meetings & authorized travel expenses - 2005 & 2006	Travel Costs	\$12,752.33

**Details of Office of the Sheriff  
Forfeiture Fund Expenditures  
January 1, 2008 – May 7, 2012**

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description</u>	<u>Category</u>	<u>Amount</u>
12/31/08	1969	Milwaukee County Treasurer	Meetings & authorized travel expenses - 2008	Travel Costs	\$10,314.22
4/29/11	2083	Milwaukee County Treasurer	Meetings & authorized travel expenses - 2010	Travel Costs	\$6,953.66
9/22/09	1995	Milwaukee County Treasurer	Travel expenses for training in Los Angeles	Travel Costs	\$1,730.93
4/7/11	2073	David A. Clarke, Jr.	Travel advance for unspecified training	Travel Costs	\$1,000.00
11/7/11	2121	Tobie Weberg	Travel - One passport	Travel Costs	\$234.00
11/3/11	2120	Aisha Barkow	Travel - One passport	Travel Costs	\$225.00
11/7/11	2122	Scott Stiff	Travel - One passport	Travel Costs	\$205.56
12/14/09	2004	Sandra M. Welsher	Travel expenses for WI Humane Officer's Training - Madison (10/18/09 - 10/22/09)	Travel Costs	\$125.61
				<b>Total - Travel Costs</b>	<b>\$77,306.66</b>
10/6/10	2045	Suburban Asphalt Co, Inc	Purchase and install 1/8 mile running track at CCF-S	Facilities	\$30,485.00
				<b>Total - Facilities</b>	<b>\$30,485.00</b>
10/20/11	2112	Symbol Arts	288 Expect the Best mugs @\$15.62	Awards & Memorials	\$4,598.56
10/20/11	2111	Symbol Arts	300 Challenge coins, 100 Service Excellence pins, 100 OWI Enforcement pins	Awards & Memorials	\$2,523.50
4/18/08	1939	Symbol Arts	200 "Service Excellence" pins	Awards & Memorials	\$435.00
				<b>Total - Awards &amp; Memorials</b>	<b>\$7,557.06</b>
6/28/11	2094	Milwaukee County Sheriff's Office	Correcting disbursement for deposit that should have been made to trust account	Other	\$1,047.00
				<b>Total - Other</b>	<b>\$1,047.00</b>
				<b>Total Expenditures</b>	<b>\$826,576.62</b>

Source: Check data from Office of the Sheriff, categorized by Audit Services Division, Office of the Comptroller

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County of Milwaukee  
**Office of the Sheriff**

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David A. Clarke, Jr.  
Sheriff

**DATE:** September 25, 2012

**TO:** Jerome J. Heer, Director of Audits

**FROM:** Edward H. Bailey, Inspector, Milwaukee County Office of the Sheriff

**SUBJECT:** **Response to the Milwaukee County Office of the Comptroller Audit Services Division's review of Milwaukee County Office of the Sheriff's Use of Federal Asset Forfeiture Program Funds**

The Office of the Sheriff has reviewed the Milwaukee County Office of the Sheriff's Use of Federal Asset Forfeiture Program funds document as prepared by the Milwaukee County Office of the Comptroller Audit Services Division and has included responses to recommendations by the Audit Services Division below.

**Recommendation #1 - Prohibit use of Forfeiture fund to 'front' or 'advance' monies for non-Forfeiture Fund expenditures such as uniforms ultimately purchased by Deputy Sheriffs.**

This was an isolated incident. The purchase of uniforms is an allowable use of the Federal Forfeiture Fund (FFF). The proceeds from the eventual sale of the uniforms were returned to the FFF offsetting the expenditure in full. However, the Office of the Sheriff will comply and will direct staff to ensure this type of expense does not occur in the future.

**Recommendation #2 - Recoup \$2,353 paid in error to Superior Uniform.**

The Accounting Manager of the Office of the Sheriff has contacted Superior Uniform to seek a reimbursement of the overpayment. It is no longer a FFF issue since the FFF has been repaid in full for the outlay for uniforms. The credit is owed to Milwaukee County not the FFF.

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**Recommendation # 3 - Implement a system whereby travel costs charged to the Forfeiture Fund can be clearly identified and properly supported.**

In February of 2011, the Office of the Sheriff implemented a new tracking and control system for all travel within the Office of the Sheriff. This system has continued to be refined over the last year and a half. The Office of the Sheriff will use this newly implemented system to comply with the recommendation to clearly identify and support travel costs charged to the Federal Forfeiture Fund.

The Fiscal Staff created a tracking system based upon an Excel worksheet that tracks all travel requests for employees of the Office of the Sheriff. Sub-ledgers classify travel into specific purpose types to be charged (i.e., regular, federal forfeiture) and expense detail based upon the travel documentation and receipts submitted with expense reports. Final expense reports and supporting documentation will be retained in regular and federal forfeiture travel files by the month expensed for easy access and expense verification.

**Recommendation #4 - Process all batch travel reimbursement transactions from the Federal Forfeiture Fund on a timely basis.**

The Office of the Sheriff will comply with the reimbursement of travel expenses prior to the close of the County's fiscal year and prior to submittal of the annual Equitable Sharing Report required to be submitted to the DOJ. With the new travel tracking system that the fiscal staff has implemented, all Federal Forfeiture travel expenses charged to County travel credit cards will be reimbursed quarterly eliminating the need for expense accruals at yearend. This processing will become effective for the calendar year 2013. Every effort will be made to record all appropriate travel expenses for fiscal year ending 2012.

**Recommendation #5 - Comply with Federal Forfeiture Fund guidelines by following all applicable County laws, rules, regulations and orders governing the use of public funds. Specifically, comply with the purchasing requirements as set forth in Chapter 32.20 of the County Ordinances when making purchases involving Forfeiture Funds.**

The Office of the Sheriff is seeking written confirmation from the Department of Justice regarding the requirement of the DOJ on the purchasing guidelines. No Milwaukee County Sheriff has used the County procurement division as it relates to the use of the FFF and no prior audit has stated that the use of County Procurement is required for this expendable trust fund. The Office of the Sheriff does generally follow the purchasing guidelines of the County and if directed to do so by DOJ will in fact comply entirely with this recommendation.

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**Recommendation #6 - Implement procedures to ensure that the required eligibility certifications are obtained from community-based organizations receiving Forfeiture Funds prior to making benefits on their behalf.**

The Inspector responsible for the review and approval of the use of FFF has begun to develop a standardized procedure for acquiring all necessary information prior to making benefits on behalf of a CBO.

**Recommendation #7 - Document the determination of whether any key figure within a community-based organization receiving Forfeiture Fund benefits is subject to ongoing criminal investigations, and whether key organization figures have been convicted of felony or drug offenses. If such investigations or convictions are identified and the Sheriff deems a prospective expenditure supporting the organization is appropriate, the Sheriff must provide an explanation supporting that decision and submit it to DOJ for approval.**

The Inspector responsible for the review and approval of the use of FFF has begun to develop a standardized procedure for acquiring all necessary information prior to making benefits on behalf of a CBO.

**Recommendation #8 - Develop a system that properly categorizes program payments for community-based organizations on an ongoing basis, and provides the ability to identify if expenditure will exceed the 15% maximum allowance.**

The audit lists a total of \$115,065 in community-based program expenditures during the review period and determined that the Office of the Sheriff spent a total of \$24,514 more than the maximum allowable for community-based programs for the years 2009 and 2011. However, \$28,185 of the \$115,065 was expended for supplies and gear for the Explorer Post operated out of the Sheriff's Community Relations Budget and is considered by the Office of the Sheriff to be Law Enforcement Expenditures.

The Office of the Sheriff will contact the DOJ to establish the proper recording of Explorer expenses and will develop a system to ensure that future expenditures do not exceed the 15% limit. The Office of the Sheriff will develop a system to properly categorize program payments for community-based organizations on an ongoing basis. This will provide the capability to measure total payments so that they do not exceed the maximum 15% allowance. All payments will be recorded cumulatively into appropriate expenditure categories and provide the basis to evaluate program payments to community-based organizations versus the 15% maximum allowance. This system will become effective in the fourth quarter of 2012. The proper

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classification and grouping of program expenses will also provide the ability to produce more accurate and timely Equitably Sharing and Certification Reports.

**Recommendation #9 - Make payment to community-based organizations only upon receipt of detailed invoices.**

The Office of the Sheriff will comply.

**Recommendation #10 - Implement procedures that will provide for the accurate recording of information contained on the annual certification form submitted to DOJ. This should include reconciling the ending fund balance reported to DOJ with the year-end Forfeiture Fund bank balance to help ensure accurate accounting for all transactions.**

The Office of the Sheriff will comply.

**Recommendation #11 - Include an adjusting entry of \$11,490 in the 2012 certification report to DOJ to accurately reflect the balance of the Forfeiture Fund.**

The Office of the Sheriff is reviewing the Audit Division's conclusion that an adjusting entry is required. The Audit Division has not proven to the Office of the Sheriff that the certification report is in error, it has only identified a variance between the certification report and the amount of the December 2011 bank reconciliation. This variance is primarily due to expenditures paid by Milwaukee County and correctly included in the DOJ annual report that the Sheriff's Office has not yet written reimbursement checks for. The Office of the Sheriff will write these reimbursement checks and determine if further corrections are necessary.

**Recommendation #12 – Implement procedures to ensure timely, accurate annual Equitable Sharing Agreement and Certification reports are submitted to DOJ.**

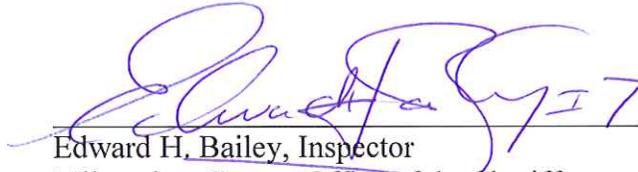
In order to remain in compliance and eligible to receive funds from the US Department of Justice, an agency must complete the Equitable Sharing Agreement and Certification form by February 28th of each year.

The review of December financial reports, travel expense credit card usage and bank reconciliation statements usually are not completed in time to prepare the certification report and obtain signatures from the Sheriff and the County Executive.

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The Office of the Sheriff will accurately complete, obtain signatures and submit the annual Equitable Sharing Agreement and Certification reports as soon as possible after the end of the year.



Edward H. Bailey, Inspector  
Milwaukee County Office of the Sheriff

cc: Scott Manske, Comptroller, Milwaukee County  
Douglas Jenkins, Deputy Director of Audit

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(ITEM ) From the Director of Audits, an audit report titled “Milwaukee County Office of the Sheriff’s Federal Forfeiture Fund Expenditures Comply with Program Criteria but Improvement Needed in Reporting Accuracy, Compliance with County Procurement Procedures,” requesting County Board action to receive and place on file the said audit report, and to concur with the audit recommendations provided therein, by recommending adoption of the following:

**A RESOLUTION**

WHEREAS, the Audit Services Division of the Milwaukee County Office of the Comptroller conducted an audit of the Office of the Sheriff’s Federal Forfeiture Fund expenditures and issued an audit report summarizing the results of its review in September 2012; and

WHEREAS, a series of audit recommendations are provided in the audit report and a copy of management’s responses has been added to the report as Exhibit 3; now, therefore,

BE IT RESOLVED, that the Milwaukee County Board of Supervisors receives and places on file, the Office of the Comptroller – Audit Services Division report, “Milwaukee County Office of the Sheriff’s Federal Forfeiture Fund Expenditures Comply with Program Criteria but Improvement Needed in Reporting Accuracy, Compliance with County Procurement Procedures,” and concurs with the audit recommendations contained therein.

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:**

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** Resolution (File No. 12-800) to receive and place on file the Milwaukee County Office of the Comptroller - Audit Services Division report, "Milwaukee County Office of the Sheriff's Federal Asset Forfeiture Fund Expenditures Comply with Program Criteria but Improvement Needed in Reporting Accuracy, Compliance with County Procurement Procedures," and to concur with the recommendations provided therein.

**FISCAL EFFECT:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact<br><input checked="" type="checkbox"/> Existing Staff Time Required<br><input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below)<br><input checked="" type="checkbox"/> Absorbed Within Agency's Budget<br><input type="checkbox"/> Not Absorbed Within Agency's Budget<br><input type="checkbox"/> Decrease Operating Expenditures<br><input type="checkbox"/> Increase Operating Revenues<br><input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures<br><input type="checkbox"/> Decrease Capital Expenditures<br><input type="checkbox"/> Increase Capital Revenues<br><input type="checkbox"/> Decrease Capital Revenues<br><input type="checkbox"/> Use of contingent funds |
|---|--|

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
<b>Operating Budget</b>	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0
<b>Capital Improvement Budget</b>	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0

**DESCRIPTION OF FISCAL EFFECT**

**In the space below, you must provide the following information. Attach additional pages if necessary.**

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. <sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

The resolution requires no additional expenditure of funds.

Department/Prepared By Audit Services Division/Paul Grant

Authorized Signature 

Did DAS-Fiscal Staff Review?     Yes     No

<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

**2011 County-wide Audit Reports**

<H:\Shared\COMCLERK\Committees\2012\Oct\FPA\Packet Reports\FPA Packet 102512.pdf>

**COUNTY OF MILWAUKEE  
Inter-Office Communication**

**Date:** October 8, 2012

**To:** Supervisor Willie Johnson, Jr., Co-Chair, Committee on Finance, Personnel and Audit  
Supervisor David Cullen, Co-Chair, Committee on Finance, Personnel and Audit

**From:** Jerome J. Heer, Director of Audits

**Subject:** Status Report - Audit of MCTS Fare & Data Collection Systems (File No. 09-84)

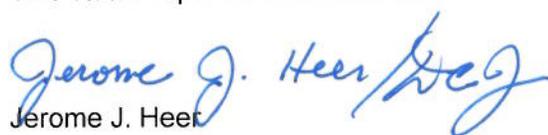
At its meeting in March 2009, the Committee on Finance and Audit passed a motion to receive and place on file our audit report, "An Audit of the Milwaukee County Transit System's Fare and Data Collection Systems."

Subsequently, six status reports noting the progress made toward implementation of our audit recommendations were submitted to the Committee. Dates the status reports were presented to the Committee, along with actions taken are listed below.

- 01/28/10:** Receive and place on file with a six-month status report.
- 06/17/10:** Receive and place on file with a report in September or at the call of the Chair.
- 09/23/10:** Receive and place on file with a follow up report in March 2011.
- 03/10/11:** Report was informational, no action taken.
- 09/22/11** Report was informational, no action taken.
- 03/08/12** Report was informational, no action taken.

The current status report is attached for your review. Milwaukee Transport Services, Inc. (MTS) management indicates in the report that all eight recommendations have been fully implemented. However, to ensure all steps outlined are fully carried-out by MTS, we will request a final status report that includes timelines associated with recommendations 1 and 2, for the Finance, Personnel and Audit Committee meeting in January 2013.

This status report is informational.

  
Jerome J. Heer

JJH/PAG/cah

Attachment

cc: Scott Manske, Milwaukee County Comptroller  
Finance, Personnel and Audit Committee Members  
Chris Abele, Milwaukee County Executive  
Pat Farley, Director, Department of Administrative Services  
Frank Busalacchi, Director, Department of Transportation  
Lloyd Grant, Jr., Managing Director, Milwaukee County Transit System  
Kelly Bablitch, Chief of Staff, County Board Staff  
Steve Cady, Fiscal & Budget Analyst, County Board Staff  
Carol Mueller, Chief Committee Clerk, County Board Staff

**STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS**

**Audit Title: An Audit of the Milwaukee County Transit System's Fare and Data Collection Systems**

**Audit Report File Number: 09-84**

**Audit Date: February 2009**

**Status Report Date: September 2012**

**Department: MTS/DOT**

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
1. Develop strategies for verifying, on a spot-check basis, key elements of its ridership profile, including the number of rides per week for various weekly pass fare categories, ratios and percentages used for allocating cash receipts, as well as those affecting transfer and free ride estimates. This should involve seeking resources outside of MTS for incorporating sound sampling techniques.			X			X	<p><b>Auditee:</b>  <i>Transit has retained the services of IBI Group as a consultant for the fare collection project. The consultant has reviewed the current fare policy and made a recommendation to proceed with a fare collection system that utilizes contactless fare media (smart cards). The consultant is currently developing a specification for that technology and we expect to have a draft copy of the specification by the end of February 2011.</i></p> <p><i>After review and approval of the specification, a request for proposal will be issued and a contract awarded to a qualified vendor in late spring/early summer.</i></p> <p><i>The new system will provide statistical data for all ridership. This data will be used to update the current ridership profile, including rides per pass, ratios for cash receipts, and free ride calculations. Our goal continues to limit driver interaction with the system to the extent possible with available technology.</i></p> <p><u>February 2012 Update:</u>  <i>Meetings to hear vendor presentations were held in December 2011 and as a result of these presentations, a request for modified offers was issued to the respondents. Modified offers were received on January 31, 2012 and are currently being reviewed by the evaluation committee. The goal is to have a Letter of Intent to Award issued by the end of the 1<sup>st</sup> quarter 2012. The validating fare box and smartcard technology will allow MCTS to collect key elements of its</i></p>

**STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS**

**Audit Title: An Audit of the Milwaukee County Transit System's Fare and Data Collection Systems**

**Audit Report File Number: 09-84**

**Audit Date: February 2009**

**Status Report Date: September 2012**

**Department: MTS/DOT**

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
							<p><i>ridership profile including fare forms used by passengers on a daily basis at the route level thereby replacing statistical sampling techniques.</i></p> <p><b><u>September 2012 Update:</u></b></p> <p>A contract was awarded on July 3, 2012 to Scheidt &amp; Bachmann (S&amp;B) for the fare collection system. The validating farebox and smart card system will use technology to provide a 100% passenger count. MCTS will use this data to develop an accurate passenger profile that will include the number of rides per fare form, as well as the numbers of free and transfer trips taken. This will eliminate the need for any type of sampling techniques to develop the ridership profile.</p>

**STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS**

**Audit Title: An Audit of the Milwaukee County Transit System's Fare and Data Collection Systems**

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**Audit Date: February 2009**

**Status Report Date: September 2012**

**Department: MTS/DOT**

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
2. Once a sound and reliable strategy for verifying key elements of its ridership profile is implemented, use a consistent ridership profile for calculating revenue-ride estimates, fare structure analyses and for estimating the fiscal impact of route and service level adjustments.		X			X		<p>Auditee: <i>New fare collection equipment will provide ridership data by route which will be used when costing the fiscal impacts of route or service level adjustments.</i></p> <p><u>February 2012 Update:</u> <i>Bidder responses to the proposed fare collection system RFP include the requirement to provide ridership data by route to be used to calculate fiscal impacts of service adjustments.</i></p> <p><u>September 2012 Update:</u> <i>The new fare collection system will provide 100% sampling of ridership and revenue statistics by route. The resulting ridership profile will then be used for fare structure analysis and to calculate the fiscal impacts on route and service level adjustments.</i></p>
3. Work with the County Executive and County Board to establish a capital expenditure plan for implementing a swipe-care system for MCTS buses.	N/A				X		<p>Auditee: <i>New fare collection equipment will be procured using Federal ARRA funds. This item is included in the County's 2010 Capital Budget.</i></p>
4. Install additional security cameras in the interior of the print shop to record and deter potential theft, vandalism or sabotage.	N/A				X		<p>Auditee: <i>Security cameras were installed in the Print Shop in January 2011.</i></p>

**STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS**

**Audit Title: An Audit of the Milwaukee County Transit System's Fare and Data Collection Systems**

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**Audit Date: February 2009**

**Status Report Date: September 2012**

**Department: MTS/DOT**

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
5. Institute a schedule of periodic inventory counts of finished products in the print shop that can be matched against source documents for greater accountability.			X			X	<p><b>Auditee:</b>  <i>The Print Shop manager has incorporated additional recordkeeping of finished fares to better track fare form production. If it is determined that the Print Shop will continue to be involved with the production or handling of fare forms after the new automated fare collection system is implemented, a procedure will be developed to periodically inventory the finished fare forms against source documents for greater accountability.</i></p> <p><u>February 2012 Update:</u>  <i>The MCTS Accounting Department has developed an audit plan that measures starting paper inventory, tracks finished products through the printing process, and accounts for the scrap sheets that result from the printing process. In addition, scrap stock will be secured in a locked room in the Print Shop and Accounting staff will be present at the time of destruction of the scrap pieces. Comprehensive unannounced audits will continue on a quarterly basis, rotating through all the different fare forms and an audit report will be submitted to the Managing Director.</i></p> <p><b>September 2012 Update:</b>                      To date, the MCTS Accounting Department has conducted two audits. The first reviewed the January – August 2012 Monthly Pass production and the second reviewed the production of the Fall 2012 UPASS for Marquette University. Comprehensive unannounced audits will continue on a quarterly basis. A schedule of future audits has been prepared and submitted to the Managing Director.</p>

**STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS**

**Audit Title: An Audit of the Milwaukee County Transit System's Fare and Data Collection Systems**

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**Status Report Date: September 2012**

**Department: MTS/DOT**

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
6. Void or mutilate previously redeemed CVCs upon receipt at MTS for storage until they are destroyed.		N/A				X	Auditee:  <i>All Commuter Value Certificates are stamped VOID when remitted to the Cashier's Division.</i>
7. Initiate a competitive bidding process for contracted ticket and revenue transport services.		N/A				X	Auditee:  <i>A competitive bidding process was carried out earlier this year and an award was made to the most qualified bidder.</i>
8. Employ a written contractual agreement for ticket and revenue transport services.		N/A				X	Auditee:  <i>A written contract has been issued as a result of the competitive bidding process for delivery services.</i>

Action Required  
Finance Committee  
County Board (2/3 Vote)

WHEREAS, department requests for transfers within their own accounts have been received by the Department of Administrative Services, Fiscal Affairs, and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2012 appropriations of the respective listed departments:

	<u>From</u>	<u>To</u>
1) <u>2900 – Courts Pre-Trial Services</u>		
6148 – Professional Services – Recurring Opr		\$46,239
2699 – Federal Grant Reimb	\$46,239	

An appropriation transfer of \$46,239 is requested by the Courts Pre-Trial Services to recognize federal grant revenue and establish expenditure authority.

For the 2009 version of the Justice Assistance Grant (JAG), provided by the U.S. Department of Justice (U.S. DOJ), the Combined Courts (agency 2000) was awarded a total of \$360,000 for video conferencing expenses. Costs for these services have been lower than anticipated and the 2012 Adopted Budget provided tax levy for this purpose. As a result, a surplus of \$52,551 is available under the grant.

The Chief Judge and the Judicial Review Coordinator report that, due to the successful implementation of the Universal Screening project, demand for pre-trial services has increased significantly. Therefore, a request was made to the U.S. DOJ to utilize part of the available surplus for additional pre-trial services. This approval was granted by the U.S. DOJ in late September. The amount approved for pre-trial services is \$46,239.

Approval of this transfer would result in a \$0 tax levy impact.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

	<u>From</u>	<u>To</u>
2) <u>4021 – Office of the Sheriff Expressway Patrol</u>		
8554 – Vehicles Replacement		\$70,648
7800 – Motor Vehicle Operation	\$30,025	
4959 – Recoveries	\$40,623	

An appropriation transfer of \$70,648 is requested by the Office of the Sheriff to recognize insurance proceeds and realign expenditure authority in order to purchase a replacement vehicle.

In July 2012, a patrol vehicle that was purchased with grant funding provided by the State of Wisconsin Department of Transportation (WisDOT) was involved in a fatal accident while on patrol on Interstate Highway 43. The vehicle was unable to be repaired and, under the terms of the grant agreement with WisDOT, it is the responsibility of Milwaukee County to replace the vehicle.

The Office of the Sheriff has worked with the Department of Transportation – Fleet Management Division (DOT-Fleet) to obtain quotes for replacing the vehicle, and has worked with the Department of Administrative Services – Risk Management Division (Risk Management) to determine the insurance proceeds available to partially fund the replacement.

DOT-Fleet has determined that the net cost of replacing the vehicle and all associated equipment will total \$70,648. Risk Management has determined that \$40,623 in insurance proceeds will be available to partially offset that cost. The Office of the Sheriff estimates a year-end surplus in motor vehicle operations costs. As of September 28, there was a surplus of \$254,850 for motor vehicle operations available and a total surplus in the Commodities appropriation unit of \$595,379.

Approval of this transfer would result in a \$0 tax levy impact.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

			<u>From</u>	<u>To</u>
3)	<u>7912- Fiscal/ Support Serv</u>			
6050	-	Contract Pers Serv-Short		\$23,000
9851	-	Abate- Administrative Serv #1	\$23,000	
	<u>7931- Elderly Services</u>			
9751	-	Administrative Services #1		5,750
2255	-	Social Service- Purchases	5,750	
	<u>7932- Elderly Nutrition</u>			
9751	-	Administrative Services #1		5,750
4999	-	Other Miscellaneous Revenue	5,750	
	<u>7961- RCA Administration</u>			
9751	-	Administrative Services #1		11,500
2699	-	Other Fed Grants & Reimb	17,250	
	<u>7964- Eligibility Screenings</u>			
2255	-	Social Service- Purchases		5,750

A transfer of \$51,750 is requested by the Director of the Department on Aging to increase and realign revenues and expenditures accordingly within the department.

Pursuant to County Board resolution File No. 11-480, approved on December 15, 2011, the County Executive is authorized to carry out the Department on Aging's Resource Center 2012 contract with the Wisconsin Department of Health Services (DHS). The resolution authorizes the County Executive to accept such other revenues as DHS may award to operate the Resource Center during the contract year.

This transfer reflects a revenue increase of \$23,000 including \$17,250 in Resource Center 100 Percent Time Reporting Revenue reimbursements and \$5,750 in Nutrition Program meal reimbursements. The RC program is eligible for reimbursement for all expenses that are necessary to operate the program. Staff is required to record time spent on information & assistance and functional screens, which

determines what percentage of reimbursement will be received from Medicaid or through another source. Based on the time spent on eligible resource center functions year-to-date, MCDA is able to match approximately 41 percent out of a maximum match percentage of 50 percent. However, the 2012 Adopted Budget included 34 percent reimbursement. As a result of the higher time reporting percentage, MCDA will receive increased revenue of \$17,250. The department is also receiving additional revenue related to the Senior Meal program due to the continued purchase of meals from the Department of Family Care. MCDA provides the meals to DFC members and DFC reimburses MCDA for the full cost of each meal which includes the cost of the meal, overhead costs, administration, and transportation costs. In the 2012 Adopted Budget, DFC opted out of meal purchases from MCDA. As a result, reimbursement revenue associated with meal purchases was not included in the budget. However, DFC continues to purchase meals from MCDA in 2012 resulting in additional reimbursement revenue of \$5,750.

Due to the vacancy of the Assistant Director- Fiscal (Aging) position, the department used short-term temporary staffing to cover until the position was filled. As a result, expenditures are increased \$23,000. The short-term temporary staff will remain with MCDA to provide training and support through 2012 year-end closing. This increase in expenditures is allocated to the cost centers within the department as follows: \$11,500 to the Resource Center, \$5,750 to Area Agency Elderly Services, and \$5,750 to the Nutrition Program. Since Resource Center revenue is increased due to increased 100 percent Time Reporting Revenue, \$5,750 in Base Community Aids (BCA) is transferred from the Resource Center to Elderly Services to cover the increased costs.

This transfer would allow the department to recognize revenue and realign revenues and expenditures accordingly.

Approval of this transfer will result in a \$0 tax levy impact.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

			<u>From</u>	<u>To</u>
4)	<u>7931- Elderly Services</u>			
	2299	0000	Other State Grants & Reimb	\$7,708
	2699	A5DD	Other Fed Grants & Reimb	34,458
	2699	A5CW	Other Fed Grants & Reimb	1,133
	8123	A5SC	Purchase of Service	25,800
	8123	A5AK	Purchase of Service	65,000
	2699	0000	Other Fed Grants & Reimb	\$30,819
	2699	A5DU	Other Fed Grants & Reimb	23,546
	2222	A5CG	Community Human Services	11,711
	2255	A5BA	Social Serv-Purch	36,367
	4999	A5BL	Other Miscellaneous Revenue	12,000
	4999	A5OT	Other Miscellaneous Revenue	5,000
	2255	0000	Social Serv-Purch	11,656
	<u>7964- Eligibility Screenings</u>			
	2255	0000	Social Service- Purchases	11,656
	2699	0000	Other Fed Grants & Reimb	11,656

A transfer of \$145,755 is requested by the Director of the Department on Aging to increase and realign revenues and expenditures accordingly within the department.

Pursuant to County Board resolution File No12-21, approved on December 15, 2011, the County Executive is authorized to carry out the Department on Aging's 2012 State and County contract covering the administration of Social Services and Community Programs- Aging Programs. The resolution authorizes the County Executive to accept federal and state revenues including any and all increases in allocations during the contract year.

This transfer realigns the 2012 Adopted Budget to reflect a revenue increase of \$105,443 which includes an increase of \$30,819 for area agency administration, \$11,711 in s85.21 Transportation revenue, and \$62,913 in 2011 deferred grant revenue. This increase is partially offset by a reduction of \$7,708 in Office of Commission on Insurance (OCI), \$34,458 in Title III B and \$1,133 in Title III D. These

changes reflect amendments made to the State and County Contract, with the exception of the 2011 deferred grant revenue.

MCDA is also receiving additional revenue related to the Active Aging Research Center: Bringing Communities and Technology Together for Healthy Aging grant and the Faces of 2012 Aging Initiative. The Active Aging Research Center project is a collaborative initiative with the Greater Wisconsin Agency on Aging Resources, Inc. (GWAAR) for a project that assists with creating independence and quality of life for Milwaukee County Seniors. Through this grant, MCDA is able to receive maximum reimbursement of \$12,000 for supplies, phone, internet, office space, supervisory support, supervisor travel, and meetings and coordination of refreshments for volunteers. In addition, as part of the required Area plan, the department is collaboratively conducting an environmental scan to look at present capabilities within the aging network to assess future needs and shared goals relative to serving the aging population. The *Faces of Aging* initiative will develop a compilation of photos and recordings showing the strength, and concerns of the aging community. MCDA is receiving increased revenue of \$5,000 from AARP to provide volunteer training and refreshments, Coffee and Cookie logistics and materials, six staff-led Dessert and discussion refreshments, and office supplies related to this effort. These two initiatives result in increased revenue of \$17,000.

The net increase in revenue of \$122,443 is partially offset by a one-time increase in expenditures of \$25,800 for the purchase of service contract with United Community Center (UCC) senior center to provide programs and services to seniors. This senior center provides a meal site, recreation, and health related activities for Hispanic elderly residents of Milwaukee County. In addition, transportation expenses are increased \$65,000 to reflect an increase in demand and fuel costs. Transit Express who is the vendor for this service, provides door-to-door or shared ride trips including medical, non-medical, individual group trips, rides from residential settings, and trips to the grocery store.

This transfer also realigns revenue within the Resource Center by increasing 100 percent Time Reporting Reimbursement revenue by \$11,656, offset by the transfer of \$11,656 in Base Community Aids (BCA) from the Resource Center to Elderly Services.

This transfer would allow the department to recognize revenue and increase revenues and expenditures accordingly.

Approval of this transfer results in no levy impact.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

			<u>From</u>	<u>To</u>
5) <u>7931- Elderly Services</u>				
6409	0000	Printing and Stationery		\$5,000
8123	A5ER	Purchase of Service Contract		6,250
8123	A5HM	Purchase of Service Contract		24,000
2255	0000	Social Service- Purchases	\$35,250	
 <u>7932- Elderly Nutrition</u>				
6409	0000	Printing and Stationery		5,000
8123	A5ER	Purchase of Service Contract		6,250
4999	0000	Other Miscellaneous Revenue	11,250	
 <u>7961- RCA Administration</u>				
7910	0000	Office Supplies		12,500
7999	0000	Sundry Materials & Suppl		12,500
6409	0000	Purchase of Service Contract		10,000
2299	A5RC	Other State Grants & Reimb	16	
 <u>7962- Information &amp; Outreach</u>				
2699	A5BU	Other Fed Grants & Reimb		22,612
8123	A5ER	Purchase of Service Contract		12,500
 <u>7964- Eligibility Screenings</u>				
2255	0000	Social Service- Purchases		35,259
2699	0000	Other Fed Grants & Reimb	98,090	
 <u>7973- Protective Services</u>				
2299	A5AZ	Other State Grants & Reimb	7,265	

A transfer of \$151,871 is requested by the Director of the Department on Aging to increase and realign revenues and expenditures accordingly within the department.

Pursuant to County Board resolution File No. 11-480, approved on December 15, 2011, the County Executive is authorized to carry out the Department on Aging's Resource Center (RC) 2012 contract with the Wisconsin Department of Health Services (DHS). The resolution authorizes the County Executive to accept such other revenues as DHS may award to operate the Resource Center during the contract year.

The RC program is eligible for reimbursement for all expenses that are necessary to operate the program. Staff is required to record time spent on information & assistance and functional screens, which determines what percentage of reimbursement will be received from Medicaid or through another source. Based on the time spent on eligible resource center functions in 2012 year-to-date, MCDA is eligible to receive 41% reimbursement on expenses. However, the 2012 Adopted Budget included 34% reimbursement. As a result of the higher time reporting percentage, MCDA will receive increased revenue of \$98,090. In addition, revenue is increased by \$7,265 due to the carryover of 2011 grant revenue and changes to the State and County contract that resulted in an increase to the RC allocation of \$16, a reduction of \$9 in Base Community Aids (BCA) and a reduction in Title III E funding of \$22,612 for net revenue increase of \$82,750.

The department is also receiving additional revenue related to the Senior Meal program due to the continued purchase of meals from the Department of Family Care (DFC). MCDA provides the meals to DFC members and DFC reimburses MCDA for the full cost of each meal which includes the cost of the meal, overhead costs, administration, and transportation costs. In the 2012 Adopted Budget, DFC opted out of meal purchases from MCDA. As a result, reimbursement revenue associated with meal purchases was not included in the budget. However, DFC continues to purchase meals from MCDA in 2012 resulting in additional reimbursement revenue of \$11,250. This transfer realigns the 2012 Adopted budget to reflect a net increase in revenue of \$94,000.

This increase is partially offset by an expenditure increase of \$45,000 related to two initiatives that MCDA is involved in: "Faces of Aging 2012" and "Mobile Market". As part of the required Area plan, the department is collaboratively conducting an environmental scan to look at present capabilities within

the aging network to assess future needs and shared goals relative to serving the aging population. The *Faces of Aging* initiative will develop a compilation of photos and recordings showing the strength, and concerns of the aging community resulting in increased expenditures of \$20,000. The *Mobile Market* initiative is a mobile food service that brings high quality, healthy foods at affordable prices to Metro Milwaukee neighborhoods. MCDA is providing a one-time expenditure of \$25,000 for a purchase of Service Contract with SET Ministry, Inc. to be the fiscal agent for the marketing outreach initiative for this program. This expense will assist the program during its transition period of fundraising for the long term support of the program. Expenses are also increased by \$49,000 which includes \$25,000 for the purchase of office supplies and minor office equipment in the Resource Center and \$24,000 in Elderly Services for the purchase of service contract with Goodwill Industries to cover the cost of providing transportation for shopping and errands.

In addition, due to an increase in 100 percent Time Reporting Revenue, \$11,250 in BCA is transferred from the RC to Elderly Services to offset increased expenditures.

This transfer would allow the department to recognize revenue and to realign revenues and expenditures accordingly.

There is no tax levy effect as a result of this action.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

			<u>From</u>	<u>To</u>
6)	<u>7932- Elderly Nutrition</u>			
2699	A5CV	Other Federal Grants & Reimb		\$59,050
2699	A5DB	Other Federal Grants & Reimb		41,207
2699	A5DG	Other Federal Grants & Reimb		47,045
9760	A5HM	Dietary Services		272,000
8123	A5SM	Purchase of Service		70,250
7979	A5HM	Minor Other Equipment		12,484
7979	A5SM	Minor Other Equipment		8,000
8552	A5SM	Machinery & Equip New > \$2,500		11,000
8555	A5SM	Furniture & Fixtures New > \$2,500		3,000
8123	A5HM	Purchase of Service		11,918
4924	0000	Meal Rev- Elderly Nutr		20,196
4999	0000	Other Miscellaneous Revenue	\$549,550	
4999	A5WS	Other Miscellaneous Revenue	6,600	

A transfer of \$556,150 is requested by the Director of the Department on Aging to recognize the receipt of revenue and to realign revenues and expenditures within the Elderly Nutrition Program.

Pursuant to County Board File No. 10-33 (a)(a), approved on December 15, 2011, the County Executive is authorized to carry out the Department on Aging's 2012 State and County contract covering the administration of Social Services and Community Programs-Aging Programs. The resolution authorizes the County Executive to accept Federal and State revenues including any and all increases in allocations during the contract year.

The Department of Family Care is a waiver program whose members may receive meals from MCDA's nutrition program. DFC reimburses MCDA for the full cost of each meal which includes the cost of the meal, overhead costs, administration, and transportation costs. In the 2012 Adopted Budget, DFC opted out of meal purchases from MCDA. As a result, reimbursement revenue associated with meal purchases was not included in the budget. However, DFC continues to purchase meals from MCDA in 2012 resulting in additional reimbursement revenue of \$549,550. This increase is partially offset by an increase in catering costs of \$272,000 due to an increase in the number of meals purchased by DFC. The monthly average of meals purchased by DFC from January to June 2012 is 5,090. The annualized

amount for 2012 will be 60,180 meals, an increase of 16,123 meals over 2011. In addition, the state amended the 2012 State and County contract for the Nutrition Services Incentive Program (NSIP) resulting in a revenue decrease of \$47,045. The amounts allocated to counties for NSIP are based on the number of eligible meals served. The State also amended the State and County contract for the Older Americans Act Programs resulting in a revenue reduction of \$41,207 in Title III C-1 and \$59,050 in Title III C-2. Meal donations are also decreased by \$20,196. The result of these changes is a net revenue increase of \$110,052.

The net revenue increase is partially offset by an increase in expenditures of \$104,734 for the purchase of service contracts for Goodwill Industries and Interfaith Older Adult Programs. Both of these organizations are responsible for congregate meal site management, with Goodwill managing 12 sites and Interfaith managing nine sites. Of the total expenditure increase, \$70,250 will be used for kitchen/dining incidentals as well as the creation of a marketing plan to promote the congregate meal program offered at the senior centers. In addition, \$34,484 will be used to purchase better seating accommodations and equipment needed for food preparation and delivery.

As part of the Senior Meal Program, MCDA collaborated with the Greater Wisconsin Agency on Aging Resources (GWAAR) to provide medication management to clients that participate in the home delivered meal program. The project involves collaboration with pharmacists to identify clients needing assistance in medication management and working with prescribing physicians to provide that assistance. Goodwill Industries is providing this service as part of the case management services that they provided for the home delivered meal program. As a result, the purchase of services contract for Goodwill is increased by \$11,918. This increase is partially offset by the remaining \$5,318 in additional revenue mentioned above and \$6,600 is funded with \$6,600 in increased revenue related to the receipt of the Medication Management Improvement Systems (MMIS) grant.

This transfer would allow the department to recognize revenue and realign revenues and expenditures accordingly.

Approval of this transfer will result in a \$0 tax levy impact.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

Action Required  
 Finance Committee  
 County Board (Majority Vote)

WHEREAS, your committee has received from the Department of Administrative Services, Fiscal Affairs, departmental requests for transfer to the 2012 capital improvement accounts and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2012 capital improvement appropriations:

	<u>From</u>	<u>To</u>
1) <u>WO219014 Narrowbanding #</u>		
8552 – Mach & Equip-New>\$2,500	\$361,000	
<u>WO218014 Technical Infrastructure #</u>		
8558 – Computer Equipment- Repl > \$500		\$20,000
<u>WO221011 Data Center Equipment and Construction #</u>		
6050 – Contract Pers Serv- Short		\$32,000
6146 – Prof Serv- Cap/Major Maintenance		\$9,000
<u>WO606014 Rewire County Facilities #</u>		
6147 – Prof Serv- Data Process		\$50,000
<u>WO606024 BHD Wireless Infrastructure</u>		
8557 – Computer Equipment-New>\$500		\$250,000
<b># Existing Project, + Included in 5-Year Plan, * New Project</b>		

An appropriation transfer of \$361,000 is requested by the Chief Information Officer of the Information Management Services Division (IMSD) of the Department of Administrative Services to decrease expenditure authority for Project WO219014 Narrowbanding and to increase expenditure authority for various other IMSD capital projects.

The 2010 Adopted Capital Improvements Budget included an appropriation of \$2,040,000 to purchase and install equipment to upgrade or replace systems not currently compliant with new Federal

Communications Commission (FCC) narrowbanding requirements. Private land mobile radio (LMR) systems—including municipal government and State and local public safety systems—use blocks of radio spectrum called channels. Historically, LMR systems have used 25 kHz-wide channels. In December 2004, the FCC mandated that all private LMR users operating below 512 MHz move to 12.5 kHz narrowband voice channels and highly efficient data channel operations by January 1, 2013. It is anticipated the work on the project will be substantially complete by the end of 2012, and the project will have surplus funds available.

The appropriation transfer will be used to provide additional funding to the following projects:

- Project WO218014 Technical Infrastructure Improvement: An additional appropriation of \$20,000 will be used to purchase a server to support the Oracle databases with the Emergency Management Services within the County.
- Project WO221011 Data Center Equipment and Construction: A March 2011 appropriation transfer was approved to complete Phase One of the Data Center Equipment and Construction that created the Data Center Equipment and Construction Project. Phase One included installation of a new power feed, an uninterruptible power supply (UPS), and in line air conditioning. In addition, two HVAC units were purchased and installed. This appropriation transfer will provide \$41,000 to higher than anticipated design costs related to Phase One of the project.
- Project WO606024 Behavioral Health Division: An October 2011 appropriation transfer was approved to provide wireless infrastructure at the Behavioral Health Facility. The wireless infrastructure included the purchase of switches and antennas. The project also included a limited amount of wire infrastructure that was needed. During the second quarter of 2012, an engineering study was completed and it was determined that closet remediation was required. It was not known until quotes were returned for the work that the closet remediation would add approximately \$240,000 to the project. This appropriation transfer will provide \$250,000 of additional expenditure authority to cover the higher than anticipated costs. The project will be substantially complete by the end of 2012.
- Project WO606014 Rewire County Facilities: Since 2007, previous budgets have provided approximately \$2.5 million of expenditure authority to Project WO60601 Rewire County Facilities. The scope of work includes the improvement of the wiring infrastructure in the Courthouse, Safety Building, and Criminal Justice Facility (CJF) so that data, video, and voice over internet protocol (VOIP) telephone can be supported. To date wiring of the courtrooms in the

Safety Building is complete and wiring of floors 4-7 of the Courthouse is 95% complete. Design work is underway for the administrative offices of the Safety Building. Design work for the CJF and floors 1-3 of the Courthouse has been bid and a contract has been awarded. Existing expenditure authority will be used to complete construction of the work for the CJF and perform as much work as possible for floors 1-3 of the Courthouse. This appropriation transfer will provide \$50,000 of expenditure authority and expand the scope of the project to include a more robust and reliable network connection for the Medical Examiner's (ME) Office. Performing this work for the ME office is necessary due to the fact that the network connection is unreliable and insufficient to support current operations as well as future projects. A future appropriation of \$850,000 will be needed to complete the rewiring of the Courthouse Complex, specifically, the Courthouse and the ME Office.

This fund transfer has no tax levy impact

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

	<u>From</u>	<u>To</u>
2) <u>WO118011 Historical Society Exterior Renovation +</u>		
8502 – Major Maint Bldg- (Exp)		\$125,000
6503 – Equip Rental-Short Term		\$3,600
6146 – Prof. Serv-Cap/Major Mtce		\$145,400
<u>WO114112 Courthouse Complex Improvements #</u>		
8502 – Major Maint Bldg- (EXP)	\$274,000	

**# Existing Project, + Included in 5-Year Plan, \* New Project**

An appropriation transfer of \$274,000 is requested by the Director of the Department of Administrative Services to increase expenditure authority for Project WO118011 Historical Society Exterior Renovation and to decrease expenditure authority for Project WO114112 Courthouse Complex Improvements.

In June of 2012, a piece of the building fell onto a pedestrian walk-way, no one was injured, but it presented a danger to pedestrians. An emergency call was placed to Belfor Property Restoration (Belfor). Immediately, Belfor put up a snow fence around the facility. The next day, the situation was reviewed and it was determined that in the interest of public safety, metal fencing and overhead protection on the entrances would be needed to ensure public safety.

This appropriation transfer will provide financing for the temporary metal fencing, temporary repairs, and the hiring of a consultant. The temporary fencing will be up through the end of 2012 in order to provide time for temporary repairs to be completed. The temporary repairs will include the installation of a pre-engineered safety netting, removal of broken pieces of plate glass, and the provision of wood framed shoring assembly. The temporary repairs are being done so that it is safe to remove the temporary metal fencing until the long term restoration work begins. A consultant will be retained in order to perform planning and preliminary design work for the long term exterior restoration of the facility and to provide a more accurate construction cost estimate for the 2014 Requested Capital Improvements Budget.

The 2012 Adopted Capital Improvements Budget included an appropriation of \$1,500,000 to Project WO11411 Courthouse Complex Improvements for façade repairs at the Criminal Justice Facility (CJF) and the Safety Building of the Courthouse Complex. The two major components of the scope of work for the project are the recaulking of all of the building faces of the CJF and the rebuilding of the parapet on the exterior wall of the Safety Building. This appropriation transfer temporarily reallocates \$274,000 from the Courthouse Complex Improvements project to address the work at the Milwaukee County Historical Society Facility.

The 2013 Recommended Capital Improvements Budget includes an appropriation of \$274,000 for the Courthouse Complex Improvements project in order to replenish the funds that are being reallocated through this appropriation transfer.

This fund transfer has no tax levy impact.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

Action Required  
 Finance Committee  
 County Board (Majority Vote)

WHEREAS, department requests for transfers within their own accounts have been received by the Department of Administrative Services, Fiscal Affairs, and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2012 appropriations of the respective listed departments:

	<u>From</u>	<u>To</u>
1) <u>3490 – Redaction Program</u>		
6147 - Prof. Services – Data Process		\$450,000
0743 - Balance Sheet (REDACTION)	\$450,000	

A transfer of \$450,000 is requested by the Register of Deeds to increase expenditure authority in the Redaction program budget and to reduce the Redaction Fee balance sheet by the same amount.

2009 Wisconsin Act 314, related to fees charged for recording of real estate documents, allowed County Registers of Deeds to apply a \$5 per document surcharge that can fund redaction of social security numbers from older real estate documents that can subsequently be made available for online viewing. The Register of Deeds began applying this surcharge upon implementation of the law in June 2010. Surplus collections of the surcharge have been placed in a balance sheet account for future use. As of January 1, 2012, the balance in the account totaled \$459,622.

The Register of Deeds is requesting to make this balance available to fund redaction services, which are provided by the third-party vendor.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

	<u>From</u>	<u>To</u>
2) <u>5041 – GMIA Administration</u>		
8502 – Major Maintenance Bldg (Exp)		\$1,100,000
0774 – Airport Development Fund Reserve	\$1,100,000	

An appropriation transfer of \$1,100,000 is requested by the Director of the Department of Transportation to increase expenditure authority for relocating multiple airlines to different concourses within General Mitchell International Airport (GMIA) which will be funded through proceeds in the Airport Development Fund Reserve Account.

With the de-hubbing of Frontier airlines, Frontier has reduced their operations from a peak of 87 to 7 flights per day. As a result, most of their 21 gates on Concourse D are not being used. As required by the airport/airline lease agreement, Frontier is continuing to lease and pay for their gates and operations space.

Delta Airlines has advised the Airport Administration that they wish to relocate from Concourse E to Concourse D. Southwest has purchased AirTran and will be moving to AirTran's gates on Concourse C in late 2012 to consolidate operations. In addition Southwest Airlines and US Airways have agreed to swap gates, with US Airways moving to Southwest Gates D52 and D56 on Concourse D and Southwest taking US Airways gates C18 and C19 on Concourse C.

In addition, United Airlines has acquired Continental Airlines and intended to consolidate its operations on Concourse E. However, with Delta's move to D, this would leave United the only airline on E. It is United's and the Airport's desire for United to move to D with US Airways, Delta, and Frontier. United will occupy three gates on Concourse D.

This combination of airlines will provide for a robust Concourse D. The Airport's and Airline's customers will be better served on Concourse D by these moves for various reasons, including:

- A greater variety of concessions: Host facilities are Usinger Deli, Johnny Rockets, and Legends Bar & Grill; SSP facilities include Nonna's and Alterra Coffee.
- The larger TSA checkpoint – 6 lanes versus 4 lanes on E.

- The larger airline club room for Delta.
- The newer concourse facility.

Because all the above airlines are signatory to the airport/airline lease agreement, they are obliged to continue to lease their gates in accordance with the terms and conditions of the lease agreement. The airlines will essentially be exchanging their gates and operations spaces to maintain their lease obligations.

To facilitate moves of this type, the airport typically provides seating, gate podiums, electrical, IT infrastructure, which includes the FIDS and paging systems. The security system needs to be expanded and some carpeting needs replacement. Furthermore, several passenger loading bridges will need to be relocated, which will require new foundations and gate doors to be installed. The cost of all of these items is estimated to be \$1,100,000.

When all of these relocations are complete, it is anticipated that Concourse E will be closed. The amendments to the airline leases can be handled administratively. Staff will need to negotiate with Paradies and Host as to their investments on Concourse E and their minimum annual guarantees. Any amendments to the concession leases will require County Executive and Board review and approval; as Paradies and Host have multiple facilities on D, there will not be any costs associated with moving for these two operators.

The increase in expenditures is fully offset with revenue from the Airport Development Fund Reserve Account and therefore no tax levy impact results from approval of this appropriation transfer request.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

Action Required  
Finance Committee  
County Board (Majority Vote)

WHEREAS, department requests for transfers between separate departmental accounts have been received by the Department of Administration, Fiscal Affairs, and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administration, is hereby authorized to make the following transfers in the 2012 appropriations of the respective listed departments:

	<u>From</u>	<u>To</u>
1) <u>1905 – Ethics Board</u>		
6148 – Prof. Serv-Recurring Oper	\$12,500	
<u>1120 – Personnel Review Board</u>		
6106 – Legal Fees-General		\$12,500

An appropriation transfer of \$12,500 is requested by the Personnel Review Board (PRB) Secretary and Ethics Board Executive Director to realign expenditure authority in order to fund higher than anticipated one-time costs for outside legal services.

The Personnel Review Board utilizes outside counsel when Corporation Counsel represents the appointing authority and is unable to represent the PRB. Costs for outside legal representation of the PRB are higher than anticipated due to an increased number of cases appealed to circuit court. The PRB Secretary reports that outside legal counsel will be required for at least two significant matters before the end of the year. The 2012 Adopted Budget did not contain a specific appropriation for legal fees. An amount of \$10,666 was carried over from 2011 appropriations and was available in 2012. Of that amount, \$10,618 has been spent to date on legal fees.

In order to fund costs associated with this increased activity, the Ethics Board and Personnel Review Board propose to shift \$12,500 in professional services costs from the Services appropriation unit in the Ethics Board. Funds are available in this series due to staff performing ethics training in-house rather than utilizing an outside firm.

This fund transfer has no tax levy impact.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

	<u>From</u>	<u>To</u>
2) <u>4000 – Office of the Sheriff</u>		
5150 – Vacancy & Turnover – Sal & Wages		\$3,513,859
5351 – Vacancy & Turnover – Soc Sec		\$254,671
5450 – Vacancy & Turnover – Empl Benfts		\$1,360,787
5322 – Educational Bonus		\$3,500
5318 – Unemployment Compensation		\$16,000
5321 – Uniform Allowance		\$1,550
6002 – Lab Testing Fees		\$95,000
6030 – Advertising		\$2,500
6050 – Contract Personal Services – Short		\$95,000
6060 – Ash-Rubbish-Waste Disp		\$30,000
6080 – Postage		\$8
6081 – Mailing/Shipping Svc Fees		\$125
6148 – Prof Services – Recurring Oper		\$336,500
6803 – Auto Allowance		\$1,950
6339 – Records Center Charges		\$12,500
6502 – Equipt Rental – Long Term		\$2,897
6633 – R/M Med Surg Tools Equip		\$550
6637 – R/M Computer Equip		\$15,250
6640 – R/M Office Equip		\$1,200
6804 – Local Transportation		\$5,250
6805 – Educational/Seminar Payments		\$6,250
6109 – Medical Service Fees		\$550,000
7910 – Office Supplies		\$32,750
7920 – Books Periodicals Films		\$750
7999 – Sundry Supplies		\$1,250
7970 – Tools & Minor Equip		\$10,000
7928 – Patient & Inmate Clothing		\$2,500
7924 – Employe Wearing Apparel		\$2,500
9702 – Tech Support & Infra		\$85,894
9714 – Distribution Services		\$7,491
9731 – Engineering Building Maintenance		\$172

9749	– HOC Graphics		\$4,256
9768	– Applications Charges – Network		\$37,782
9769	– Application Charges – Mainframe		\$103,067
9771	– HRIS Allocation		\$21,189
9781	– CH Complex Space Rental		\$112,475
9788	– Personal Computer Charges		\$27,417
7770	– Drugs		\$525,000
7700	– Med Dent Surg Suppl (Bud)		\$75,000
7500	– Household Supplies (Bud)		\$10,000
7300	– Food & Provisions (Bud)		\$3,000
9758	– Medical Service Fees	\$7,347,840	
3360	– Copy & Duplicating Fees	\$6,500	
3599	– Other Service Fee Charges	\$13,500	

		<u>From</u>	<u>To</u>
<u>8000 – Department of Health and Human Services</u>			
5150	– Vacancy & Turnover – Sal & Wages	\$3,513,859	
5351	– Vacancy & Turnover – Soc Sec	\$254,671	
5450	– Vacancy & Turnover – Empl Benfts	\$1,360,787	
5322	– Educational Bonus	\$3,500	
5318	– Unemployment Compensation	\$16,000	
5321	– Uniform Allowance	\$1,550	
6002	– Lab Testing Fees	\$95,000	
6030	– Advertising	\$2,500	
6050	– Contract Personal Services – Short	\$95,000	
6060	– Ash-Rubbish-Waste Disp	\$30,000	
6080	– Postage	\$8	
6081	– Mailing/Shipping Svc Fees	\$125	
6148	– Prof Services – Recurring Oper	\$336,500	
6803	– Auto Allowance	\$1,950	
6339	– Records Center Charges	\$12,500	
6502	– Equipt Rental – Long Term	\$2,897	

6633	– R/M Med Surg Tools Equip	\$550	
6637	– R/M Computer Equip	\$15,250	
6640	– R/M Office Equip	\$1,200	
6804	– Local Transportation	\$5,250	
6805	– Educational/Seminar Payments	\$6,250	
6109	– Medical Service Fees	\$550,000	
7910	– Office Supplies	\$32,750	
7920	– Books Periodicals Films	\$750	
7999	– Sundry Supplies	\$1,250	
7970	– Tools & Minor Equip	\$10,000	
7928	– Patient & Inmate Clothing	\$2,500	
7924	– Employee Wearing Apparel	\$2,500	
7770	– Drugs	\$525,000	
7700	– Med Dent Surg Suppl (Bud)	\$75,000	
7500	– Household Supplies (Bud)	\$10,000	
7300	– Food & Provisions (Bud)	\$3,000	
3360	– Copy & Duplicating Fees	\$6,500	
3599	– Other Service Fee Charges	\$13,500	
9702	– Tech Support & Infra	\$85,894	
9714	– Distribution Services	\$7,491	
9731	– Engineering Building Maintenance	\$172	
9749	– HOC Graphics	\$4,256	
9768	– Applications Charges – Network	\$37,782	
9769	– Application Charges – Mainframe	\$103,067	
9771	– HRIS Allocation	\$21,189	
9781	– CH Complex Space Rental	\$112,475	
9788	– Personal Computer Charges	\$27,417	
9858	Abatement – Medical Service Fees		\$7,347,840

The Office of the Sheriff and the Department of Health and Human Services request an interdepartmental fund transfer in the amount of \$14,735,680 to realign costs related to medical and mental health services for inmates.

The 2012 Adopted Budget anticipated the transfer of responsibility for inmate medical and mental health services from the Office of the Sheriff to the Department of Health and Human Services (DHHS) effective July 1. As a result, the Adopted Budget provided expenditure authority for one-half of the cost of the program in the DHHS budget, which was to be offset by a crosscharge to the Office of the Sheriff. The anticipated transfer of responsibility did not occur as anticipated and will not occur in 2012. Therefore, the Office of the Sheriff is experiencing costs in the Personal Services, Services, and Commodities appropriation units but is not being crosscharged by DHHS. Conversely, DHHS is not experiencing any operational costs. Therefore, the expenditure authority needed to run the program is out of alignment with the budget.

This fund transfer realigns expenditure authority between the two departments so that the Office of the Sheriff can continue to fund inmate medical and mental health services. The amounts to be transferred into those appropriation units represent all costs and revenues that were budgeted in DHHS for the half year it was anticipated to run the program.

Crosscharges that have been applied to DHHS so far in 2012 will be moved via journal voucher to the Office of the Sheriff upon completion of this transfer so that no crosscharge costs remain in DHHS in 2012.

There is no tax levy impact as a result of this transfer.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

From

To

3) <u>6402- Community Serv Admin</u>		
2221	– Basic Community Aids	\$699,944
<u>6407- Serv Access Independent Living</u>		
2221	– Basic Community Aids	175,766
<u>6413- Day Treatment</u>		
2221	– Basic Community Aids	116,209
<u>6424- AODA Non-TANF</u>		
2221	– Basic Community Aids	193,182
<u>6443- Psychiatric Crisis Services</u>		
2221	– Basic Community Aids	637,396
<u>8323- Remaining DSD Services</u>		
2221	– Basic Community Aids	194,267
<u>8387- Children’s LTS</u>		
2221	– Basic Community Aids	170,405
<u>8936- CCI/Wraparound Services</u>		
2221	– Basic Community Aids	512,831
<u>8451- Single Office Caseload</u>		
8123	– Purchase of Service Contracts	\$2,700,000

A transfer of \$2,700,000 is requested by the Director, Department of Health and Human Services (DHHS) to reduce revenue and expenditures related to the Income Maintenance program based on a change in State Statute.

In 2010, when the State assumed control of Income Maintenance, the county was required to provide a levy contribution of \$2.7 million to support this program. In January 2012, the State budget repealed this requirement and replaced it with a reduction to the County's Basic Community Aid (BCA) allocation of \$2.7 million. However, the 2012 adopted budget includes expenditures of \$2.7 million instead of a revenue reduction of this amount.

This transfer reduces the BCA allocation by \$2.7 million: \$364,672 in the Disabilities Services Division, \$512,831 in the Delinquency and Court Services Division, and \$1,822,497 in the Behavioral Health Division. This reduction results in a combined total tax levy increase of \$2.7 million, offset by a reduction of \$2.7 million in expenditures in the Economic Support Division of DHHS.

Approval of this transfer will result in a \$0 tax levy impact for DHHS and BHD combined.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

Action Required  
Finance Committee

WHEREAS, department requests for transfers within their own accounts have been received by the Department of Administrative Services, Fiscal Affairs, and the Director finds that the best interests of Milwaukee County will be served by allowance of such transfers;

THEREFORE, BE IT RESOLVED, that the Director, Department of Administrative Services, is hereby authorized to make the following transfers in the 2012 appropriations of the respective listed departments:

	<u>From</u>	<u>To</u>
1) <u>1140 – Human Resources</u>		
5199 – Salaries and Wages	\$10,000	
7917 – DP Supplies		\$10,000

An appropriation transfer of \$10,000 is requested by the Director of Human Resources (DHR) to realign expenditure authority from Personal Services to Services for employment testing.

DHR requests \$10,000 for testing Correctional Officers and Juvenile Correctional Officers. The number of candidates needed to be tested in 2012 is higher than expected due to the volume of requests from the Office of the Sheriff.

In order to fund costs associated with this request, the Department of Human Resources proposes to shift \$10,000 in salary and wages from the Personal Services appropriation unit. Funds are available in this series due to salary savings from funded positions remaining vacant.

This fund transfer has no tax levy impact.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

	<u>From</u>	<u>To</u>
2) <u>1160 – DAS-Information Management Services Division</u>		
5199 – Salary and Wages	\$100,000	
5312 – Social Security Taxes	\$7,600	
8010 – Depreciation	\$745,200	
6147 – Prof. Serv. – Data Process		\$382,800
6517 – DP Software Lease/LCN		\$375,000
7977 – Minor DP Equipment		\$95,000

An appropriation transfer of \$852,800 is requested by the Chief Information Officer of the Department of Administrative Services - Information Management Services Division (DAS-IMSD) to realign expenditure authority between various account series.

DAS-IMSD requests to reallocate a portion of the projected expenditure surplus from the Personal Services and Debt and Depreciation account series to the Contractual Services and Commodities account series to ensure sufficient budget authority to offset projected expenditures.

This fund transfer has no tax levy impact.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

	<u>From</u>	<u>To</u>
3) <u>3470 – Land Records Modernization</u>		
7930 - Photo, Printing, Repro & Binding		\$1,500
6148 - Prof Services – Recurring Oper	\$1,500	

A transfer of \$1,500 is requested by the Register of Deeds to realign expenditures within the Land Records Modernization program.

The Land Records Modernization program is operated by the Register of Deeds, and projects are approved by the Steering Committee of the Milwaukee County Automated Mapping and Land Information System (MCAMLIS).

The MCAMLIS Steering Committee has approved a project to scan plat surveys and historical aerial photography. The service will be purchased using a master price agreement that is coded to the Commodities appropriation unit. The 2012 Adopted Budget for the Land Records Modernization program does not have budget authority in the Commodities appropriation unit; therefore a fund transfer is necessary. The Land Records Modernization program currently has \$65,367 in funding available in the Service appropriation unit, and it is anticipated that a sufficient surplus will be available at year-end to fund this purchase.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

	<u>From</u>	<u>To</u>
4) <u>6328- Professional Educ- Psychiatry</u>		
5199 – Salaries and Wages Budget		\$154,270
5312 – Social Security Taxes		2,230
6113 – Psychiatrist Fees	\$156,500	

An appropriation transfer of \$156,500 is requested by the Director of the Department of Health and Human Services to realign accounts related to a change in billing in the Behavioral Health Division.

BHD currently has a contract with the Medical College of Wisconsin (MCW) to provide a variety of services in various areas of BHD. One of the services that are provided by MCW is psychiatry hours, in which residents are used to provide psychiatric services to BHD clients. These are billable services, so BHD receives revenue from the provision of these services.

Prior to the 2010 budget, BHD provided this service in-house with House Physician 3 positions. Since these positions were typically filled with residents, BHD felt that it would be best to contract with MCW to maintain consistent and flexible staffing. As a result, these positions were abolished and BHD entered a contract with MCW to provide these services. However, in 2012, MCW has changed the

guidelines related to billing services for internal and external providers resulting in the need for BHD to employ these staff.

This transfer would give BHD the expenditure authority to fund the filling of 3.5 FTE House Physician (Hourly) positions at a cost including salary and social security of \$156,500. The division currently has a sufficient number of House Physician (Hourly) positions to accommodate this change. This cost would be offset with a reduction to the MCW contract of \$156,500. In addition, the department will be able to continue billing for the psychiatric services provided.

Approval of this transfer would result in a \$0 tax levy impact.

TRANSFER SIGNED BY THE COUNTY EXECUTIVE OCTOBER 8, 2012.

**COUNTY OF MILWAUKEE**  
**Department of Human Resources**  
INTER-OFFICE COMMUNICATION

**DATE** : October 1, 2012  
**To** : Committee on Finance, Personnel & Audit  
**FROM** : Kerry J. Mitchell, Director of Human Resources  
**SUBJECT** : **Informational Report for 10/25/2012**  
**Finance, Personnel & Audit Committee Meeting** 

Attached are a series of informational reports listing various personnel transactions that the Director of Human Resources intends to approve for implementation.

These reports (*reclassifications, advancements within the pay range, reallocations, and revisions to ECP*) are provided in accordance with the provisions of Chapter 17 and may be included on the agenda of the October 25, 2012 Finance, Personnel & Audit Committee Meeting for informational purposes.

In the event the Finance, Personnel & Audit Committee takes no action, the transactions noted on the reports will be implemented.

KJM:jam

Copy: HR Managers

**RECLASSIFICATION REPORT**  
**Finance, Personnel & Audit Committee: October 2012**

In accordance with the provisions of 17.05 of the Milwaukee County General Ordinances, the Director of Human Resources intends to reclassify the position noted below. The Department of Administration has verified that funds are available within the adopted budget to cover the cost associated with this action.

Requestor	Org	Position	Current Classification (Title)	Current Pay range	Proposed Classification Title)	Proposed Pay range	Current Year Impact	Annual Year Impact	Rate Steps	Pay Grade Rates	Annual Salary	Total Salary & Active Pension & Social Security	Reason
-Currently, There are NO "Reclassifications" to Report for October 2012-													
<b>Total</b>													



**Reallocation Report**  
**Finance, Personnel & Audit Committee Meeting**  
**October 2012**

In accordance with the provisions of 17.855 of the County Central Ordinance, the Director of Human Resources intends to reallocate the positions noted below.  
 The Department of Administration has verified that funds are available within the adopted budget.

DEPT	DEPT ORG	TITLE CODE	AUT POS	PLUG POS	CURRENT CLASSIFICATION	CURRENT PAY RANGE	STEPS	CURRENT PAY RATE	RECOMMENDED PAY RANGE	STEPS	RECOMMENDED PAY RATE	PAY STOP	NEW PAY RATE	CURR YEAR DIFF	GLB YEAR DIFF	MAX YEAR DIFF	REASON
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-Currently, There are NO "Reallocations" to Report for October 2012-

REVISIONS TO ECP REPORT  
Finance, Personnel & Audit Committee Meeting  
October 25, 2012

**Currently, there are no "Revisions to ECP" to report.**

10/4/2012 8:46 AM

**COUNTY OF MILWAUKEE**  
**Department of Human Resources**  
INTER-OFFICE COMMUNICATION

DATE : October 1, 2012  
To : Committee on Finance, Personnel & Audit  
FROM : Kerry J. Mitchell, Director of Human Resources  
SUBJECT : **Informational Reports 10/25/2012**  
**For Finance, Personnel & Audit Committee Meeting** 

Attached is an informational report listing ***appointments at an advanced step of the pay range***, which the Director of Human Resources has approved.

These reports are provided in accordance with the provisions of Chapter 17 of the County General Ordinances and may be included on the agenda of the October 25, 2012 Finance, Personnel & Audit Committee Meeting for informational purposes.

KJKM:jam

Attachment

Page  
to Pay F

Page

**Appointments at an Advanced Step of the Pay Range**  
**Finance, Personnel & Audit Committee Report**  
**October 2012**

REQUESTOR	ORG UNIT	PREVIOUS CLASSIFICATION	CURRENT CLASSIFICATION	PAY GRADE	# OF STEPS ^	REQUESTED PAY GRADE & HOURLY RATE	ANNUALIZED SALARY BY STEPS	APPOINTED STEP	APPOINTED DATE	EST. CURRENT YEAR FISCAL IMPACT**	JUSTIFICATION
					01	\$ 16,3036	\$ 33,911.49				
					02	\$ 16,8789	\$ 35,108.11				
Dept of Child Support	2430	Clerical Assistant 1 - Child Support	Executive Assistant - Child Support	06PM	03	\$ 17,4545	\$ 36,305.36				
					04	\$ 18,0299	\$ 37,502.19				
					05	\$ 18,6053	\$ 38,699.02	02	09/17/2012	\$276.44	Promotional Appointment
					06	\$ 19,1806	\$ 39,895.65				
					07	\$ 19,7563	\$ 41,093.10				
					08	\$ 20,3316	\$ 42,289.73				
					09	\$ 20,9068	\$ 43,486.14				
					01	\$ 16,0074	\$ 33,295.39				
					02	\$ 16,3806	\$ 34,071.65				
					03	\$ 16,7537	\$ 34,847.70				
					04	\$ 17,2648	\$ 35,910.78				
					05	\$ 17,7536	\$ 36,927.49				
					06	\$ 18,2252	\$ 37,908.42				
					07	\$ 18,7830	\$ 39,068.64				
					08	\$ 19,3138	\$ 40,172.70				
					09	\$ 19,8730	\$ 41,335.84				
					10	\$ 20,6426	\$ 42,936.61				
					11	\$ 21,4659	\$ 44,649.07				
Dept of Health and Human Svcs	8000	Child Support Specialist (Bilingual Spanish)	Human Services Worker (Bilingual Spanish)	16C	12	\$ 22,3420	\$ 46,471.36				
					13	\$ 23,0695	\$ 47,984.56				
					14	\$ 23,8285	\$ 49,563.28				
					15	\$ 24,7311	\$ 51,440.69				
					16	\$ 25,1942	\$ 52,403.94				
					17	\$ 25,6422	\$ 53,335.78				
					01	\$ 31,7185	\$ 65,974.48				
					02	\$ 33,1122	\$ 68,873.38				
					03	\$ 34,4813	\$ 71,721.10				
Dept of Health and Human Svcs	8000	Psychiatric Social Worker	Housing Program Manager	33M	04	\$ 36,1423	\$ 75,175.98	03	*TBD	~	Promotional Appointment
					05	\$ 37,8038	\$ 78,631.90				
					01	\$ 25,5917	\$ 61,550.74				
					02	\$ 30,4862	\$ 63,415.46				
					03	\$ 31,3851	\$ 65,281.01				
					04	\$ 32,2820	\$ 67,146.56				
					05	\$ 33,1784	\$ 69,011.07				
					06	\$ 34,0752	\$ 70,878.42				
					07	\$ 34,9720	\$ 72,741.76				
					08	\$ 35,8133	\$ 74,491.66				
					09	\$ 36,8401	\$ 76,627.41				
					10	\$ 38,4492	\$ 79,974.34				

**Appointments at an Advanced Step of the Pay Range  
Finance, Personnel & Audit Committee Report  
October 2012**

REQUESTOR	ORG UNIT	PREVIOUS CLASSIFICATION	CURRENT CLASSIFICATION	PAY GRADE	# OF STEPS ^	REQUESTED PAY GRADE & HOURLY RATE	ANNUALIZED SALARY BY STEPS	APPOINTED STEP	APPOINTED DATE	EST. CURRENT YEAR FISCAL IMPACT**	JUSTIFICATION
DOT - Airport	5040	Geographic Information System (GIS) Specialist	Geographic Information System (GIS) Coordinator	30	01	\$ 27.1783	\$ 56,530.86	05	*TBD	~	Promotional Appointment
					02	\$ 28.3870	\$ 59,044.96				
					03	\$ 29.7546	\$ 61,869.57				
					04	\$ 31.0935	\$ 64,674.48				
					05	\$ 32.4597	\$ 67,516.18				
DHHS - Behavioral Health Div	6300	N/A	BH Staff Psychiatrist	44PM	01	\$ 82.8190	\$ 172,263.52	02	10/01/2012	\$1,159.48	Rehire Appointment / 8 Years BHD Experience
					02	\$ 85.7177	\$ 178,292.82				
					03	\$ 88.7178	\$ 184,533.02				
					04	\$ 91.8230	\$ 190,991.84				
					05	\$ 95.0367	\$ 197,676.34				
					06	\$ 98.3630	\$ 204,595.04				
					07	\$ 101.8057	\$ 211,755.86				
DHHS - Behavioral Health Div	6300	N/A	BH Staff Psychiatrist	44PM	01	\$ 82.8190	\$ 172,263.52	03	09/11/2012	\$3,020.19	Rehire Appointment / Commensurate Training & Experience
					02	\$ 85.7177	\$ 178,292.82				
					03	\$ 88.7178	\$ 184,533.02				
					04	\$ 91.8230	\$ 190,991.84				
					05	\$ 95.0367	\$ 197,676.34				
					06	\$ 98.3630	\$ 204,595.04				
					07	\$ 101.8057	\$ 211,755.86				

Step of

**Appointments at an Advanced Step of the Pay Range  
Finance, Personnel & Audit Committee Report  
October 2012**

APR-12

REQUESTOR	ORG UNIT	PREVIOUS CLASSIFICATION	CURRENT CLASSIFICATION	PAY GRADE	# OF STEPS ^	REQUESTED PAY GRADE & HOURLY RATE	ANNUALIZED SALARY BY STEPS	APPOINTED STEP	APPOINTED DATE	EST. CURRENT YEAR FISCAL IMPACT**	JUSTIFICATION
DHHS - Behavioral Health Div	6300	N/A	BH Staff Psychiatrist - Hourly	44PM	01	\$ 82,8190	\$ 172,263.52	03	10/01/2012	\$2,359.52	Rehire Appointment / Commensurate Training & Experience
					02	\$ 85,7177	\$ 178,292.82				
					03	\$ 88,7178	\$ 184,533.02				
					04	\$ 91,8230	\$ 190,991.84				
					05	\$ 95,0367	\$ 197,676.34				
					06	\$ 98,3630	\$ 204,595.04				
					07	\$ 101,8057	\$ 211,755.86				
DHHS - Behavioral Health Div	6300	N/A	BH Staff Psychiatrist - Hourly	44PM	01	\$ 82,8190	\$ 172,263.52	04	09/10/2012	\$4,682.08	Rehire Appointment / 20+ Years Experience
					02	\$ 85,7177	\$ 178,292.82				
					03	\$ 88,7178	\$ 184,533.02				
					04	\$ 91,8230	\$ 190,991.84				
					05	\$ 95,0367	\$ 197,676.34				
					06	\$ 98,3630	\$ 204,595.04				
					07	\$ 101,8057	\$ 211,755.86				
DHHS - Behavioral Health Div	6300	N/A	EMS Instructor	18N	01	\$ 26,5101	\$ 55,141.01	03	09/17/2012	\$1,430.59	New Hire Appointment / 6 Years Experience
					02	\$ 28,0892	\$ 58,425.54				
					03	\$ 29,4905	\$ 61,340.27				
					04	\$ 30,7558	\$ 63,972.06				
					05	\$ 32,1572	\$ 66,886.98				
					06	\$ 32,7951	\$ 68,213.81				
					07	\$ 33,4435	\$ 69,562.48				
DHHS - Behavioral Health Div	6300	N/A	House Physician I - Hourly	40XM	01	\$ 57,4578	\$ 119,512.22	03	*TBD	-	New Hire Appointment / Recruitment at Market Rate
					02	\$ 59,4687	\$ 123,694.90				
					03	\$ 61,5502	\$ 128,024.42				
					04	\$ 63,7044	\$ 132,505.15				
					05	\$ 65,9339	\$ 137,142.51				
					06	\$ 68,2418	\$ 141,942.94				
					07	\$ 70,6302	\$ 146,910.82				
DHHS - Behavioral Health Div	6300	N/A	House Physician I - Hourly	40XM	01	\$ 57,4578	\$ 119,512.22	03	09/02/2012	\$2,291.74	New Hire Appointment / Recruitment at Market Rate
					02	\$ 59,4687	\$ 123,694.90				
					03	\$ 61,5502	\$ 128,024.42				
					04	\$ 63,7044	\$ 132,505.15				
					05	\$ 65,9339	\$ 137,142.51				
					06	\$ 68,2418	\$ 141,942.94				
					07	\$ 70,6302	\$ 146,910.82				

**Appointments at an Advanced Step of the Pay Range**  
**Finance, Personnel & Audit Committee Report**  
**October 2012**

REQUESTOR	ORG UNIT	PREVIOUS CLASSIFICATION	CURRENT CLASSIFICATION	PAY GRADE	# OF STEPS ^	REQUESTED PAY GRADE & HOURLY RATE	ANNUALIZED SALARY BY STEPS	APPOINTED STEP	APPOINTED DATE	EST. CURRENT YEAR FISCAL IMPACT**	JUSTIFICATION
DHHS - Behavioral Health Div	6300	N/A	House Physician I - Hourly	40XM	01	\$ 57,4578	\$ 119,512.22	03	09/03/2012	\$2,291.74	New Hire Appointment / Commensurate to Contract Rate
					02	\$ 59,4687	\$ 123,694.90				
					03	\$ 61,5502	\$ 128,024.42				
					04	\$ 63,7044	\$ 132,505.15				
					05	\$ 65,9339	\$ 137,142.51				
					06	\$ 68,2418	\$ 141,942.94				
					07	\$ 70,6302	\$ 146,910.82				
DHHS - Behavioral Health Div	6300	N/A	House Physician I - Hourly	40XM	01	\$ 57,4578	\$ 119,512.22	03	09/03/2012	\$2,291.74	New Hire Appointment / Commensurate to Contract Rate
					02	\$ 59,4687	\$ 123,694.90				
					03	\$ 61,5502	\$ 128,024.42				
					04	\$ 63,7044	\$ 132,505.15				
					05	\$ 65,9339	\$ 137,142.51				
					06	\$ 68,2418	\$ 141,942.94				
					07	\$ 70,6302	\$ 146,910.82				
DHHS - Behavioral Health Div	6300	N/A	House Physician I - Hourly	40XM	01	\$ 57,4578	\$ 119,512.22	03	09/05/2012	\$2,291.74	New Hire Appointment / Commensurate to Contract Rate
					02	\$ 59,4687	\$ 123,694.90				
					03	\$ 61,5502	\$ 128,024.42				
					04	\$ 63,7044	\$ 132,505.15				
					05	\$ 65,9339	\$ 137,142.51				
					06	\$ 68,2418	\$ 141,942.94				
					07	\$ 70,6302	\$ 146,910.82				
DHHS - Behavioral Health Div	6300	N/A	House Physician I - Hourly	40XM	01	\$ 57,4578	\$ 119,512.22	03	09/07/2012	\$2,128.05	New Hire Appointment / Commensurate to Contract Rate
					02	\$ 59,4687	\$ 123,694.90				
					03	\$ 61,5502	\$ 128,024.42				
					04	\$ 63,7044	\$ 132,505.15				
					05	\$ 65,9339	\$ 137,142.51				
					06	\$ 68,2418	\$ 141,942.94				
					07	\$ 70,6302	\$ 146,910.82				
DHHS - Behavioral Health Div	6300	N/A	House Physician I - Hourly	40XM	01	\$ 57,4578	\$ 119,512.22	03	09/09/2012	\$2,128.05	New Hire Appointment / Commensurate to Contract Rate
					02	\$ 59,4687	\$ 123,694.90				
					03	\$ 61,5502	\$ 128,024.42				
					04	\$ 63,7044	\$ 132,505.15				
					05	\$ 65,9339	\$ 137,142.51				
					06	\$ 68,2418	\$ 141,942.94				
					07	\$ 70,6302	\$ 146,910.82				

**Appointments at an Advanced Step of the Pay Range**  
**Finance, Personnel & Audit Committee Report**  
**October 2012**

REQUESTOR	ORG UNIT	PREVIOUS CLASSIFICATION	CURRENT CLASSIFICATION	PAY GRADE	# OF STEPS ^	REQUESTED PAY GRADE & HOURLY RATE	ANNUALIZED SALARY BY STEPS	APPOINTED STEP	APPOINTED DATE	EST. CURRENT YEAR FISCAL IMPACT**	JUSTIFICATION
DHHS - Behavioral Health Div	6300	N/A	House Physician I - Hourly	40XM	01	\$ 57,4578	\$ 119,512.22	03	09/07/2012	\$ 2,128.05	New Hire Appointment / Recruitment at Market Rate
					02	\$ 59,4687	\$ 123,694.90				
					<b>03</b>	<b>\$ 61,5502</b>	<b>\$ 128,024.42</b>				
					04	\$ 63,7044	\$ 132,505.15				
					05	\$ 65,9339	\$ 137,142.51				
					06	\$ 68,2418	\$ 141,942.94				
					07	\$ 70,6302	\$ 146,910.82				
DHHS - Behavioral Health Div	6300	N/A	House Physician II - Hourly	42XM	01	\$ 63,3773	\$ 131,824.78	03	*TBD	~	New Hire Appointment / Commensurate to Contract Rate
					02	\$ 65,5957	\$ 136,439.06				
					<b>03</b>	<b>\$ 67,8915</b>	<b>\$ 141,214.32</b>				
					04	\$ 70,2677	\$ 146,156.82				
					05	\$ 72,7270	\$ 151,272.16				
					06	\$ 75,2725	\$ 156,566.80				
					07	\$ 77,9071	\$ 162,046.77				
DHHS - Behavioral Health Div	6300	N/A	House Physician II - Hourly	42XM	01	\$ 63,3773	\$ 131,824.78	03	*TBD	~	New Hire Appointment / Commensurate to Contract Rate
					02	\$ 65,5957	\$ 136,439.06				
					<b>03</b>	<b>\$ 67,8915</b>	<b>\$ 141,214.32</b>				
					04	\$ 70,2677	\$ 146,156.82				
					05	\$ 72,7270	\$ 151,272.16				
					06	\$ 75,2725	\$ 156,566.80				
					07	\$ 77,9071	\$ 162,046.77				
DHHS - Behavioral Health Div	6300	N/A	BH Staff Psychiatrist	44PM	01	\$ 82,8190	\$ 172,263.52	03	09/22/2012	\$ 2,595.47	New Hire Appointment / 12+ Years Experience
					02	\$ 85,7177	\$ 178,292.82				
					<b>03</b>	<b>\$ 88,7178</b>	<b>\$ 184,533.02</b>				
					04	\$ 91,8230	\$ 190,991.84				
					05	\$ 95,0367	\$ 197,676.34				
					06	\$ 98,3630	\$ 204,595.04				
					07	\$ 101,8057	\$ 211,755.86				

\*Bold/shaded border denotes rates of incumbents

\*\*Current Year fiscal impact amount is based upon number of weeks remaining in 2012 from date of appointment and the difference from the required rate to the advanced rate. Based on 40 Hour Work Week.

**COUNTY OF MILWAUKEE**  
**Department of Human Resources**  
INTER-OFFICE COMMUNICATION

DATE : October 1, 2012  
To : Committee on Finance, Personnel & Audit  
FROM : Kerry J. Mitchell, Director of Human Resources  
SUBJECT : **Informational Reports 10/25/2012**  
**For Finance, Personnel & Audit Committee Meeting**

Attached are a series of informational reports relative to ***dual employment, emergency appointment, and temporary appointment***. Reports reflect updates through the end of pay period 1. Also included is an informational report relative to ***temporary assignments to a higher classification***, which is updated through October 1, 2012.

These reports are provided in accordance with the provisions of Chapter 17 of the County General Ordinances.

KJM:jam

Attachments

**Dual Employment Report  
Finance, Personnel & Audit Committee Meeting  
October 25, 2012**

<b>Organizational Unit</b>	<b>Name</b>	<b>Current Classification</b>	<b>Current Pay Range</b>	<b>Dual Employment</b>	<b>Dual Employment Pay Range</b>
Parks Department	John Quinlan	Public Services Manager	26M	Umpire	52
Parks Department	Nicholas Spence	Office Asst 1 Seasonal	6	Umpire	52
Parks Department	Kevin Quinlan	Food Service Operator Seasonal	9	Umpire	52
Parks Department	Terrance Wycklendt	Process Server Hrly	16	Umpire	52
Parks Department	Alyssa Krueger	Organized Sports Coordination	26M	Umpire	52

Emergency Appointment Report  
 Finance, Personnel & Audit Committee Meeting  
 October 25, 2012

Requestor	Dept	Last Name	First Name	Title Description	Employee Class	Status	Emergency Appt Date	Pay Range
DHHS	8921	Fonseca	Wilma	Detent Home Supt	F	A	9/17/2012	915E
Election Commission	3010	Brener	Marlene	Election Clk	H	A	1/3/2012	01M
Election Commission	3010	Christiansen	Marleen	Election Clk	H	A	1/3/2012	01M
Election Commission	3010	Davison	Helen	Election Clk	H	A	1/3/2012	01M
Election Commission	3010	Dempsey	Charlene	Election Clk	H	A	1/3/2012	01M
Election Commission	3010	Frattura	Margaret	Election Clk	H	A	1/3/2012	01M
DHHS Block Grant	3010	Gant	Evans	Housing Program Analyst	F	A	5/20/2012	18
Election Commission	3010	Hollander	Norma	Election Clk	H	A	1/3/2012	01M
Election Commission	3010	MIRR	FAYE	Election Clk	H	A	1/3/2012	01M
HR	1149	Talbert	Barbara	Clerical Spec HR (NR)	F	A	4/30/2012	05PM
Election Commission	3010	Pomush	Janet	Election Clk	H	A	1/3/2012	01M

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**Temporary Appointment Report**  
**Finance, Personnel & Audit Committee Meeting**  
**October 25, 2012**

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<b>Requestor</b>	<b>Dept</b>	<b>Last Name</b>	<b>First Name</b>	<b>Title Code</b>	<b>Title Description</b>	<b>Emp Class</b>	<b>Status</b>	<b># of Hours in Payroll Period</b>	<b>Temporary Appt Date</b>	<b>Appt Type</b>
Child Support Services	2422	Liska	Frank	89990	Contract Retiree	F	A	0	4/9/2012	HT

**Temporary Assignment to a Higher Classification (TAHC) Report**  
**Finance, Personnel & Audit Committee Meeting**  
**October 25, 2012**

<u>Dept</u>	<u>First Name</u>	<u>Last Name</u>	<u>Current Job Title</u>	<u>Pay Range</u>	<u>Start Date</u>	<u>End Date</u>	<u>New Job Title</u>	<u>Pay Range</u>
DHHS	Ersol	Henry	HSW Juvenile Justice	16C	9/9/2012	11/02/12	Human Services Supervisor	26M
BHD	Shannon	Thiry	Payroll Assistant	04P	9/10/2012	11/09/12	Clerical Spec MHD	05P
BHD	Sylvia	Cortez	BHESC	24	8/27/2012	11/23/12	Psych Crisis Serv Coordinator	31M
BHD	Jennifer	Savasta	Office Support Asst 2	02P	9/10/2012	11/09/12	Payroll Assistant	
Clerk of Courts	Lori	Moore	Fiscal Assistant II	04P	8/27/2012	10/26/12	Accountant I	14
DAS-Facilities	Gary	Waszak	Facilities Maintenance Coordinator	30M	8/6/2012	11/03/12	Facilities Maintenance Manager	916E
DAS-Facilities	Gerald	Otto	Electrical Mechanic	54	8/14/2012	11/10/12	Electrical Mechanic Supervisor	54
DOT-Airport	Pamela	Cavadias	Secretarial Asst	04P	9/10/2012	12/08/12	Executive Asst Airport	06PM
DOT-Airport	Robert	Kopling	Airport Mtce Wkr Asst	10Z	9/17/2012	11/16/12	Airport Mtce Wrkr Asst IC	12
DOT-Airport	Ray	Davis	Airport Mtce Wkr Asst IC	12	9/11/2012	11/12/12	Asst Facilities Supervisor	14M
DOT-Hwy Mtce Div	John	Stoker	Electrical Mechanic DOT	54	10/24/2012	10/30/12	Elec Mech Supervisor DOT	54
Parks	James	Keegan	Exec Director 2 - Chief of Operations	902E	8/17/2012	11/14/12	Exec Director 3 - Director of Parks, Rec & Culture	903E
Parks	Jill	Organ	Engineer	32A	9/4/2012	12/02/12	Exec Director 2 - Chief of Operations	902E
Parks	Amy	Popp	Park Ranger Seasonal	01	9/2/2012	11/30/12	Park Ranger In Charge	07PM
Parks	Charlotte	Perko	Office Asst III-Seasonal	12DC	9/3/2012	12/01/12	Sr. Executive Asst	07PM
Parks	Eduardo	Santiago	Park Maint. Wrkr II-IC	18Z	8/30/2012	11/27/12	Community Center Manager	22M
Sheriff's	Daniel	Dittberner	Deputy Sheriff I	17BZ	8/12/2012	11/10/12	Deputy Sheriff Seargent	22B
Sheriff's	Debra	Burmeister	Sheriff Dept Captain	8	9/10/2012	12/08/12	Exdir1-Sheriffdeptburdir	901E
Sheriff's	April	Johnson	Deputy Sheriff I	17BZ	8/20/2012	11/17/12	Deputy Sheriff Seargent	22B
Sheriff's	Melvin	Finkley	Correction Officer I	14Z	8/26/2012	11/23/12	Correction Officer Lieutenant	23CM
Sheriff's	Cheri	Schmitz	Correction Officer I	14Z	8/19/2012	11/16/12	Correction Officer Lieutenant	23CM
Sheriff's	Jeffrey	Andrykowski	Correction Officer I	14Z	8/26/2012	11/23/12	Correction Officer Lieutenant	23CM
Sheriff's	Robert	Sadowski	Correction Officer I	14Z	9/8/2012	12/06/12	Correction Officer Lieutenant	23CM
Zoo	Michael	Narlock	Heritage Farm AttnDt-Seasonal	51	9/18/2012	11/18/12	Zookeeper	15

\*Pursuant to M.C.G.O. 17.085(1), (2), or (7), the TAHC has been extended by the Director of DHR. The County Board of Supervisors and the County Executive must approve the second extension to a *vacant unclassified* position through adoption of a Resolution.

DATE : October 2, 2012

TO : Supervisor Marina Dimitrijevic, Chairwoman, Board of Supervisors

FROM : Craig Kammholz, Fiscal and Budget Administrator, Department of Administrative Services

SUBJECT : Memorandum of Understanding with the City of Milwaukee Police Department to Provide Park Patrol and Cellular 9-1-1 Response Services

**REQUEST**

Approval is requested to enter in to a Memorandum of Understanding (MOU) with the Milwaukee Police Department (MPD), whereby the MPD will provide proactive security services in County Parks within the City, and direct response to cellular 9-1-1 calls placed within the City limits. The term of the MOU is for three years (2013-2015), with an optional two-year extension (2016-17).

**BACKGROUND/ANALYSIS**

The 2013 Recommended Budget includes provisions for this MOU. The total cost in 2013 of the MOU, as negotiated by the County, the City of Milwaukee and the MPD, is \$1,663,062. Included in this funding level is \$1,200,000 for patrol of County parks within the City limits, and \$463,062 for servicing of cellular 9-1-1 calls placed within the City of Milwaukee.

Additional significant provisions include:

- MPD will provide detailed annual reports on its activities to the County.
- MPD will make a good-faith effort to hire any employees of the Office of the Sheriff who are laid off as a result of this agreement.
- There are escalators of 2 percent in 2014 and 2015. The impact of these escalators is approximately \$35,760 in 2014 and an additional \$36,475 in 2015.
- The purchase of cellular 9-1-1 services recognizes that the volume of calls shifted to MPD were far higher than originally anticipated when the MPD and Office of the Sheriff entered into a verbal agreement for the transfer. The higher call volume has resulted in cellular 9-1-1 call duties being split between MPD and the Office of the Sheriff at the present time.
- The optional two-year term was negotiated after completion of the 2013 Recommended Budget narrative for the Office of the Sheriff (Agency 4000). At the time the narrative was developed, two one-year mutual extensions were envisioned, as noted on page 192 (4000-7). A technical amendment to reflect the single two-year optional term will be provided during the 2013 budget adoption process.

**FISCAL NOTE**

Funding for this item is included in the 2013 Recommended Budget. The tax levy requirement to provide these services in 2013 at the 2012 Adopted Budget service level, would have been approximately \$7.8 million. By changing service providers, the total tax levy for these services \$6.1 million, a savings of \$1.7 million.

Program	2012 Adopted Tax Levy	2013 Requested Tax Levy (Cost to Continue)	2013 Budget Tax Levy - Shared Service MOU*	Variance - 2013 Shared Service vs. 2012 Adopted	Variance - 2013 Shared Service vs. 2013 Request
Park Patrol/TEU	\$3,297,247	\$3,591,691	\$1,981,980	(\$1,315,267)	(\$1,609,711)
Emergency Communications	\$4,007,031	\$4,212,294	\$4,105,605	\$98,574	(\$106,689)
<b>TOTAL</b>	<b>\$7,304,278</b>	<b>\$7,803,985</b>	<b>\$6,087,585</b>	<b>(\$1,216,693)</b>	<b>(\$1,716,400)</b>

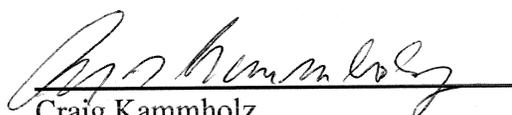
\* = Includes approximately \$190,000 in cost reduction related to fringe benefit changes

The 2013 tax levy in the Park Patrol/TEU program area includes \$1,200,000 for this MOU for park patrol services, \$125,000 for the grant to the suburban municipalities to be administered by the Intergovernmental Cooperation Council, and \$656,980 in remaining crosscharges and legacy fringe benefits (which will be reallocated within the Office of the Sheriff). The tax levy in the Emergency Communications program area includes the \$463,062 cost for this MOU for cellular 9-1-1 services, and remaining operations.

### RECOMMENDATION

It is recommended that approval be granted to enter into the attached Memorandum of Understanding for the initial three-year period, commencing January 1, 2013.

Prepared By:  
Joshua Fudge

  
Craig Kammholz  
Fiscal and Budget Administrator

cc: Chris Abele, County Executive  
Tom Barrett, Mayor, City of Milwaukee  
Willie L. Hines Jr., Milwaukee Common Council President  
David A. Clarke, Milwaukee County Sheriff  
Edward Flynn, Chief, Milwaukee Police Department  
Amber Moreen, Chief of Staff, County Executive's Office  
Pat Farley, Director, Department of Administrative Services  
Mark Nicolini, Budget Director, City of Milwaukee Department of Administration  
Steve Cady, County Board Fiscal and Budget Analyst

1 From the Committee on, Reporting on:

3 File No.

4  
5 (ITEM NO. ) A resolution to approve entry into a Memorandum of  
6 Understanding with the City of Milwaukee to purchase proactive law  
7 enforcement services in Milwaukee County Parks within City limits, and  
8 purchase of service of cellular 9-1-1 calls placed within City limits:

9  
10 **A RESOLUTION**

11  
12 WHEREAS, the 2012 Adopted Budget provides \$7,304,278 in property tax  
13 levy funding to the Office of the Sheriff to provide law enforcement services in  
14 the parks, fund the Tactical Enforcement Unit, dispatch law enforcement  
15 officers, and service emergency 9-1-1 phone calls; and

16  
17 WHEREAS, , the cost to continue for these services in the Office of the  
18 Sheriff's 2013 Budget request totaled \$7,803,985, an increase over 2012 of  
19 \$499,707 or 6.8 percent; and

20  
21 WHEREAS, labor distribution data and surveys with municipalities indicate  
22 the Officer of the Sheriff is not providing law enforcement services within  
23 County Parks at a level anticipated by the 2012 Adopted Budget; and

24  
25 WHEREAS, this agreement would implement the purchase by the County  
26 of servicing of cellular 9-1-1 phone calls originated within the City of  
27 Milwaukee from the City of Milwaukee Police Department; and

28  
29 WHEREAS, negotiations with the City of Milwaukee over the cellular 9-1-1  
30 initiative led to discussions about other services that the Milwaukee Police  
31 Department could provide at reduced cost and with improved service; and

32  
33 WHEREAS, The City of Milwaukee has agreed to provide guaranteed,  
34 proactive law enforcement services in the County Parks within City Limits; and

36 WHEREAS, The City of Milwaukee has agreed to provide annual reports of  
37 its activities in both service areas, and to provide priority consideration to hire  
38 any County employee laid off as a result of this agreement; and

39

40 WHEREAS, the 2013 Budget for the Office of the Sheriff provides  
41 resources for remaining services, including tactical enforcement, servicing of 9-  
42 1-1 phone calls placed in suburban municipalities, and dispatch of Sheriff's  
43 resources; and

44

45 WHEREAS, the proposed agreement is for a total of \$1,663,062 in 2013,  
46 including \$1,200,000 for the patrol of County parks within City limits and  
47 \$463,062 for the servicing of cellular 9-1-1 phone calls; and

48

49 WHEREAS, a two percent escalator is included in the agreement, which  
50 would result in total expenditures of \$1,696,323 in 2014, and \$1,730,250 in  
51 2015; and

52

53 WHEREAS, the proposed agreement includes one mutual two-year  
54 optional extension, for which County Board approval would be required to  
55 implement; and

56

57 WHEREAS, the Office of the Sheriff would be invited to bid on either of  
58 these services if it wishes to provide them after the expiration of either the  
59 initial or optional terms so that the County can provide the best possible service  
60 at the best possible price to taxpayers; now, therefore

61

62 BE IT RESOLVED, that Milwaukee County enters into the attached three-  
63 year Memorandum of Understanding with the City of Milwaukee to purchase  
64 proactive law enforcement services in County Parks within the City Limits, and  
65 to purchase servicing of cellular 9-1-1 calls placed within the City of  
66 Milwaukee, effective January 1, 2013 to December 31, 2015; with an optional  
67 two-year extension through December 31, 2017.

68

**MILWAUKEE COUNTY FISCAL NOTE FORM**

**DATE:** October 2, 2012

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** Enter into three-year memorandum of understanding with the City of Milwaukee to provide Park security and cellular 9-1-1 response services.

**FISCAL EFFECT:**

- |  |  |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact  | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required  | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues     |
| <input type="checkbox"/> Absorbed Within Agency's Budget   | <input type="checkbox"/> Decrease Capital Revenues     |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget   |  |
| <input checked="" type="checkbox"/> Decrease Operating Expenditures                                    | <input type="checkbox"/> Use of contingent funds       |
| <input type="checkbox"/> Increase Operating Revenues   |  |
| <input type="checkbox"/> Decrease Operating Revenues   |  |

*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	<b>Expenditure or Revenue Category</b>	<b>Current Year</b>	<b>Subsequent Year</b>
<b>Operating Budget</b>	Expenditure	\$0	(\$1,933,400)
	Revenue	\$0	(\$92,000)
	Net Cost	\$0	(\$1,841,400)
<b>Capital Improvement Budget</b>	Expenditure		
	Revenue		
	Net Cost		

**In the space below, you must provide the following information. Attach additional pages if necessary.**

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The Department of Administrative Services – Fiscal Division is requesting approval to enter into a three year memorandum of understanding (MOU) with the City of Milwaukee to provide proactive law enforcement services in County parks within City limits, and to service cellular 9-1-1 calls placed within the City limits.

B. There is no impact in 2012, as the agreement would take effect on January 1, 2013. The impact in 2013, as shown in the 2013 Recommended Budget Narrative for the Office of the Sheriff (Agency 4000), is a countywide reduction in expenditures of \$1,933,400, a reduction in revenues of \$92,000, and a net tax levy decrease of \$1,841,400. These figures are variances from the Sheriff's 2013 Requested Budget for these service areas.

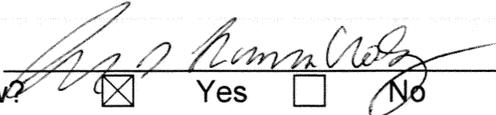
These figures do not include a grant in the amount of \$125,000 that would be provided to the suburban municipalities, as that specific provision is not included in the MOU. Including that grant payment, the total countywide expenditure reduction is \$1,808,400 and the countywide levy impact is a reduction of \$1,716,400.

C. These estimates reflect the cost of the MOU agreement with the City of Milwaukee in the amount of \$1,663,062, which is budgeted in non-departmental agency 1975. This total includes \$1,200,000 for law enforcement services in County parks within the City, and \$463,062 for servicing of cellular 9-1-1 calls.

These costs are offset by cost reductions from the 2013 Request in the Office of the Sheriff of \$3,026,711 and a revenue reduction of \$92,000 in the Park Patrol/TEU Low Org Unit (4019) realized by eliminating all revenues, active personal services (including 28.0 FTE positions), services, commodities, and charges for fleet maintenance. In the Emergency Communications program area (Low Org Unit 4029), costs are reduced from the 2013 Request by \$463,062, through a reduction of 6.0 FTE positions, and overtime costs.

Department/Prepared By Josh Fudge, Fiscal and Strategic Planning Coordinator, DAS-Fiscal

Authorized Signature



Did DAS-Fiscal Staff Review?

Yes

No



## OFFICE OF CORPORATION COUNSEL

KIMBERLY R. WALKER  
Corporation Counsel

MARK A. GRADY  
Deputy Corporation Counsel

TIMOTHY R. KARASKIEWICZ  
ROY L. WILLIAMS  
COLLEEN A. FOLEY  
LEE R. JONES  
MOLLY J. ZILLIG  
ALAN M. POLAN  
JENNIFER K. RHODES  
DEWEY B. MARTIN  
JAMES M. CARROLL  
PAUL D. KUGLITSCH  
Principal Assistant  
Corporation Counsel

September 26, 2012

Vince Moschella, Esq.  
Office of the City Attorney  
200 E. Wells Street  
800 City Hall  
Milwaukee, WI 53202-3653

Dear Mr. Moschella:

Enclosed please find the final version of the Intergovernmental Agreement for Police Services between the City of Milwaukee and Milwaukee County. Please let me know if you have any questions or concerns. Thank you.

Sincerely,



Kimberly R. Walker  
Corporation Counsel

Encl.

**Intergovernmental Agreement for Police Services between the  
City of Milwaukee and Milwaukee County**

1. Agreement. This is an intergovernmental agreement for police services made pursuant to Wis. Stat. Section 66.0301 between the City of Milwaukee and Milwaukee County.
2. City Approval. The Common Council of the City of Milwaukee has approved this agreement via Common Council File No. \_\_\_\_\_, adopted \_\_\_\_\_, 2012, and authorized the Police Chief to execute the agreement on the City's behalf.
3. County Approval. The County Board of Milwaukee County has approved this agreement via File No. \_\_\_\_\_, adopted \_\_\_\_\_, 2012, and authorized the County Executive to execute the agreement on the County's behalf.
4. Jurisdiction. This agreement does not alter the respective jurisdictions of the Milwaukee Police Department or the Milwaukee County Sheriff.
5. Control. This agreement does not alter the statutory authority for the Chief of Police or the County Sheriff to control their respective departments.
6. Police Services in Certain County Parks. In return for the consideration enumerated in this agreement, the Milwaukee Police Department shall provide for non-exclusive police services in the Milwaukee County Parks located within the City of Milwaukee during the term of this agreement. Police service levels provided by the City of Milwaukee shall be as determined by the Chief of Police and shall take into consideration the following: (a) the prior experience of the County in staffing law enforcement services in the Parks; (b) projected attendance for large, well-publicized events such as the Air Show, July 4<sup>th</sup> Fireworks, Harley Davidson 110<sup>th</sup> Anniversary, etc.; (c) the need to control traffic flow in and around the Parks, especially on the Lake Michigan Lakefront; and (d) the need to provide a safe environment in all Parks and to deter and apprehend those engaged in criminal or unsafe activity in the Parks.
7. Large Events. The Director of the Milwaukee County Department of Parks, Recreation and Culture will inform the Chief of Police of any large events scheduled to be held in the Milwaukee County Park System located within the City of Milwaukee no less than twenty-eight (28) days in advance of the event. The Milwaukee Police Department and the Director of the Department of Parks, Recreation and Culture will consult with each other on the appropriate level of police services for large events. The Chief of Police has the sole discretion to determine the level of police services provided by the City of Milwaukee for events in the Park System located within the City, whether scheduled or unscheduled. The County expressly reserves the right to engage the security of alternative entities or agencies to the extent required by the promoter of a specified event, or as required by the Director of the Department of Parks, Recreation and Culture, or by reason of the terms of an applicable contract or law. If the County exercises this reserved right, it shall notify

the Chief of Police of that fact no less than twenty-eight (28) days before the scheduled event.

8. Cellular 911 Service. The City of Milwaukee Police Department will receive 911 emergency calls made on cellular telephones within the borders of the City of Milwaukee and shall, in its sole discretion, determine and provide the number of employees appropriate to adequately staff the number of calls it receives from within its borders.
9. Term.
  - a. The Initial Term of this agreement shall commence on January 1, 2013, and shall terminate on January 1, 2016 (the "Initial Term"). The parties shall have a mutual option (the "Option") to extend this agreement for one additional two-year term commencing on January 1, 2016 and terminating on January 1, 2018 (the "Option Term"). In the event the Parties wish to exercise the Option Term, each party must notify the other in writing on or before May 1, 2015 of its desire to extend the agreement for the Option Term. Any failure by a party to provide written notice of its intention to extend the agreement for the Option Term shall be construed as such party's notice of its desire to terminate the agreement at the conclusion of the Initial Term. If the Option Term is not exercised, the parties shall have no further obligation to one another, except as may be expressly provided for herein.
  - b. In the event that either the Common Council of the City of Milwaukee or the Milwaukee County Board of Supervisors should refuse to provide the appropriations for this agreement in the budget for the subsequent calendar year, this agreement shall terminate effective January 1 of that year.
10. Compensation. For the first year of the Initial Term, the City shall be compensated by the County for providing police services in accordance with this agreement through a lump sum payment as follows: (a) for police services at the Lakefront (the County Parks east of downtown Milwaukee on Lake Michigan extending roughly from Michigan Avenue on the south to Kenwood Boulevard on the North and including Lincoln Memorial Drive, O'Donnell Park, Juneau Park, and McKinley Marina): \$950,000 per calendar year; (b) for police services in the remaining parks within the City, not including those on the Lakefront: \$250,000 per calendar year; and (c) for staffing necessary to provide service related to 911 emergency calls made on cellular telephones within the City's borders: \$463,000 per calendar year. For the second year of the Initial Term, the compensation amounts above shall be increased by 2%. For the third year of the Initial Term, the compensation amounts for the second year shall be increased by 2%. The County shall pay the City for the current calendar year's service no later than March 31 of that year. For the Option Term, if either party wishes to renegotiate the compensation amounts included herein, it will include such request in its renewal communication to the other party. If the parties cannot reach an agreement on a revised fee structure by August 1, 2015, the agreement shall be terminated at the conclusion of the Initial Term.

11. **Contacts.** The Chief of Police and County Executive will each designate one person who will serve as their primary contact for all purposes under this agreement.
12. **Equipment.** The Police Department will provide all law enforcement equipment and supplies, including but not limited to all mobile, portable and control-base-radio equipment necessary for operations in the Parks and in emergency communications, as well as necessary office supplies, including but not limited to desktop computers, copiers, and printers
13. **City Hiring.** If during the term of this agreement the City of Milwaukee hires new police officers or police telecommunicators whom the City, in its sole judgment, determines are necessary to meet its obligations under this agreement, then the City shall, consistent with law, give consideration in such hiring to any qualified law enforcement officer or telecommunicator currently employed by the Milwaukee County Sheriff's office who is laid off as a result of this agreement and who timely applies for such position with the Milwaukee Police Department. If hired, any such person shall be subject to the City's residency requirement and all other applicable requirements.
14. **Reporting.** The City will provide to the County an annual report for each calendar year by March 1 of the following year. The report shall include: (a) for the Park Patrol, service hours provided, arrests made by criminal classification, and costs borne by the City; and (b) the number of 911 emergency calls made on cellular telephones within the City's borders and costs borne by the City to service these calls. The County shall have the right to request and review all documentation, as permitted by law, utilized by the City in preparing the annual report provided by the City pursuant to this agreement. The City shall provide such documentation within two weeks of the County's request, which shall be in writing and as specific as is practicable.
15. **Liability.** The parties are acting herein as independent employers and independent contractors. Nothing herein contained shall create or be construed as creating a partnership, joint venture or agency relationship between the parties and neither party shall have the authority to bind the other party in any respect. The City shall be solely liable for all acts undertaken by its employees, agents, and officers. If the County is sued as a result of acts or omissions by the City's agents, employees or officers, the City shall fully defend, indemnify, and hold harmless the County for all costs related thereto, including the payment of reasonable attorney's fees. The City will specifically indemnify and hold the County harmless regarding any suits resulting from inadequate staffing levels determined at the Chief's sole discretion pursuant to Paragraphs 6-8. Nothing in this agreement shall be construed to relieve the County of liability for the actions of its Board, officers, employees or agents.
16. **Discipline.** In the event an employee of the Milwaukee Police Department is the subject of a complaint or other dispute which may call into question the judgment or quality of services provided by such individual under this agreement, the Chief of Police will determine, what, if any, disciplinary action is appropriate in accordance with all applicable laws, contracts, rules, and regulations.

17. Assignment. Neither this agreement nor any part hereof shall be assigned or otherwise transferred by either party without the prior written consent of the other party, and any attempted assignment without such written consent shall be null and void.
18. Severability. In case any provision of this agreement shall be found invalid, illegal or unenforceable, such provision shall be severed from this agreement. The validity, legality and enforceability of the remaining provisions of the agreement shall not in any way be affected or impaired thereby.
19. Applicable Law. This agreement shall be subject to and in accordance with the laws of the State of Wisconsin.
20. Sole Agreement. This agreement is the final, complete and exclusive statement and expression of the agreement among the parties hereto with relation to the subject matter of this agreement, it being understood that there are no oral representations, understandings or agreements covering the same subject matter as this agreement. This agreement supersedes, and cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous discussions, correspondence, or oral or written agreement of any kind. This agreement may only be amended, modified, or supplemented by a written agreement approved and signed by each of the parties.

**MILWAUKEE COUNTY:**

\_\_\_\_\_  
Chris Abele  
Milwaukee County Executive

\_\_\_\_\_  
(Date of Execution)

\_\_\_\_\_  
For Execution  
Kimberly R. Walker  
Milwaukee County Corporation Counsel

\_\_\_\_\_  
(Date of Execution)

\_\_\_\_\_  
Approved as to Insurance Requirements  
Cindy Van Pelt  
Executive Director of Risk Management

\_\_\_\_\_  
(Date of Execution)

**CITY OF MILWAUKEE**

\_\_\_\_\_  
Police Chief Edward Flynn

\_\_\_\_\_  
(Date of Execution)

1127-2012-2102: 184322

**INTEROFFICE COMMUNICATION  
COUNTY OF MILWAUKEE**

DATE: October 10, 2012

TO: Mark Borkowski, Chairman  
Committee on Judiciary, Safety and General Services

Willie Johnson & David Cullen, Co-Chairmen  
Committee on Finance, Personnel and Audit

FROM: Mark A. Grady, Deputy Corporation Counsel

SUBJECT: Status update on pending litigation

The following is a list of significant pending cases which our office is prepared to discuss with the Committees, at your discretion. New additions to the list since last month are noted in **bold**:

1. *DC48 v. Milwaukee County* (Rule of 75)  
Case No. 11-CV-16826
2. *MDSA v. Milwaukee County* (overturn arbitration award on layoffs)  
Case No. 12-CV-1984
3. *MDSA v. Clarke and Milwaukee County* (recall of deputy sheriffs)  
Case No. 12-CV-5551
4. *Hussey v. Milwaukee County* (Retiree health co-pays, deductibles, etc.)  
Case No. 11-CV-18855
5. *MDSA prohibited practice complaint* (MDSA and retiree health plan provisions)  
WERC Case No. 792 No. 71690 MP-4726
6. *Stoker v. Milwaukee County* (1.6 multiplier)  
Case No. 11-CV-16550  
**AFSCME v. Milwaukee County (1.6 multiplier)**  
**Case No. 12-CV-9911**
7. *FNHP and AMCA v. Milwaukee County* (Medicare Part B reimbursement)  
Case No. 12-CV-1528
8. *Milwaukee County v. WERC and AFSCME* (2010 bargaining; furloughs)  
Case No. 11-CV-12137

9. *MDSA v. Clarke & Milwaukee County* (G4S contract for bailiffs)  
Case No. 12-CV-3410  
*MDSA WERC Prohibited Practice Complaint* (G4S contract)
10. *McKenzie & Goodlette v. Milwaukee County* (captains layoffs)  
Case No. 12-CV-0079  
*Rewolinski v Milwaukee County* (captain layoff)  
Case No. 12-CV-0645  
*Clarke v. Civil Service Commission* (captains promotions and layoffs)  
Case No. 12-CV-3366
11. *DC48 v. Milwaukee County* (seniority in vacation selection under Sheriff)  
Case No. 12-CV-3944
12. *Wosinski et al. v. Advance Cast Stone et al.* (O'Donnell Park)  
Case No. 11-CV-1003 (consolidated actions)
13. *Christensen et al. v. Sullivan et al.* (Sheriff motion on medical care in jail)  
Case No. 96-CV-1835
14. *Milwaukee Riverkeeper v. Milwaukee County* (Estabrook dam)  
Case No. 11-CV-8784