

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 5, 2016

NEW ISSUES: FULL BOOK-ENTRY

Moody's "Aa2"
S&P "AA"
Fitch "AA+"
See "RATINGS" herein

Subject to compliance with certain covenants, in the opinion of Quarles & Brady LLP, and Crump Law Firm, LLC, Co-Bond Counsel, under present law, interest on the 2016A Bonds is excludible from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. The interest on the 2016A Bonds is not exempt from present Wisconsin income or franchise taxes. See "TAX EXEMPTION - 2016A BONDS" and "Forms of Legal Opinions" herein for a more complete discussion. The 2016A Bonds will not be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Interest on the 2016B Bonds is included in gross income for federal income tax purposes. The interest on the 2016B Bonds is not exempt from present Wisconsin income or franchise taxes. See "TAX STATUS - 2016B BONDS" and "Forms of Legal Opinions" herein.

OFFICIAL STATEMENT

Milwaukee County, Wisconsin

Dated: Date of Delivery

Delivery: Expected on November 10, 2016

\$25,505,000*

General Obligation Corporate Purpose Bonds, Series 2016A

\$25,505,000* General Obligation Corporate Purpose Bonds, Series 2016A (the "2016A Bonds"), are being issued by Milwaukee County, Wisconsin (the "County") pursuant to Chapter 67 of the Wisconsin Statutes. The 2016A Bonds are being issued to provide financing for certain capital projects as described herein.

Interest on the 2016A Bonds is payable semiannually on each March 1 and September 1, commencing March 1, 2017. The 2016A Bonds maturing on September 1, 2026 and thereafter are subject to prior redemption at the option of the County on September 1, 2025 and any date thereafter at a price of par plus accrued interest.

\$7,120,000*

Taxable General Obligation Mass Transit Bonds (QECBs - Direct Payment), Series 2016B

\$7,120,000* Taxable General Obligation Mass Transit Bonds (QECBs - Direct Payment), Series 2016B (the "2016B Bonds"), are being issued by the County pursuant to Chapter 67 of the Wisconsin Statutes. The 2016B Bonds are being issued to provide financing for buses for the County's mass transit system as described herein.

Interest on the 2016B Bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2017. The 2016B Bonds are not subject to prior redemption, except as described in "DESCRIPTION OF THE OBLIGATIONS - Extraordinary Optional Redemption" and "DESCRIPTION OF THE OBLIGATIONS - Extraordinary Mandatory Redemption" herein.

The 2016A Bonds and the 2016B Bonds will collectively be referred to as the "Obligations". The Obligations will be general obligations of the County for which its full faith and credit and unlimited taxing powers are pledged.

SEE INSIDE COVER PAGE FOR MATURITY AND PRICING SCHEDULE AND CUSIP NUMBERS

The Obligations will be issued as fully registered obligations without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Obligations. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Obligations purchased. Principal of and interest on the Obligations will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Obligations. (See "Book-Entry-Only System" herein.)

Not Bank Qualified:	The 2016A Bonds will not be designated as "qualified tax-exempt obligations"
Co-Financial Advisors:	Public Financial Management, Inc. and Independent Public Advisors, LLC
Bids Received and Opened:	Wednesday, October 12, 2016 at 10:00 A.M. Central Time By Capital Finance Manager in the Milwaukee County Comptroller's Office

* Preliminary, subject to change.

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), except for the omission of certain information described in the rule, but is subject to revision, amendment, and completion in a Final Official Statement.

Maturity and Pricing Schedule, and CUSIP[†] Numbers

Milwaukee County, Wisconsin

\$25,505,000*

General Obligation Corporate Purpose Bonds, Series 2016A

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Rate*</u>	<u>Yield*</u>	<u>CUSIP</u>
2018	\$ 1,825,000	___%	___%	
2019	1,825,000	___%	___%	
2020	1,825,000	___%	___%	
2021	1,825,000	___%	___%	
2022	1,825,000	___%	___%	
2023	1,820,000	___%	___%	
2024	1,820,000	___%	___%	
2025	1,820,000	___%	___%	
2026	1,820,000	___%	___%	
2027	1,820,000	___%	___%	
2028	1,820,000	___%	___%	
2029	1,820,000	___%	___%	
2030	1,820,000	___%	___%	
2031	1,820,000	___%	___%	

\$7,120,000*

Taxable General Obligation Mass Transit Bonds (QECBs - Direct Payment), Series 2016B

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Rate*</u>	<u>Yield*</u>	<u>CUSIP</u>
2017	\$ 715,000	___%	___%	
2018	715,000	___%	___%	
2019	715,000	___%	___%	
2020	715,000	___%	___%	
2021	715,000	___%	___%	
2022	715,000	___%	___%	
2023	715,000	___%	___%	
2024	705,000	___%	___%	
2025	705,000	___%	___%	
2026	705,000	___%	___%	

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright © 2015 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP® numbers are provided for convenience of reference only. None of the County, the Financial Advisors, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

* Par amounts are subject to change, and interest rates and reoffering yields will be set forth in the final Official Statement.

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INTRODUCTION TO OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the County's \$25,505,000* General Obligation Corporate Purpose Bonds, Series 2016A (the "2016A Bonds") and \$7,120,000* Taxable General Obligation Mass Transit Bonds (QECCBs - Direct Payment), Series 2016B (the "2016B Bonds")(collectively, the 2016A Bonds and the 2016B Bonds are referred to herein as the "Obligations"), and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.

Issuer:	Milwaukee County, Wisconsin (the "County").
Dated:	Date of Delivery.
Delivery:	The County will deliver the Obligations anywhere in the United States as designated by the purchaser within 45 days against payment in immediately available funds. Delivery is expected on or about November 10, 2016.
Security:	The Obligations are general obligations of the County for which the County pledges its full faith and credit and power to levy direct general ad valorem taxes, which taxes may, under current law, be levied without limit as to rate or amount. A direct irrevocable tax has been levied upon all taxable property in the County. (See "DESCRIPTION OF THE OBLIGATIONS – Security Provisions" herein.)
Purpose and Authority:	<p>2016A Bonds: Proceeds of the 2016A Bonds will be used to provide financing for certain capital projects as described herein, and to pay the cost of issuing the 2016A Bonds, pursuant to the laws of the State of Wisconsin including Chapter 67 of the <i>Wisconsin Statutes</i> and resolutions adopted by the County Board.</p> <p>2016B Bonds: Proceeds of the 2016B Bonds will be used to provide financing for buses for the County's mass transit system as described herein, and to pay the cost of issuing the 2016B Bonds, pursuant to the laws of the State of Wisconsin including Chapter 67 of the <i>Wisconsin Statutes</i> and resolutions adopted by the County Board.</p>
Redemption Provisions:	<p>2016A Bonds: The 2016A Bonds maturing on September 1, 2026 and thereafter are subject to prior redemption at the option of the County on September 1, 2025 and any date thereafter at a price of par plus accrued interest.</p> <p>2016B Bonds: The 2016B Bonds are not subject to prior redemption except as described in "DESCRIPTION OF THE OBLIGATIONS - Extraordinary Optional Redemption" and "DESCRIPTION OF THE OBLIGATIONS - Extraordinary Mandatory Redemption" herein.</p>
Principal Payments:	<p>2016A Bonds: Annually, September 1, 2018 through 2031.</p> <p>2016B Bonds: Annually, October 1, 2017 through 2026.</p>
Interest Payments:	<p>2016A Bonds: On each March 1 and September 1, commencing on March 1, 2017.</p> <p>2016B Bonds: On each April 1 and October 1, commencing on April 1, 2017.</p>
Tax Status:	<p>2016A Bonds: In the opinion of Co-Bond Counsel as more fully described herein, interest on the 2016A Bonds is excludible from gross income for federal income tax purposes, and is not an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. See "TAX EXEMPTION – 2016A BONDS" herein.</p>

* Preliminary, subject to change.

Interest on the 2016A Bonds is not exempt from Wisconsin income or franchise taxes.

2016B Bonds: Interest on the 2016B Bonds is included in gross income of the owners thereof for federal income tax purposes. The interest on the 2016B Bonds is not exempt from present Wisconsin income or franchise taxes. See “TAX STATUS – 2016B BONDS” herein.

Not Bank Qualified: The 2016A Bonds will not be designated as “qualified tax-exempt obligations.”

Professional Consultants: *Co-Financial Advisors:* Public Financial Management, Inc.
Milwaukee, Wisconsin
and
Independent Public Advisors, LLC
Johnston, Iowa

Co-Bond Counsel: Quarles & Brady LLP
Milwaukee, Wisconsin
and
Crump Law Firm, LLC
Milwaukee, Wisconsin

Disclosure Counsel: Quarles & Brady LLP
Milwaukee, Wisconsin

Paying Agent/Registrar: Milwaukee County Treasurer’s Office.

Record Date: The 15th day of the month preceding each payment date.

Legal Matters: Legal matters incident to the authorization and issuance of the Obligations are subject to the opinions of Quarles & Brady LLP, Milwaukee, Wisconsin and Crump Law Firm, LLC, Milwaukee, Wisconsin, Co-Bond Counsel, as to validity and for the 2016A Bonds, federal tax exemption. The opinions will be substantially in the form set forth in Appendix B attached hereto. Crump Law Firm, LLC has not participated in the preparation of Official Statement, except for information under the headings “DESCRIPTION OF THE OBLIGATIONS”, “TAX EXEMPTION – 2016A BONDS” and “TAX STATUS – 2016B BONDS”. Quarles & Brady LLP has been retained by the County to serve as disclosure counsel to the County with respect to the Obligations.

Conditions Affecting Issuance of Obligations: The Obligations are offered subject to receipt of the unqualified approving legal opinions of Quarles & Brady LLP, Milwaukee, Wisconsin and Crump Law Firm, LLC, Milwaukee, Wisconsin, Co-Bond Counsel to the County.

Book-Entry-Only: The Obligations will be issued as book-entry-only securities through The Depository Trust Company.

No Litigation: There is currently no litigation pending or, to the best of certain County officials’ knowledge, threatened, which questions the validity of the Obligations or of any proceedings of the County taken with respect to the issuance or sale thereof.

**Limitations on Offering or
Reoffering Securities:**

No dealer, broker, sales representative or other person has been authorized by the County or the Co-Financial Advisors to give any information or to make any representations other than those contained in the Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the County or the Co-Financial Advisors. The Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Obligations by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Questions regarding the Obligations or the Official Statement can be directed to Pamela Bryant, Capital Finance Manager, Milwaukee County Comptroller's Office, 901 North Ninth Street, Room 301, Milwaukee, Wisconsin 53233, (414/278-4396) or Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, (414/771-2700).

* * * * *

OFFICIAL TERMS OF OFFERING

\$25,505,000*

**General Obligation Corporate Purpose Bonds, Series 2016A
Milwaukee County, Wisconsin**

Dated Date of Delivery

Sealed bids and electronic bids for the General Obligation Corporate Purpose Bonds, Series 2016A (the “2016A Bonds”) will be received by the Capital Finance Manager in the Comptroller’s Office until 10:00 a.m., Central Time on October 12, 2016 at 901 North Ninth Street, Room 301, Milwaukee County Courthouse, Milwaukee, Wisconsin 53233, after which the sealed bids will be opened and electronic bids will be retrieved and tabulated for approval by the Comptroller. Electronic bids must be submitted through Parity® (see “Electronic Bidding” below).

TERMS OF THE 2016A BONDS

The 2016A Bonds will be dated the date of delivery, and will mature on September 1 in the years and in the principal amounts as follows:

Maturity Schedule

<u>Maturity (September 1)</u>	<u>Principal Amount*</u>
2018	\$ 1,825,000
2019	1,825,000
2020	1,825,000
2021	1,825,000
2022	1,825,000
2023	1,820,000
2024	1,820,000
2025	1,820,000
2026	1,820,000
2027	1,820,000
2028	1,820,000
2029	1,820,000
2030	1,820,000
2031	1,820,000

Interest on said 2016A Bonds will be payable semiannually on March 1 and September 1, commencing March 1, 2017.

NO TERM BOND OPTION

Proposals for the 2016A Bonds may not contain a maturity schedule providing for term bonds.

CALL FEATURE

The 2016A Bonds maturing on September 1, 2026 and thereafter are subject to prior redemption at the option of the County on September 1, 2025 and any date thereafter at a price of par plus accrued interest.

* Preliminary, subject to change.

REGISTRATION

The 2016A Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). The County will assume no liability for the failure of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the 2016A Bonds. In the event that the securities depository relationship with DTC for the 2016A Bonds is terminated and the County does not appoint a successor depository, the County will prepare, authenticate and deliver, at its expense, fully registered certificated 2016A Bonds in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of 2016A Bonds of the same maturities and with the same interest rate or rates then outstanding to the beneficial owners of the 2016A Bonds.

SECURITY AND PURPOSE

The 2016A Bonds are general obligations of the County. The principal of and interest on the 2016A Bonds will be payable from ad valorem taxes, which shall be levied without limitation as to rate or amount upon all taxable property located in the territory of the County. The 2016A Bonds are to be issued to finance essential public purpose projects within the County and to pay the cost of issuing the 2016A Bonds.

BID SPECIFICATIONS

Bids shall be received on an interest rate basis in an integral multiple of One-Twentieth (1/20) or One-Eighth (1/8) of one percent (1%). Any number of rates may be bid, but no interest rate may be higher than 4.00 percent. All 2016A Bonds of the same maturity shall bear the same interest rate. A rate of interest must be named for each maturity; a zero rate of interest shall not be named; and the premium, if any, must be paid in cash as part of the purchase price. No supplemental interest shall be specified. Each bid shall offer to purchase all of the 2016A Bonds and shall offer a price (payable in federal or other immediately available funds) which is not less than \$25,377,475 (99.5% of par), nor greater than \$26,015,100 (102.0% of par), plus accrued interest to the date of delivery. No bid may have a true interest cost, defined herein, greater than 4.00%. The County reserves the right, in its discretion, to reject any or all bids, and to waive any informality in any bid.

GOOD FAITH DEPOSIT

A Good Faith Deposit in the amount of \$255,050 is only required by the successful bidder for the 2016A Bonds. The successful bidder for the 2016A Bonds is required to submit such Good Faith Deposit payable to the order of the County in the form of a wire transfer in federal funds.

The successful bidder shall submit the Good Faith Deposit within two hours after verbal award is made. The successful bidder should provide as quickly as it is available, evidence of wire transfer by providing the County the federal funds reference number. If the Good Faith Deposit is not received in the time allotted, the bid of the successful bidder may be rejected and the County may direct the next lowest bidder to submit a Good Faith Deposit and thereafter may award the sale of the 2016A Bonds to the same. If the successful bidder fails to comply with the Good Faith Deposit requirement as described herein, the successful bidder is nonetheless obligated to pay to the County \$255,050 as liquidated damages due to the failure of the successful bidder to timely deposit the Good Faith Deposit.

Submission of a bid to purchase the 2016A Bonds serves as acknowledgement and acceptance of the terms of the Good Faith Deposit requirement.

The Good Faith Deposit so wired will be retained by the County until the delivery of the 2016A Bonds, at which time the Good Faith Deposit will be applied against the purchase price of the 2016A Bonds or the good faith deposit will be retained by the County as partial liquidated damages in the event of the failure of the successful bidder to take up and pay for such 2016A Bonds in compliance with this Official Terms of Offering and of its bid. No interest on the Good Faith Deposit will be paid by the County. The balance of the purchase price must be wired in federal funds to the account detailed in the closing memorandum, simultaneously with delivery of the 2016A Bonds.

INSURANCE ON 2016A BONDS

In the event the successful bidder obtains a bond insurance policy for all or a portion of the 2016A Bonds, by or on behalf of it or any other member of its underwriting group, the successful bidder is responsible for making sure that disclosure information is provided about the credit enhancement provider (for example, through a wrapper to the Official Statement). The County will cooperate with the successful bidder in this manner. The costs of obtaining any bond insurance policy and the costs of providing disclosure information about the credit enhancement provider shall be paid by the successful bidder. In addition, the successful bidder will be required, as a condition for delivery of the 2016A Bonds, to certify that the premium will be less than the present value of the interest expected to be saved as a result of such insurance.

ELECTRONIC BIDDING

The County assumes no responsibility or liability for electronic bids. If any provisions in this Official Terms of Offering conflict with information provided by Parity®, this Official Terms of Offering shall control. Further information about the electronic bidding service providers, including any fee charged and applicable requirements, may be obtained from:

Parity®/IPREO
1359 Broadway, 2nd Floor
New York, New York 10018
(212) 849-5021 phone

AWARD

The 2016A Bonds will be awarded to the bidder whose proposal shall result in the lowest true interest cost to the County. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the 2016A Bonds, produces an amount equal to the purchase price. The County's computation of the true interest cost of each bid, in accordance with customary practice, will be controlling. If two or more bids provide the same lowest true interest cost, the County shall determine which proposal shall be accepted, and such determination shall be final. A computation by a bidder of such true interest cost contained in any bid shall be for information only and shall not constitute a part of the bid. The successful bidder shall pay accrued interest from the date of the 2016A Bonds to the date of delivery and payment of the purchase price.

The County will reserve the right to: (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the 2016A Bonds, (ii) reject all bids without cause, and (iii) reject any bid which the County determines to have failed to comply with the terms hereof.

Within 24 hours of award of the 2016A Bonds, the successful bidder shall provide the County with the initial reoffering prices to the public of each maturity of the 2016A Bonds; a complete listing of all syndicate members; and confirmation of the acquisition of credit enhancement, if any. Simultaneously with or before delivery of the 2016A Bonds, the successful bidder shall furnish to the County, a certificate in form and substance acceptable to Co-Bond Counsel (a) confirming the initial reoffering prices, (b) certifying that a bona fide reoffering of the 2016A Bonds has been made to the public (excluding bond houses, brokers, and other intermediaries), and (c) stating the prices at which a substantial portion of each maturity of the 2016A Bonds were sold to the public (excluding bond houses, brokers, and other intermediaries).

SETTLEMENT

The 2016A Bonds will be delivered in typewritten form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, securities depository of the 2016A Bonds for the establishment of book-entry accounts at the direction of the successful bidder, within approximately 45 days after the award. Delivery of the 2016A Bonds is currently anticipated to be on or about November 10, 2016. Delivery will be subject to receipt by the successful bidder of the approving legal opinions of Quarles & Brady LLP, and Crump Law Firm, LLC, Co-Bond Counsel to the County, which opinions will be made available at the time of delivery of the 2016A Bonds, and of customary closing papers,

including a non-litigation certificate. On the date of settlement, payment for the 2016A Bonds shall be made in federal or equivalent funds, which shall be received at the offices of the County, or its designee, not later than 11:00 a.m., Central Time. Except as compliance with the terms of payment for the 2016A Bonds shall have been made impossible by action of the County, or its agents, the successful bidder shall be liable to the County for any loss suffered by the County by reason of the successful bidder's non-compliance with said terms for payment.

By submitting a bid, any bidder makes the representation that it understands Co-Bond Counsel represent the County in the 2016A Bond transaction and, if such bidder has retained either Co-Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does thereby consent to and waive for and on behalf of such bidder, any conflict of interest of such Co-Bond Counsel arising from any adverse position to the County in this matter; and such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Co-Bond Counsel.

The successful bidder will be required to provide a certificate regarding reoffering prices in form and substance as required by Co-Bond Counsel.

LEGAL OPINIONS

The successful bidder will be furnished without cost, the unqualified approving legal opinions of Quarles & Brady LLP, Milwaukee, Wisconsin, and Crump Law Firm, LLC, Milwaukee, Wisconsin, Co-Bond Counsel to the County.

CUSIP NUMBERS

The County will assume no obligation for the assignment of CUSIP numbers on the 2016A Bonds or for the correctness of any numbers printed thereon. The County will permit such numbers to be assigned and printed at the expense of the successful bidder, but neither the failure to print such numbers on any 2016A Bonds nor any error with respect thereto will constitute cause for failure or refusal by the successful bidder to accept delivery of the 2016A Bonds.

CERTIFICATION REGARDING OFFICIAL STATEMENT

The County will deliver, at closing, a certificate, executed by appropriate officers of the County acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the County and the 2016A Bonds are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

In order to assist bidders in complying with SEC Rule 15c2-12, as amended, the County will covenant to undertake (pursuant to a certificate executed by an authorized officer of the County), to provide annual reports and timely notice of certain events for the benefit of holders of the 2016A Bonds. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the County, a form of which is included in the Preliminary Official Statement and in the final Official Statement.

TRANSCRIPT OF PROCEEDINGS

A transcript of the proceedings relative to the issuance of the 2016A Bonds will be furnished to the successful bidder without cost, including a closing certificate stating that there is no litigation pending or threatened affecting the validity of or the security for the 2016A Bonds.

IRREGULARITIES

The Comptroller reserves the right to reject any and all bids and to waive any and all irregularities.

OFFICIAL STATEMENT

A copy of the County's Preliminary Official Statement may be obtained by contacting Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214 (414/771-2700) or Pamela Bryant, Capital Finance Manager, Milwaukee County Comptroller's Office, 901 North Ninth Street, Milwaukee, Wisconsin 53233 (414/278-4396). The Preliminary Official Statement may be obtained from the following websites: www.i-dealprospectus.com or www.pfm.com. The Preliminary Official Statement is in a form deemed final as of its date for purposes of Securities and Exchange Rule 15c2-12(b)(1) (the "Rule"), but is subject to minor revision, amendment and completion in a final Official Statement in accordance with the Rule.

By awarding the 2016A Bonds to any underwriter or underwriting syndicate, the County agrees that within seven business days after the date of such award it shall provide the senior managing underwriter of the successful syndicate with copies of a final Official Statement. The senior managing underwriter of the successful syndicate will be supplied with final Official Statements in a quantity sufficient to meet its request. Up to 50 copies of the final Official Statement will be furnished without cost.

The County designates the senior managing underwriter of the syndicate to which the 2016A Bonds are awarded as its agent for purposes of distributing copies of the final Official Statement to each participating underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the 2016A Bonds agrees thereby that if its bid is accepted by the County (i) it shall accept such designation and (ii) it will enter into a contractual relationship with all participating underwriters of the County for purposes of assuring the receipt by each such participating underwriter of the final Official Statement.

/s/ Scott Manske
Milwaukee County Comptroller

OFFICIAL TERMS OF OFFERING

\$7,120,000*

**Taxable General Obligation Mass Transit Bonds (QECCBs - Direct Payment), Series 2016B
Milwaukee County, Wisconsin**

Dated Date of Delivery

Sealed bids and electronic bids for the \$7,120,000* Taxable General Obligation Mass Transit Bonds (QECCBs - Direct Payment), Series 2016B (the “2016B Bonds”) will be received by the Capital Finance Manager in the Comptroller’s Office until 10:00 a.m., Central Time on October 12, 2016 at 901 North Ninth Street, Room 301, Milwaukee County Courthouse, Milwaukee, Wisconsin 53233, after which the sealed bids will be opened and electronic bids will be retrieved and tabulated for approval by the Comptroller. Electronic bids must be submitted through Parity® (see “Electronic Bidding” below).

TERMS OF THE 2016B BONDS

The 2016B Bonds will be dated the date of delivery, and will mature on October 1 in the years and in the principal amounts as follows:

Maturity Schedule

<u>Maturity (October 1)</u>	<u>Principal Amount*</u>
2017	\$ 715,000
2018	715,000
2019	715,000
2020	715,000
2021	715,000
2022	715,000
2023	715,000
2024	705,000
2025	705,000
2026	705,000

Interest on said 2016B Bonds will be payable semiannually on April 1 and October 1, commencing April 1, 2017.

NO TERM BOND OPTION

Proposals for the 2016B Bonds may not contain a maturity schedule providing for term bonds.

CALL FEATURE

The 2016B Bonds are not subject to prior redemption except as described under “EXTRAORDINARY OPTIONAL REDEMPTION” and “EXTRAORDINARY MANDATORY REDEMPTION”.

EXTRAORDINARY OPTIONAL REDEMPTION

The 2016B Bonds shall be subject to extraordinary optional redemption in the event that an Extraordinary Event occurs. An “Extraordinary Event” means the occurrence of either of the following: (1) any provision of the Code is repealed, amended or modified in a manner which results in the elimination or reduction of an amount equal to or

* Preliminary, subject to change.

greater than 25% of the original anticipated cash subsidy payment from the United States Department of Treasury to the County or (2) the United States Department of Treasury fails to make a cash subsidy payment to which the County is entitled and such failure is not caused by any action or inaction by the County.

EXTRAORDINARY MANDATORY REDEMPTION

The 2016B Bonds shall be subject to extraordinary mandatory redemption, as a whole or in part, and if in part by lot, at a price equal to the par amount redeemed, plus accrued interest, if any, to the date of redemption, to the extent that 100% of the Available Project Proceeds (defined below) are not expended for qualified purposes by the end of the three-year expenditure period beginning on the date of issuance of the 2016B Bonds (or, if an extension of the period for expenditure has been granted by the Internal Revenue Service, then by the close of the extended period), from such unexpended Available Project Proceeds of the 2016B Bonds. "Available Project Proceeds" means the excess of the proceeds from the sale of the 2016B Bonds over issuance costs with respect to the issuance of the 2016B Bonds to the extent such costs do not exceed 2% of such proceeds, plus the proceeds from any investment of such excess, as further provided in the tax certificate executed by the Comptroller of the County in connection with the issuance of the 2016B Bonds. Such redemption shall occur within 90 days of the end of such three-year period or extended period; provided, however, that the County may rescind such extraordinary mandatory redemption and the notice thereof on any date prior to the date of such redemption by causing written notice that the County has cured the conditions that caused the 2016B Bonds to be subject to such redemption to be given to the owners of the 2016B Bonds called for redemption, given in the same manner in which notice of such redemption was originally given.

REGISTRATION

The 2016B Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). The County will assume no liability for the failure of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the 2016B Bonds. In the event that the securities depository relationship with DTC for the 2016B Bonds is terminated and the County does not appoint a successor depository, the County will prepare, authenticate and deliver, at its expense, fully registered certificated 2016B Bonds in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of 2016B Bonds of the same maturities and with the same interest rate or rates then outstanding to the beneficial owners of the 2016B Bonds.

SECURITY AND PURPOSE

The 2016B Bonds are general obligations of the County. The principal of and interest on the 2016B Bonds will be payable from ad valorem taxes, which shall be levied without limitation as to rate or amount upon all taxable property located in the territory of the County. The 2016B Bonds will be issued to finance buses for the County's mass transit system and to pay the costs of issuing the 2016B Bonds.

BID SPECIFICATIONS

Bids shall be received on an interest rate basis in an integral multiple of One-Twentieth (1/20) or One-Eighth (1/8) of one percent (1%). Any number of rates may be bid, but no interest rate may be higher than 4.00 percent. All 2016B Bonds of the same maturity shall bear the same interest rate. A rate of interest must be named for each maturity; a zero rate of interest shall not be named; and the premium, if any, must be paid in cash as part of the purchase price. No supplemental interest shall be specified. Each bid shall offer to purchase all of the 2016B Bonds and shall offer a price (payable in federal or other immediately available funds) which is not less than \$7,048,800 (99.0% of par), nor greater than \$7,262,400 (102.0% of par), plus accrued interest to the date of delivery. No bid may have a true interest cost, defined herein, that exceeds the "Qualified Tax Credit Bond Rate" published by the Secretary of the Treasury on October 12, 2016. As of October 5, 2016, the rate was 4.08% and can be found at <https://www.treasurydirect.gov/GA-SL/SLGS/selectQTCDDate.htm>. The County reserves the right, in its discretion, to reject any or all bids, and to waive any informality in any bid.

Additionally, the issue price for each maturity of the 2016B Bonds (stated as a percentage of the principal amount of the maturity) shall not exceed a price of (a) 100% plus (b) 0.25% times the number of complete bond years to the earlier of the maturity date or the first optional redemption date for that maturity of 2016B Bonds. **The successful bidder will be required, as a condition of delivery of the 2016B Bonds, to certify that all of the 2016B Bonds were offered to the public, and at least 10% of the principal amount of each maturity of the 2016B Bonds was sold to the public, at an issue price not exceeding the maximum issue price specified for that maturity below. As used in the preceding sentence, the word public shall not mean bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers.** Each bidder must provide such information as bond counsel may require to determine, for federal income taxes, the “issue price” of each maturity of the 2016B Bonds. For this purpose, the maximum issue price of each maturity shall be limited to the following.

<u>Year</u>	<u>Maximum Permitted Price</u>
2017	100.00%
2018	100.25%
2019	100.50%
2020	100.75%
2021	101.00%
2022	101.25%
2023	101.50%
2024	101.75%
2025	102.00%
2026	102.25%

COST OF ISSUANCE LIMITATION

The aggregate amount of underwriter’s compensation and bond insurance premium paid by the underwriter, if any, may not exceed 1.00% of the proceeds of the 2016B Bonds.

GOOD FAITH DEPOSIT

A Good Faith Deposit in the amount of \$71,200 is only required by the successful bidder for the 2016B Bonds. The successful bidder for the 2016B Bonds is required to submit such Good Faith Deposit payable to the order of the County in the form of a wire transfer in federal funds.

The successful bidder shall submit the Good Faith Deposit within two hours after verbal award is made. The successful bidder should provide as quickly as it is available, evidence of wire transfer by providing the County the federal funds reference number. If the Good Faith Deposit is not received in the time allotted, the bid of the successful bidder may be rejected and the County may direct the next lowest bidder to submit a Good Faith Deposit and thereafter may award the sale of the 2016B Bonds to the same. If the successful bidder fails to comply with the Good Faith Deposit requirement as described herein, the successful bidder is nonetheless obligated to pay to the County \$71,200 as liquidated damages due to the failure of the successful bidder to timely deposit the Good Faith Deposit.

Submission of a bid to purchase the 2016B Bonds serves as acknowledgement and acceptance of the terms of the Good Faith Deposit requirement.

The Good Faith Deposit so wired will be retained by the County until the delivery of the 2016B Bonds, at which time the Good Faith Deposit will be applied against the purchase price of the 2016B Bonds or the good faith deposit will be retained by the County as partial liquidated damages in the event of the failure of the successful bidder to take up and pay for such 2016B Bonds in compliance with this Official Terms of Offering and of its bid. No interest on the Good Faith Deposit will be paid by the County. The balance of the purchase price must be wired in federal funds to the account detailed in the closing memorandum, simultaneously with delivery of the 2016B Bonds.

INSURANCE ON 2016B BONDS

In the event the successful bidder obtains a bond insurance policy for all or a portion of the 2016B Bonds, by or on behalf of it or any other member of its underwriting group, the successful bidder is responsible for making sure that disclosure information is provided about the credit enhancement provider (for example, through a wrapper to the Official Statement). The County will cooperate with the successful bidder in this manner. The costs of obtaining any bond insurance policy and the costs of providing disclosure information about the credit enhancement provider shall be paid by the successful bidder. In addition, the successful bidder will be required, as a condition for delivery of the 2016B Bonds, to certify that the premium will be less than the present value of the interest expected to be saved as a result of such insurance.

ELECTRONIC BIDDING

The County assumes no responsibility or liability for electronic bids. If any provisions in this Official Terms of Offering conflict with information provided by Parity®, this Official Terms of Offering shall control. Further information about the electronic bidding service providers, including any fee charged and applicable requirements, may be obtained from:

Parity®/IPREO
1359 Broadway, 2nd Floor
New York, New York 10018
(212) 849-5021 phone

AWARD

The 2016B Bonds will be awarded to the bidder whose proposal shall result in the lowest true interest cost to the County. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the 2016B Bonds, produces an amount equal to the purchase price. The County's computation of the true interest cost of each bid, in accordance with customary practice, will be controlling. If two or more bids provide the same lowest true interest cost, the County shall determine which proposal shall be accepted, and such determination shall be final. A computation by a bidder of such true interest cost contained in any bid shall be for information only and shall not constitute a part of the bid. The successful bidder shall pay accrued interest from the date of the 2016B Bonds to the date of delivery and payment of the purchase price.

The County will reserve the right to: (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the 2016B Bonds, (ii) reject all bids without cause, and (iii) reject any bid which the County determines to have failed to comply with the terms hereof.

Within 24 hours of award of the 2016B Bonds, the successful bidder shall provide the County with the initial reoffering prices to the public of each maturity of the 2016B Bonds; a complete listing of all syndicate members; and confirmation of the acquisition of credit enhancement, if any. Simultaneously with or before delivery of the 2016B Bonds, the successful bidder shall furnish to the County, a certificate in form and substance acceptable to Co-Bond Counsel (a) confirming the initial reoffering prices, (b) certifying that a bona fide reoffering of the 2016B Bonds has been made to the public (excluding bond houses, brokers, and other intermediaries), and (c) stating the prices at which a substantial portion of each maturity of the 2016B Bonds were sold to the public (excluding bond houses, brokers, and other intermediaries).

SETTLEMENT

The 2016B Bonds will be delivered in typewritten form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, securities depository of the 2016B Bonds for the establishment of book-entry accounts at the direction of the successful bidder, within approximately 45 days after the award. Delivery of the 2016B Bonds is currently anticipated to be on or about November 10, 2016. Delivery will be subject to receipt by the successful bidder of the approving legal opinions of Quarles & Brady LLP, and Crump Law Firm, LLC, Co-Bond Counsel to the County, which opinions will be available at the time of delivery of the 2016B Bonds, and of customary closing papers,

including a non-litigation certificate. On the date of settlement, payment for the 2016B Bonds shall be made in federal or equivalent funds, which shall be received at the offices of the County, or its designee, not later than 11:00 a.m., Central Time. Except as compliance with the terms of payment for the 2016B Bonds shall have been made impossible by action of the County, or its agents, the successful bidder shall be liable to the County for any loss suffered by the County by reason of the successful bidder's non-compliance with said terms for payment.

By submitting a bid, any bidder makes the representation that it understands Co-Bond Counsel represent the County in the Bond transaction and, if such bidder has retained either Co-Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does thereby consent to and waive for and on behalf of such bidder, any conflict of interest of such Co-Bond Counsel arising from any adverse position to the County in this matter; and such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Co-Bond Counsel.

The successful bidder will be required to provide a certificate regarding reoffering prices in form and substance as required by Co-Bond Counsel.

LEGAL OPINIONS

The successful bidder will be furnished without cost, the unqualified approving legal opinions of Quarles & Brady LLP, Milwaukee, Wisconsin, and Crump Law Firm, LLC, Milwaukee, Wisconsin, Co-Bond Counsel to the County.

CUSIP NUMBERS

The County will assume no obligation for the assignment of CUSIP numbers on the 2016B Bonds or for the correctness of any numbers printed thereon. The County will permit such numbers to be assigned and printed at the expense of the successful bidder, but neither the failure to print such numbers on any 2016B Bonds nor any error with respect thereto will constitute cause for failure or refusal by the successful bidder to accept delivery of the 2016B Bonds.

CERTIFICATION REGARDING OFFICIAL STATEMENT

The County will deliver, at closing, a certificate, executed by appropriate officers of the County acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the County and the 2016B Bonds are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

In order to assist bidders in complying with SEC Rule 15c2-12, as amended, the County will covenant to undertake (pursuant to a certificate executed by an authorized officer of the County), to provide annual reports and timely notice of certain events for the benefit of holders of the 2016B Bonds. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the County, a form of which is included in the Preliminary Official Statement and in the final Official Statement.

TRANSCRIPT OF PROCEEDINGS

A transcript of the proceedings relative to the issuance of the 2016B Bonds will be furnished to the successful bidder without cost, including a closing certificate stating that there is no litigation pending or threatened affecting the validity of or the security for the 2016B Bonds.

IRREGULARITIES

The Comptroller reserves the right to reject any and all bids and to waive any and all irregularities.

OFFICIAL STATEMENT

A copy of the County's Preliminary Official Statement may be obtained by contacting Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214 (414/771-2700) or Pamela Bryant, Capital Finance Manager, Milwaukee County Comptroller's Office, 901 North Ninth Street, Milwaukee, Wisconsin 53233 (414/278-4396). The Preliminary Official Statement may be obtained from the following websites: www.i-dealprospectus.com or www.pfm.com. The Preliminary Official Statement is in a form deemed final as of its date for purposes of Securities and Exchange Rule 15c2-12(b)(1) (the "Rule"), but is subject to minor revision, amendment and completion in a final Official Statement in accordance with the Rule.

By awarding the 2016B Bonds to any underwriter or underwriting syndicate, the County agrees that within seven business days after the date of such award it shall provide the senior managing underwriter of the successful syndicate with copies of a final Official Statement. The senior managing underwriter of the successful syndicate will be supplied with final Official Statements in a quantity sufficient to meet its request. Up to 50 copies of the final Official Statement will be furnished without cost.

The County designates the senior managing underwriter of the syndicate to which the 2016B Bonds are awarded as its agent for purposes of distributing copies of the final Official Statement to each participating underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the 2016B Bonds agrees thereby that if its bid is accepted by the County (i) it shall accept such designation and (ii) it will enter into a contractual relationship with all participating underwriters of the County for purposes of assuring the receipt by each such participating underwriter of the final Official Statement.

/s/ Scott Manske

Milwaukee County Comptroller

DESCRIPTION OF THE OBLIGATIONS

2016A Bonds – Authorization and Purposes

The Milwaukee County Board of Supervisors (the “County Board”) adopted initial resolutions on February 4, 2016 (the “Initial Resolutions”), authorizing the issuance of general obligation bonds or notes in an amount not to exceed \$54,750,000 for public purposes. The County Board approved the Initial Resolutions by a vote of at least 3/4 of the members-elect of the County Board. The Initial Resolutions authorized not to exceed \$4,250,000 of bonds or notes to finance the construction, improvement and maintenance of highways and bridges; not to exceed \$2,080,000 of bonds or notes to provide a memorial for soldiers, sailors and marines by financing renovations and improvements at the War Memorial Center; and not to exceed \$48,420,000 of bonds or notes to finance the acquisition, construction, improvement, extension and equipping of general capital projects in the County. The 2016A Bonds are being issued in the following amounts for the following purposes: \$3,999,000 to finance the construction, improvement and maintenance of highways and bridges; \$886,000 to provide a memorial for soldiers, sailors and marines by financing renovations and improvements at the War Memorial Center; and \$20,620,000 to finance the acquisition, construction, improvement, extension and equipping of general capital projects in the County.

On March 17, 2016, the County Board adopted a resolution (the “2016A Parameters Resolution”) establishing the parameters for the sale of the 2016A Bonds and delegating to the Comptroller authorization to approve the sale of the 2016A Bonds, subject to the parameters established by the 2016A Parameters Resolution. On October 12, 2016 the Comptroller is expected to execute an approving certificate confirming that the conditions set forth in the 2016A Parameters Resolution are satisfied and approving the sale of the 2016A Bonds.

2016B Bonds – Authorization and Purpose

The 2016B Bonds are also being issued pursuant to the Initial Resolutions to finance buses for the County’s mass transit system and to pay the costs of issuing the 2016B Bonds.

On March 17, 2016, the County Board adopted a resolution (the “2016B Parameters Resolution”) authorizing the issuance of the 2016B Bonds, establishing the parameters for the sale of the 2016B Bonds, and delegating to the Comptroller authorization to approve the sale of the 2016B Bonds, subject to the parameters established by the 2016B Parameters Resolution. On October 12, 2016, the Comptroller is expected to execute an approving certificate confirming that the conditions set forth in the 2016B Parameters Resolution are satisfied and approving the sale of the 2016B Bonds.

*Sources and Uses**

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

<u>Estimated Sources:</u>	<u>2016A Bonds</u>	<u>2016B Bonds</u>	<u>Total</u>
Par Amount	\$ 25,505,000.00	\$ 7,120,000.00	\$ 32,625,000.00
Total Sources of Funds	<u>\$ 25,505,000.00</u>	<u>\$ 7,120,000.00</u>	<u>\$ 32,625,000.00</u>
<u>Estimated Uses:</u>			
Project Fund Deposit	\$ 25,038,065.00	\$ 7,048,800.00	\$ 32,086,865.00
Estimated Costs of Issuance	466,125.00	71,200.00	537,325.00
Deposit to Debt Service Fund	810.00	--	810.00
Total Uses of Funds	<u>\$ 25,505,000.00</u>	<u>\$ 7,120,000.00</u>	<u>\$ 32,625,000.00</u>

* Preliminary, subject to change.

Security Provisions

The Obligations are general obligations of the County for which the County pledges its full faith and credit and power to levy direct general ad valorem taxes, which taxes may, under current law, be levied without limit as to rate or amount. A direct annual irrevocable tax has been levied upon all taxable property in the County sufficient to pay the principal of and interest on the Obligations.

Qualified Energy Conservation Bonds – Direct Payment

The County has designated the 2016B Bonds as qualified energy conservation bonds pursuant to the provisions of Section 54D of the Internal Revenue Code of 1986, as amended (the “Code”), and the County has irrevocably elect to apply Subsection 6431(f)(3) of the Code to the 2016B Bonds such that the 2016B Bonds will constitute “specified tax credit bonds” within the meaning of Section 6431(f) of the Code. The County intends to claim available refundable credits from the United States Department of Treasury (the “Treasury”) with respect to each interest payment on the 2016B Bonds as provided under Section 6431 of the Code (“Direct Payments”). Under Sections 6431(f)(1)(C) and (2) of the Code, the amount of such Direct Payment with respect to any interest payment due on each of the 2016B Bonds shall equal 70% of the lesser of (i) the amount of interest payable on such 2016B Bond on such date, or (ii) the amount of interest which would have been payable under such 2016B Bond on such date if such interest were determined at the applicable credit rate, which is the rate published by the Secretary of the Treasury and determined under Section 54A(b)(3) of the Code as of the date the sale of the 2016B Bonds to the Underwriter is approved, being the first day on which there is a binding, written contract for the sale or exchange of the 2016B Bonds.

The County has (i) covenanted to take all actions necessary to claim the direct pay interest credit from the Treasury with respect to each interest payment on the 2016B Bonds; and (ii) has covenanted that all such credits shall be deposited either (a) in the general fund of the County, but only in replenishment of and to the extent that general fund monies have been appropriated and irrevocably deposited in the debt service fund account; or (b) into the debt service fund account for the 2016B Bonds and used for no other purpose than as provided in the 2016B Parameters Resolution for the 2016B Bonds. In order for the County to receive the credit, it must continue to comply with its covenants and with any applicable guidance issued by the IRS, including IRS Notice 2010-35.

Receipt of the credits described above is expected by the County, but cannot be assured. The failure to properly and timely file any forms or documentation required by the IRS could reduce the amount of credit paid to the County. In addition, the credits described above are payable under current law. There can be no assurance that future changes in the law would not reduce or eliminate such credits with respect to the 2016B Bonds. However, the full faith, credit and resources of the County which the County has pledged to repay the 2016B Bonds and the direct annual irrevocable tax the County has levied to repay the 2016B Bonds continue to secure the 2016B Bonds whether the anticipated credits are received or not.

The Budget Control Act of 2011 (the “BCA”) requires the Director of the United States Office of Management and Budget (“OMB”) to calculate cuts each year for the next ten years to federal programs necessary to reduce spending to levels specified in the BCA, which cuts are referred to as sequestration. The BCA has been amended to extend the reduction of subsidy payments through fiscal year 2025. The reductions to the subsidy payments in fiscal year 2016, as reported by OMB, are 6.8%, and will be 6.9% for fiscal year 2017. Such cuts may be avoided or mitigated if Congress takes action to postpone or change the provisions of BCA. The County cannot predict whether any such cuts to the subsidy amounts it expects to receive will occur in the future.

Holders of the 2016B Bonds will not be entitled to receive any tax credits with respect thereto.

Optional Redemption

2016A Bonds: The 2016A Bonds maturing on September 1, 2026 and thereafter are subject to prior redemption at the option of the County on September 1, 2025 and any date thereafter at a price of par plus accrued interest.

2016B Bonds: The 2016B Bonds are not subject to prior redemption, except as described in “DESCRIPTION OF THE OBLIGATIONS - *Extraordinary Optional Redemption*” and “DESCRIPTION OF THE OBLIGATIONS - *Extraordinary Mandatory Redemption*” herein.

Extraordinary Optional Redemption

2016B Bonds: The 2016B Bonds shall be subject to extraordinary optional redemption, as of whole or in part, and if in part by lot, at a price equal to the par amount redeemed, plus accrued interest, if any, to the date of redemption, in the event that an Extraordinary Event occurs. An “Extraordinary Event” means the occurrence of either of the following: (1) any provision of the Code is repealed, amended or modified in a manner which results in the elimination or reduction of an amount equal to or greater than 25% of the original anticipated cash subsidy payment from the Treasury to the County or (2) the Treasury fails to make a cash subsidy payment to which the County is entitled and such failure is not caused by any action or inaction by the County.

Extraordinary Mandatory Redemption

2016B Bonds: The 2016B Bonds shall be subject to extraordinary mandatory redemption, as a whole or in part, and if in part by lot, at a price equal to the par amount redeemed, plus accrued interest, if any, to the date of redemption, to the extent that 100% of the Available Project Proceeds (defined below) are not expended for qualified purposes by the end of the three-year expenditure period beginning on the date of issuance of the 2016B Bonds (or, if an extension of the period for expenditure has been granted by the Internal Revenue Service, then by the close of the extended period), from such unexpended Available Project Proceeds of the 2016B Bonds. “Available Project Proceeds” means the excess of the proceeds from the sale of the 2016B Bonds over issuance costs with respect to the issuance of the 2016B Bonds to the extent such costs do not exceed 2% of such proceeds, plus the proceeds from any investment of such excess, as further provided in the tax certificate executed by the Comptroller of the County in connection with the issuance of the 2016B Bonds. Such redemption shall occur within 90 days of the end of such three-year period or extended period; provided, however, that the County may rescind such extraordinary mandatory redemption and the notice thereof on any date prior to the date of such redemption by causing written notice that the County has cured the conditions that caused the 2016B Bonds to be subject to such redemption to be given to the owners of the 2016B Bonds called for redemption, given in the same manner in which notice of such redemption was originally given.

Notice of Redemption

At least thirty (30) days and not more than sixty (60) days prior to the date fixed for any such redemption, notice of such redemption shall be given to the Registered Owners of the Obligations or portions thereof being called for redemption by registered or certified mail, overnight express delivery, facsimile transmission, electronic transmission or in any other manner required by the Depository. So long as DTC is the Depository for Obligations, such notice shall be given only to DTC. The failure to send, mail or receive any notice of redemption shall not affect the validity or effectiveness of the proceedings for the redemption of any Obligation. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the prepayment price for the Obligations or the portions thereof which are to be so redeemed, plus accrued interest to the date fixed for redemption. If a portion of any Obligation shall be redeemed, a substitute bond having the same maturity date, bearing interest at the same rate, and in an aggregate principal amount equal to the unrepaid portion thereof, will be issued to the Registered Owner upon the surrender of the Obligation being redeemed, all as provided for in the Resolution.

Registration, Transfer and Exchange

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

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

BOOK-ENTRY-ONLY SYSTEM

The information contained in the following paragraphs of this subsection "Book-Entry-Only System" has been extracted from a document prepared by DTC entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC AND BOOK-ENTRY-ONLY ISSUANCE." The County makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, New York, New York, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Obligations, in the aggregate principal amount of the Obligations, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and amendments to the Bond documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent/Registrar; disbursement of such payments to Direct Participants will be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the County or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but neither the County nor the underwriters takes responsibility for the accuracy thereof.

RATINGS

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

Such ratings are not to be construed as a recommendation of the rating agencies to buy, sell or hold the Obligations, and the ratings assigned by the rating agencies should be evaluated independently. Except as may be required by the Continuing Disclosure Certificate described under the heading "CONTINUING DISCLOSURE" neither the County nor the underwriters undertake responsibility to bring to the attention of the owners of the Obligations any proposed change in or withdrawal of such rating.

UNDERWRITING

Bids for the Obligations are scheduled to be received at a competitive public sale on October 12, 2016.

_____ has agreed, subject to the conditions of closing set forth in the Official Terms of Offering for the 2016A Bonds, to purchase the 2016A Bonds at a purchase price of \$_____ (consisting of the par amount of the 2016A Bonds, plus a net original issue premium of \$_____, less an underwriter's discount of \$_____), plus accrued interest, if any.

_____ has agreed, subject to the conditions of closing set forth in the Official Terms of Offering for the 2016B Bonds, to purchase the 2016B Bonds at a purchase price of \$_____ (consisting of the par amount of the 2016B Bonds, plus a net original issue premium of \$_____, less an underwriter's discount of \$_____), plus accrued interest, if any.

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

CO-FINANCIAL ADVISORS

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

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

LITIGATION

As certified by certain authorized officials of the County, there is no litigation of any nature, either pending or, to the best of such officials' knowledge, threatened, which would affect the issuance and delivery of the Obligations or the levy and collection of taxes to pay the principal and interest thereon, and neither the corporate existence nor the boundaries of the County nor the title of its present or former officers to their respective offices is being contested.

There are lawsuits pending before the Federal District Court, the Seventh Circuit Court, the federal court of appeals and state courts of Wisconsin involving the County, as a body corporate, or naming officers of the County as defendants. Based upon past experience, the Milwaukee County Corporation Counsel does not believe that such litigation will be determined so as to result individually or in the aggregate in a final judgment against the County, which would materially affect the County's financial position; however, as with all litigation, it is difficult to predict exposure to liability until a case is prepared for trial.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Obligations are subject to the approving legal opinions of Quarles & Brady LLP, Milwaukee, Wisconsin, and Crump Law Firm, LLC, Milwaukee, Wisconsin, Co-Bond Counsel (the "Co-Bond Counsel"), who have been retained by, and act as Co-Bond Counsel to, the County. Crump Law Firm, LLC has not been retained or consulted on disclosure matters, and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement, except for guidance concerning "DESCRIPTION OF THE OBLIGATIONS", "TAX EXEMPTION – 2016A BONDS" and "TAX STATUS – 2016B BONDS" or other offering material relating to the Obligations, and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement.

Quarles & Brady LLP has been retained by the County to serve as Disclosure Counsel to the County with respect to the Obligations. Although, as Disclosure Counsel to the County, Quarles & Brady LLP has assisted the County with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Obligations and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Obligations for any investor.

TAX EXEMPTION – 2016A BONDS

Quarles & Brady LLP, Milwaukee, Wisconsin, and Crump Law Firm, LLC, Milwaukee, Wisconsin, Co-Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the 2016A Bonds under existing law substantially in the following form:

"The interest on the 2016A Bonds is excludable for federal income tax purposes from the gross income of the owners of the 2016A Bonds. The interest on the 2016A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the 2016A Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the 2016A Bonds in order for interest on the 2016A Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the 2016A Bonds to be included in gross income retroactively to the date of issuance of the 2016A Bonds. The County has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the County comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the 2016A Bonds."

The interest on the 2016A Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the 2016A Bonds should be aware that ownership of the 2016A Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the 2016A Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the 2016A Bonds. It cannot be predicted whether, or in what form any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the 2016A Bonds may be enacted. Prospective purchasers of the 2016A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

TAX STATUS – 2016B BONDS

Interest on the 2016B Bonds is included in gross income of the owners thereof for federal income tax purposes. The interest on the 2016B Bonds is not exempt from present Wisconsin income or franchise taxes.

CONTINUING DISCLOSURE

In order to assist the underwriters in complying with SEC Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, as authorized by the Parameters Resolution, the County will enter into Continuing Disclosure Certificates (the “Continuing Disclosure Certificates”) for the benefit of the owners of the Obligations to provide certain financial information and operating data relating to the County to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access system (“EMMA”), and to provide notices to EMMA of the occurrence of certain events enumerated in the Rule. The terms and conditions of the Continuing Disclosure Certificates, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificates to be executed and delivered by the County at the time the Obligations are delivered. The Continuing Disclosure Certificates will be in substantially the forms attached hereto as Appendix C.

During the past five years, the County has failed to file its annual financial information as required in accordance with the Rule. Specifically, under previously executed continuing disclosure certificates, the County was and is obligated to file annual reports containing financial information and operating data no later than 270 days after the end of each fiscal year, as well as notice of any inability or failure to file such annual reports by the required date. For the year ended December 31, 2011, not all of the required information was filed within the 270-day period and no notice of any such failure to file on time was sent to EMMA, as further described below:

One item of operating data (i.e., Five-Year Capital Improvement Program) was inadvertently omitted from the County’s operating data portion of its annual report filings for 2011. The County filed an operating data filing with the required five-year capital improvement program on January 4, 2013.

As such, the County was late in filing all or a portion of the County’s annual report on EMMA, no notices of failure to file on time were sent to EMMA, and all required information was subsequently filed.

Prior to 2008, certain general obligation (base CUSIP 602245) and airport revenue (base CUSIP 602248) issues of the County were issued contemporaneously with a municipal bond insurance policy for the benefit of the owners of such obligations. At the time of the issuance of the respective debt issues, the insurance company’s rating was higher than the underlying rating of the County’s credit. Subsequently, all of the companies that provided insurance policies on the County’s obligations received downgrades by the three major rating agencies to the point where none of the insurance companies had a rating higher than that of the County. This created a situation where the County’s underlying credit rating was the prevailing credit rating and not that of the insurer with respect to the insured obligations of the County. Because neither the rating agencies nor the bond insurers notified the County of the

respective insurer rating downgrades, the County did not file material events notices on EMMA at the time of the rating changes.

The County filed a notice for the insurer downgrades with the MSRB on September 30, 2014. The County filed this notice as a technical clarification and has not made a determination that the rating changes described above were material.

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

A failure by the County to comply with the Continuing Disclosure Certificates will not constitute an event of default on the Obligations or under the respective Bond Resolutions (although owners of the Obligations will have the right to obtain specific performance under the Continuing Disclosure Certificates). Nevertheless, such a failure must be reported in accordance with the Rule.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Obligations are outstanding, in a way that would allow the County to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the County to file for relief under Chapter 9. If, in the future, the County were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the County could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the County is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the County could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Obligations could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Obligations, and there could ultimately be no assurance that holders of the Obligations would be paid in full or in part on the Obligations. Further, under such circumstances, there could be no assurance that the Obligations would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Obligations could be viewed as having no priority (a) over claims of other creditors of the County; (b) to any particular assets of the County, or (c) to revenues otherwise designated for payment to holders of the Obligations.

Moreover, if the County were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Obligations would not occur.

CERTIFICATION

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

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COUNTY GOVERNMENT

General

The County is located in southeastern Wisconsin on the Lake Michigan shoreline. The County covers an area of approximately 242 square miles and consists of ten cities and nine villages. The City of Milwaukee, which is the County seat, contains approximately 63 percent of the County's population and 48 percent of its taxable property value. The County serves as the population, economic and financial center of the state.

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

Government and Administration

The County is governed by a County Executive and an 18-member County Board of Supervisors. The County Executive is elected on a nonpartisan basis to a four-year term. County Board supervisors are elected on a nonpartisan basis to two-year terms. Each supervisor is elected from a district with an average population of approximately 53,000. In addition, six constitutional and two statutory officers are elected on a partisan basis to serve four-year terms as shown below.

County Officials

(Year first sworn into office follows name)

County Executive:	Chris Abele (2011)
<i>County Clerk:</i>	<i>Joseph J. Czarnecki (2009)</i>
<i>Register of Deeds:</i>	<i>John La Fave (2003)</i>
<i>Treasurer:</i>	<i>David Cullen (2014)</i>
<i>Clerk of Circuit Court:</i>	<i>John Barrett (1999)</i>
<i>Sheriff:</i>	<i>David A. Clarke, Jr. (2002)</i>
<i>District Attorney:</i>	<i>John T. Chisholm (2007)</i>
<i>County Comptroller:</i>	<i>Scott Manske (2012)</i>

Board of Supervisors

<i>Theodore Lipscomb, Sr. - Chairman (2008)</i>	
<i>Peggy West - 1st Vice Chairperson (2004)</i>	
<i>Steve Taylor- 2nd Vice Chairperson (2012)</i>	
<i>Deanna Alexander (2012)</i>	<i>David Sartori (2016)</i>
<i>Eddie Cullen (2015)</i>	<i>James J. Schmitt (1998)</i>
<i>Marina Dimitrijevic (2004)</i>	<i>Dan Sebring (2016)</i>
<i>Jason Haas (2011)</i>	<i>Anthony Staskunas (2013)</i>
<i>Willie Johnson, Jr. (2000)</i>	<i>Sequana Taylor (2016)</i>
<i>Michael Mayo, Sr. (1994)</i>	<i>Sheldon Wasserman (2016)</i>
<i>Supreme Moore Omokunde (2015)</i>	<i>John F. Weishan, Jr. (2000)</i>
<i>Marcelia Nicholson (2016)</i>	

County Executive's Office

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

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

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

- Zoological Gardens
- Aging
- Veterans Service Office
- Medical Examiner
- Emergency Management
- Government Affairs
- Child Support Services
- UW Extension
- House of Corrections

Functions of the County Executive's office include: coordination and direction of administrative and management functions of the County government not otherwise vested by law in boards, commissions or other elected officers; appointment of department heads, except where statute provides otherwise, and members of boards and commissions, subject to confirmation by the County Board; preparation and submission of an annual County budget to the County Board; submission annually, and otherwise if necessary, of a message to the County Board setting forth the condition of the County and recommending changes and improvements in County programs and services; and review for approval or veto of all resolutions and ordinances enacted by the County Board.

Legislative

The County Board determines County policy and directs the activities of County government by the adoption of ordinances and resolutions, under authority vested in it by the Wisconsin Statutes. At its annual meeting in November of each year, the County Board adopts the next calendar year's budget. It meets on a monthly basis to transact official business, and its committees meet regularly during the monthly cycles to hold hearings, gather information and take testimony preparatory to making recommendations to the full County Board.

The Chairperson of the County Board is elected by the members of the County Board following their election every two years and is responsible for presiding at County Board meetings; ruling on procedural matters; representing the County Board at official functions; and making appointments to County Board committees, special subcommittees, boards and commissions.

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

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

Financial Management

Budgeting. The County has an executive budget process for the preparation of the annual operating and capital budgets. The Office of Performance, Strategy and Budget is located within the Department of Administrative Services provides the technical assistance required by the County Executive to review budget requests submitted by County departments and agencies. The Office of Performance, Strategy and Budget compiles these requests, along with principal and interest requirements, capital improvements, contingency requirements and the required tax levy. It reviews areas where changes may be considered and transmits its findings to the County Executive. The County Executive holds public hearings with respect to the requests, meets with departments and submits a recommended budget to the County Board on or before October 1st of each year. Subsequent to the receipt of the budget from the County Executive, the County Board's Committee on Finance and Audit reviews the County Executive's budget at public meetings. On the Monday following its regularly scheduled meeting on the first Thursday in November, the County Board acts on the amendments and recommendations submitted by the Committee on Finance and Audit, as well as amendments submitted by individual supervisors. The County Board adopts a final budget, subject to any vetoes by the County Executive, and levies taxes based upon equalized property values.

Accounting Policies and Budgetary Control. Section 59.60(3m) of the *Wisconsin Statutes* specifies that all County accounting and budgeting procedures shall comply with generally accepted accounting principles. A summary of the County's budgets for 2015 and 2016 is presented on page 55 of this Official Statement.

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

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended December 31, 2014. The Certificate of Achievement recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, with contents conforming to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for 36 consecutive years (December 31, 1979 through December 31, 2014).

Budgetary control is maintained by a formal appropriation and encumbrance/expenditure system. Encumbrances are made against appropriations upon the release of a purchase order to a vendor. Expenses are incurred upon the receipt of goods or services, and the matching to invoices and purchase orders. This expenditure matching will reduce open encumbrances, related to the purchase order being paid. The expenditures and remaining open encumbrances will reduce the available appropriation. If new encumbrances or expenses would reduce the net appropriation balance below the authorized limits, then purchases are halted until additional appropriation authority is granted. As authorized by State Statute, open encumbered purchase orders are carried forward at the end of the year by means of encumbrance reserves. These reserves are restored to departmental appropriation accounts in the following year, thus allowing departments to complete the purchase transaction, using prior year funded appropriations. Purchases for the new year would be encumbered against new budgeted appropriations. Expenditures are then recorded when the services or materials are received, which will release the encumbrance.

A summary of the operating results for the general fund and all proprietary funds for the years 2011-2015 is presented on pages 53 and 54 of this Official Statement. The County's 2015 financial statements are included as Appendix A. The County realized a surplus of \$25.5 million for the fiscal year ended on December 31, 2015. Of that amount \$20.5 million was transferred to the Debt Service Reserve (see "Debt Administration" herein). The County applied the remaining \$5.0 million surplus from 2015 to the subsequent budget year (2017), in accordance with State Statutes.

Future Fiscal Outlook. Each year, a workgroup made up of administrative and departmental staff, along with external experts, develops a consensus-based five-year forecasting model to better understand the structural deficit facing the County.

Results of this year's forecast indicate an ongoing structural deficit with similar elements to five-year forecasts issued in prior years. The main findings of the report include:

- **The projected structural deficit for the 2017 budget is approximately \$36.9 million.** Key assumptions contributing to the structural deficit in 2017 include a loss of transit passenger revenue, increases in pension and healthcare costs and elimination of budget abatements and reserve contributions. Offsetting these increases is a surplus in forecasted wages and transit expenditures, forecasted increases in property tax levy, and increased revenues from sales tax and employee pension contributions.
- **The 2017 structural deficit of \$36.9 million is reasonable based on the forecasted cost-to-continue and use of one-time revenues and expenditure abatements in 2016.** The County's prior year five-year forecast predicted that the County would have a structural deficit of \$12.5 million for the 2017 fiscal year if the 2016 structural deficit of \$26.2 million was solved with long-term solutions. The forecast further projected that if no long-term solutions were implemented, the 2017 structural forecast could reach \$38.7 million. Given the one-time revenues used in 2016, as well as other unforeseen changes, the 2017 structural deficit of \$36.9 million is reasonable.
- **On average, the annual structural deficit will consist of a cost-to-continue of \$14.1 million due to a greater increase in expenditures than what is generated in additional revenue.** Expenditures will grow on average 2.2 percent while revenues will grow on average 0.7 percent. **The County can also expect an increase in the structural deficit each year in which one-time revenues or expenditure abatements were used in the prior year.** In 2016, the County utilized such one-time revenues and expenditure abatements of approximately \$19.3 million, which increased the 2017 structural deficit by the same amount. While a structural deficit of \$36.9 million seems daunting for 2017, if the County were to resolve this structural deficit with long-term solutions, it could expect a 2018 structural deficit of roughly \$12.5 million, barring any unforeseen issues. Any use of one-time revenues or expenditure abatements in the 2017 budget will worsen the structural deficit.
- Other issues such as potential outsourcing of the BHD inpatient units, the State 2017-2019 biennial budget and deferred maintenance remain uncertain and may compromise the County's future fiscal outlook and should be monitored closely.

The County has taken actions to reduce its long-term structural deficit through wage and benefit modifications. The actions taken by the County have included the movement to a self-insured health plan, wage freezes, changes to healthcare plan design including implementation of a single PPO plan and increased deductibles and co-payments, changes in coordination with Medicare, reduced pension benefits, and enactment of an employee pension contribution. Changes in these areas have significantly reduced the future costs of these benefits in turn reducing the County's structural deficit.

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

The County has successfully implemented a new healthcare plan design that shares more costs with its employees and retirees due to Acts 10 and 32. In addition, the County has largely been able to implement all of these changes for its

public safety workers, with the exception of the contribution to health plan premiums, which is still considered a negotiable item for public safety unions. Major changes include a shift from multiple plan designs to a single PPO plan design. Employees and retirees are required to pay annual deductibles, copays and coinsurance. In addition, the County has implemented a Medicare carve-out coverage plan and an Employer Group Waiver Plan (“EGWP”) for prescription drug coverage for retirees, and after a successful appeal to the Wisconsin Court of Appeals as affirmed by the Supreme Court of Wisconsin, prospectively eliminated the Medicare Part B premium reimbursement for future retirees.

The County has also been able to reduce its pension liability, in part due to changes that resulted from Acts 10 and 32. Almost all employees are required to contribute one-half of the ARC to the Employees’ Retirement System (“ERS”). The member contribution requirement is determined annually by the County’s actuary and is collected through an employee payroll deduction. Although this issue remained a negotiable item for public safety unions, as of this date, those public safety unions have agreed in their contracts to contribute one-half of the ARC. Thus, all employees are now making this contribution. Other changes to the pension benefits include an increase in the normal retirement age from age 60 to age 64 for nonrepresented employees hired after January 1, 2010, a reduction in the pension multiplier from 2.0 percent to 1.6 percent for most employees and a modification to the backdrop pension benefit.

Multiple legal challenges were filed following adoption of Acts 10 and 32 by the State and following the County’s adoption of the changes in health and pension benefits referenced above. All such legal challenges have been resolved in favor of the State and the County by either Federal Appeals Courts or by the Wisconsin Supreme Court, with the exception of the following case that remains pending.

In 2011, the Milwaukee District Council 48 of AFSCME (“DC48”) filed suit in Milwaukee County Circuit Court related to the criteria for eligibility to retire. By pre-Act 10 collective bargaining agreement, DC48 members hired prior to January 1, 1994 are eligible for normal retirement when the sum of their age and years of creditable pension service equals or exceeds 75 (the “Rule of 75”). By pre-Act 10 ordinance, employees not represented by a union hired prior to January 1, 2006 are eligible to retire under the Rule of 75. DC48 claims that when the State legislature adopted Act 10, prohibiting bargaining over pension benefits, among other things, DC48 members became unrepresented for purposes of pension benefits and the Rule of 75. Thus, DC48 alleges that all DC48 members hired prior to January 1, 2006 who are still in active county employment are eligible to retire utilizing the Rule of 75. The suit was stayed for a lengthy period of time while litigation existed over the legality of Act 10. The parties then filed motions for summary judgment. On May 27, 2016, the court granted DC48’s motion for summary judgment and ruled against Milwaukee County on this issue. The court subsequently granted Milwaukee County’s motion for a stay of the ruling pending appeal. On July 28, 2016, the Milwaukee County Board of Supervisors adopted the Office of Corporation Counsel’s recommendation to appeal the matter to the Wisconsin Court of Appeals. The notice of appeal was filed on July 29, 2016 and the parties await briefing schedules. Ultimately, if the appellate court rules in favor of DC48, a substantially larger number of active DC48 employees will be eligible to retire earlier than otherwise, resulting in increased pension liabilities of \$6,837,863 per the actuary and consequently increased pension contribution costs to the County and to employees.

Auditing. Pursuant to Wisconsin Statutes and Milwaukee County General Ordinances, the Milwaukee County Comptroller, a publically elected official, is charged with performing all audit functions related to Milwaukee County government. These audit functions are carried-out through the Office of the Comptroller’s Audit Services Division. As required by State Statute, the Division conducts audits of accounting and administrative controls, compliance with applicable laws and regulations, and economy, efficiency, and effectiveness of operations and program results, in accordance with Generally Accepted Government Auditing Standards.

Additionally, the Audit Services Division has contracted with an independent certified public accounting firm to audit the County’s comprehensive annual financial report, containing its basic financial statements, as well as its schedule of federal and state awards, for the year ended December 31, 2015. These audits were conducted in accordance with auditing standards generally accepted in the United States; Government Auditing Standards issued by the Comptroller General of the United States; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and the provisions of the State of Wisconsin State Single Audit Guidelines.

The County's audited financial statements for the year ended December 31, 2015, including the report of the independent public accounting firm thereon, are presented in Appendix A.

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

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

The County Board has also adopted policies that aim to limit the amount of corporate purpose bonds issued by the County to finance capital projects. Under this policy, the County endeavors to limit corporate purpose bond issuance to an increase of no more than 3 percent over the preceding year's adopted bond amount. Although this bonding cap policy only applies to corporate purpose bonds that finance the Capital Improvements Program, the Comptroller's Office includes the bond issues that result in a County debt obligation.

In 2014, the County added a new policy for its Debt Service Reserve. The policy states that the County will seek to build and maintain a minimum balance of \$10 million in the Debt Service Reserve.

The County maintains a Debt Service Reserve, which is funded with cash and unused bond proceeds. Under the County's budget policies, permitted uses of the Debt Service Reserve include providing cash financing for one-time capital projects or for one-time operating items that result in improved County service and/or reduced ongoing County costs in future years, providing cash financing for refinancing of debt and responding to public emergencies, in addition to reducing taxpayer costs for debt service. The bond proceeds are used to finance other eligible capital improvement projects and to pay interest on bonds. As of August 2016, the balance in the Debt Service Reserve is \$34.8 million.

Investment Policy. The County may purchase investment securities as allowed by Section 66.0603(1m) of the *Wisconsin Statutes* and Milwaukee County ordinance at prevailing market rates. To the extent possible, the County attempts to match its investments with anticipated cash-flow requirements.

In July 2014, the County adopted Resolution 14-569. The adopted guidelines are intended to be broad enough to allow the Milwaukee County Treasurer to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

The primary objectives, in priority order, of investment activities will be:

1. Safety of principal in order to ensure the preservation of capital in the overall portfolio.
2. Sufficient liquidity to meet all operating requirements that may be reasonably anticipated.
3. Attainment of a market rate of return that takes into account the investment risk.
4. Support of local financial institutions to the maximum extent possible.

The following are the authorized investments consistent with Wisconsin State Statutes, Milwaukee County Ordinances, and the Government Finance Officers Association Policy Statement on Local Laws Concerning Investment Policies:

1. Time and other money market deposits of banks, trust companies, savings and loans, and credit unions.
2. U.S. Treasury obligations, government agency securities, and Government Sponsored Enterprise (GSE).
3. Municipal Securities including general obligation bonds, essential service bonds, rates AA or higher, or securities of any county, city, drainage, vocational, technical and adult education district, village, town, or school district of the State of Wisconsin.

4. State of Wisconsin Investment Board's Local Government Investment Pool.
5. Repurchase Agreements. Investment agreements pursuant to which a federal or state credit union, federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank, or national bank in the State of Wisconsin agrees to repay funds advanced to it by the issuer, plus interest.
6. Corporate securities. Issued by private corporations, these securities must be rate in the highest or second highest rating category by Standard and Poor's Corporation, Moody's Investors Service, some other Nationally Recognized Statistical Rating Organization (NRSRO), or senior to or on parity with a security of the same issuer which has such a rating.
7. Commercial paper, which may be tendered for purchase at the option of the holder within not more than 270 days of the date acquired as permitted by Wisconsin Statutes. These securities must be rate in the highest or second highest rating category by Standard and Poor's Corporation, Moody's Investors Service, some other Nationally Recognized Statistical Rating Organization (NRSRO), or senior to or on parity with a security of the same issuer which has such a rating.
8. Money Market funds. Open-ended Money Market funds restricted to investments permitted in Wisconsin Statutes, limited to a maximum average maturity of 60 days or less.

Services Provided by the County

Health and Human Services. This functional area consists of the Department of Health and Human Services Behavioral Health Division, the Department on Aging and the Department of Family Care. In combination, operating revenues support 86.6 percent of expenses in these departments. In April 2014, the passage of Wisconsin Act 203 removed oversight for all mental health programs and services from the County Board and put it under the jurisdiction of the Milwaukee County Mental Health Board ("MCMHB"). A detailed narrative of Act 203 is included in the next section. On September 1, 2016, MCFC (defined below) completed the process of transitioning its operations from a department (Department of Family Care) of Milwaukee County Government to a new private, not-for-profit organization formally organized as My Choice Family Care Inc. A detailed narrative of the transition is included in the Department of Family Care section.

The **Department of Health and Human Services** (the "DHHS") provides a wide range of life-sustaining, life-saving and life-enhancing services to children and adults through age 60. Programs serve specific populations such as delinquent youth; persons who are developmentally, physically or mentally ill; and the homeless. Many DHHS services are mandated by State Statute and/or provided through a contract between the state and the County. The DHHS consists of five service areas including the divisions of (i) Delinquency & Court Services, (ii) Disabilities Services, (iii) Housing, (iv) Director's Office and Management Services, and (v) Behavioral Health.

The Delinquency & Court Services Division ("DCSD") consists of Administration, Court and Custodial Intake Services, Community-based Alternative Programming, and the Juvenile Detention Center, which primarily houses juveniles pending a court hearing or those deemed out of compliance with supervision conditions. Administration provides administrative oversight, clerical support, grant coordination and quality assurance to all DCSD program areas. Community-based Alternative Programming administers a variety of services and programs intended to divert youth from court and/or juvenile corrections and provide for public safety. Juvenile justice programs and services are provided to alleged and adjudicated delinquent youth, which include pre-disposition secure and non-secure out-of-home placements and monitoring, court diversion supervision and services, post-dispositional placements and services and supervision and community-based programs.

The Disabilities Services Division ("DSD") provides services to adults with special needs between the ages of 18 and 59 and to children with disabilities and their families. Services support people with physical and intellectual disabilities. A wide variety of services are provided or purchased, including case management for children with disabilities, work and day services, and community support. Many of these services enable people to live in the community and avoid institutional placements. The DSD also provides services through the Disabilities Resource Center such as information and assistance, service access and prevention, disability benefits counseling and Family

Care entitlement benefits. In addition, the DSD provides a broad range of services to children with disabilities and their families. They include an early intervention program for infants, ages birth to three, Community Options Program (“COP”) and Children’s Long Term Support (“CLTS”) program. Finally, DSD operates the Interim Disability Assistance Program (“IDAP”) and the General Assistance burials program which were previously housed in the Economic Support Division prior to the state takeover.

The Housing Division leads several housing initiatives which support clients being served by other divisions within DHHS. The division focuses on prioritizing the use of County housing resources to address the needs of persons with mental illness or other special needs. In 2015, the division launched the Housing First Initiative to end chronic homelessness by expanding the number of rental assistance vouchers and case management services in order to house hundreds of individuals by 2018. Its core programming includes the following Housing and Urban Development (“HUD”) funded programs: Shelter Plus Care, which links housing subsidies with case management for persons with mental illness; Safe Haven, which provides transitional housing for formerly homeless persons with mental illness; Housing Choice Voucher, which assists clients with locating affordable housing and provides rent subsidies; HOME/Home Repair, which provides low-or no-interest loans to low-income persons for home repairs and improvements. The division also administers the Community Development Block Grant (“CDBG”) program which funds numerous housing and public service projects throughout Milwaukee County.

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

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

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

Milwaukee County was one of the original pilot counties for Family Care in 2000. The Managed Care Organization (“MCO”) was administered at that time by the Milwaukee County Department on Aging the program served eligible members age 60 and older. Per the terms of the contract with the State Department of Health Services (“DHS”), all MCOs must operate separately from the Aging and Disability Resource Centers. Since it is the responsibility of the Resource Centers to objectively inform persons in need of long-term care about the options available to them if choosing a managed care organization that can best address their needs, DHS considers the organizational separation of the two functions an essential element in the administration of the Family Care Benefit, resulting in the creation of the Department of Family Care.

The **Department of Family Care** (“DFC”) administered the Family Care benefit for both frail elders (age 60 and over) and persons with disabilities (ages 18-59) who are determined to be eligible by a resource center. The DFC has been responsible for creating a comprehensive plan of care for over 8,600 persons; contracting with a wide range of service providers; and monitoring the quality of services that members receive. The DFC delivers member-centered, community-based, outcome-focused, managed long-term care services and member-centered care planning for all Family Care members. In return for coordinating and managing these services, the DFC receives a capitated rate payment per member per month from the State. The DFC offered the Family Care benefit to eligible members in seven counties outside of Milwaukee (Racine, Kenosha, Waukesha, Washington, Walworth, Ozaukee, and Sheboygan). The DFC has operated under both a contract with the State of Wisconsin Department of Health Services and a permit issued by the State of Wisconsin Office of the Commissioner of Insurance and uses no county tax levy.

The 2015 – 17 Wisconsin State Budget made major changes to the Family Care program. Those changes included 1) adding primary and acute care services to the Family Care benefit through Integrated Health Agencies (“IHAs”) rather than Managed Care Organizations; and 2) requiring that all IHAs maintain licensure as a Health Maintenance Organization (“HMO”). Since no mechanism exists under state law for a unit of County government to obtain a HMO license, the DFC began operating as My Choice Family Care (“MCFC”) and entered into an agreement with the County to secede from the County and operate independently as an IHA. This would allow the My Choice Family Care program to apply for an HMO license and continue to serve its population in 2017 when the new rules take effect.

MCFC has incorporated as a not-for-profit organization. The corporation is organized as a nonstock corporation under Chapter 181 of the Wisconsin statutes. The corporation is organized and shall at all times be operated on a not-for-profit basis and exclusively for the charitable, scientific, literary, and educational purposes, as described in Section 501(c)(3) of the Internal Revenue Code of 1986 as amended (“IRC”), or the corresponding provision of any future United States Internal Revenue Law and the regulations. Without limiting the generality of the forgoing, the purposes of the corporation shall include any or all of the following: (i) providing family care benefits as successor to the My Choice Family Care program operated by the County; (ii) facilitating any successor program thereto; and (iii) conducting all lawful activities in connection with these purposes, provided however, such activities are in furtherance of the corporation’s status as an organization described in Section 501(c)(3) of the IRC

The County and MCFC have negotiated an Asset Transfer Agreements (Transfer Agreement). MCFC has agreed to pay to the County the following:

- Payment equal to the accumulated sick leave payout of current MCFC employees, as established by Milwaukee County Retirement Plan Services and the Comptroller;
- The ongoing County share of the healthcare premium for MCFC retirees, as established by Willis of Wisconsin Inc.;
- Payment equal to the actuarially determined unfunded pension obligation (legacy costs) for current and retired MCFC employees, as established by Buck Consulting; and
- Payment equal to the fair market value of any tangible personal property, including proprietary computer software or programs, trademarks, and any intellectual property transferred to the MCFC.

On September 1, 2016, MCFC completed the process of transitioning its operations from a department of Milwaukee County Government to a new private, not-for-profit organization. MCFC will be governed by an independent board comprised of community members, business leaders and medical professionals.

As an independent managed care organization, MCFC is eligible for licensure as an HMO, a requirement to operate a fully integrated model of care such as the State’s Family Care Partnership program or other similar programs.

The County and MCFC have finalized two remaining contracts. The first is a Contract for Employee Services to accommodate the remaining staff from the former Department of Family Care who chose to remain County employees. This contract has an initial term of September 1, 2016 through December 31, 2017 and thereafter is eligible for two mutually agreed upon one year renewals. The agreement establishes reimbursement of salaries, health care, pension and internal charges for payroll and human resources services for the remaining Milwaukee County employees.

The other contract is a lease agreement between the County and MCFC for the months of September 2016 through December 2016 to enable MCFC to remain in their current space at the County Courthouse. It is anticipated that MCFC will relocate at the end of December 2016 to an outside entity. The agreement establishes reimbursement for space rental and relevant technology internal charges.

2013 Wisconsin Act 203: On April 10, 2014, 2013 Wisconsin Act 203 (“Act 203”) relating to the County became effective. Act 203, among other things, removed all mental health jurisdiction from the County Board; and put it under the jurisdiction of the Milwaukee County Mental Health Board (“MCMHB”). The MCMHB is appointed by the Governor with suggestions coming from the County Executive and the County Board. There are also two ex officio members: (i) the Chairperson of the County Community Based Programs Board or designee, and (ii) Chairperson of the Milwaukee Mental Health Task Force or designee.

The MCMHB jurisdiction applies to the Behavioral Health Division (“BHD”) of the Department of Health and Human Services. BHD includes: Management and Support Services, Psychiatric Emergency Room Services, Inpatient Services (Adult & Children), and the Community Access to Recovery Services Division, which manages a network of community providers of mental health and Alcohol and Other Drug Treatment services. The total 2016 Budgeted tax levy for the BHD is \$58.8 million with 524 full time equivalent positions.

Beginning with the 2015 Budget, the Milwaukee County mental health budget is proposed by the MCMHB and recommended by the County Executive. The proposed levy must be between \$53 and \$65 million unless all three parties agree to an amount outside of this range.

The MCMHB does not have direct bonding authority. Capital projects could be paid from current operating revenues. The County Board could offer to make its authority available so that MCMHB projects could be bonded through the County.

The State performed an audit by December 1, 2014, that included recommendations for the State assuming oversight responsibility for emergency detention services and the psychiatric hospital of the Milwaukee County Mental Health Complex, developing a plan for closing the Milwaukee County Mental Health Complex, and developing a plan for State oversight of a regional facility for institutional, inpatient, crisis and behavioral health services, among other things.

The State Department of Health Services (“DHS”) contracted with Deloitte Consulting (“Deloitte”) to provide the assessment. On November 26, 2014, Deloitte provided an assessment that included twelve findings that summarize the current system of mental health service delivery in Milwaukee County. The assessment identifies several areas where differences in State law, the processes used in assessing individuals in need of mental health services, and the role of community programs create unique challenges for Milwaukee County in delivering mental health services.

The State DHS offered four recommendations to improve mental health service delivery system in the County:

1. Consider statutory changes to align the emergency detention process in the County with the process in other counties in the State.
2. Require community based crisis services prior to emergency detention.
3. Strengthen community based mental health services.
4. Implement reforms and policies that reduce inpatient utilization in the County, and over time, transition the County inpatient treatment model to deliver services in the most efficient and cost effective setting.

In March 2016, Deloitte presented a report to the State, the County Executive, and the County Board on alternate funding sources for mental health services and programs. Key findings from the report include:

1. Mitigate IMD exclusion impact by shifting business away from Medicaid Fee for Service towards Medicaid managed care.
2. Increase commercial insurance business.
3. Leverage broader coverage of behavioral health services within managed care contracts.
4. Negotiate rates with managed care organizations for better aligning payment with cost of care.
5. Maximize upper payment limit and disproportionate share hospital payments.

BHD continues to expand community services with plans to open a community hub on the northside of Milwaukee in late 2016 and on the southside in 2017. In early 2016, BHD released an RFP for inpatient care to explore the possibility of outsourcing part or all of the county-operated inpatient services.

Parks, Recreation and Culture. This functional area includes the Department of Parks, Recreation and Culture, the Milwaukee County Zoo, the Milwaukee Public Museum and other cultural institutions that receive County support. As a group, operating revenues support 51.5 percent of expenses relating to Parks, Recreation and Culture.

Milwaukee County Parks consist of 15,316 acres, encompassing 156 parks and parkways, and are used for both active and passive recreation. Sport and recreational opportunities are open to County residents and visitors alike.

Active recreational opportunities are offered throughout Milwaukee County. The Oak Leaf Trail, a paved multi-use trail 120 miles in length, encircles and loops through the County and connects all major parks and parkways of the Park System. Fifteen golf courses take a player from beginner- to professional-level challenges. An indoor ice arena, sports complex, indoor and outdoor aquatic facilities, and athletic fields and facilities—from baseball diamonds to volleyball courts—ensure plenty of opportunities for residents and visitors to become more active. In winter, frozen lagoons, snow-covered hills, and groomed trails provide recreational outlets. The refrigerated rink in Red Arrow Park provides winter activity no matter what the weather.

A mix of active and passive recreational opportunities is offered through the two community centers. From indoor basketball and boxing to homework help and movie nights, programming at the community centers focuses on the needs of the community.

More passive activities also draw people to the Parks. Roughly 9,100 acres of parkland are managed as natural areas. These areas provide not only solace in a hectic world, but ample opportunity for wildlife watching, birding, and educational opportunities. Additional public educational opportunities, for area schools as well as individuals, are offered through Boerner Botanical Gardens, the Mitchell Park Horticultural Conservatory, and Wehr Nature Center. Lake Michigan also provides passive recreational opportunities. Fishing and boating include access to the only public marina in the area, and in summer, Bradford Beach brings out the sunbathers.

Special events planners seeking beautiful venues look no further than the Milwaukee County Parks. Large green spaces, ample parking, and the concessions planning of the department, help event planners create successful events such as the Third of July Fireworks or the Komen Race for the Cure.

The Zoological Department operates the Milwaukee County Zoo (the “Zoo”), which is situated on 200 acres with approximately 465,124 square feet of facilities. Exhibits at the Zoo include the Family Farm, a working farm and dairy complex; the Peck Welcome Center; the Apes of Africa exhibit; the Primate Building; the Sea Lion and Polar Bear exhibit; the Aviary; the Australian Building; Macaque Island; the Education Facility; the Lake Evinrude Deck; the Aquarium/Reptile Building; the Animal Health Center; the Big Cat Country building; Flamingo Exhibit and Overlook; the Wolf Woods exhibit; the Humboldt Penguins exhibit; Pachyderms and Hippo building and exhibit; Small Mammals building; Giraffe building; and the Special Exhibits Building. Other Zoo facilities/attractions include two restaurants, coffee shop and food outlets, two gift shops and gift kiosks, a chairlift, a train ride, a carousel, zoomobile tours, zipline and rope courses, kids play areas and the Gathering Place. Zoo attendance in 2015 was 1,379,004 visitors.

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

MPM hosts international exhibitions annually, and had attendance of approximately 430,000 for the fiscal year ending August 2015. The MPM also operates an IMAX theater and the Daniel M. Soref Planetarium to provide additional educational programming. Through its distant learning program, the museum provides remote educational programs to students throughout the region, the County, and around the world.

Financial difficulties resulted in a financial restructuring of the MPM in 2005. At that time, the County guaranteed a \$6 million working capital loan on behalf MPM. In February 2008, the note and line of credit were fully paid off by contributions received by MPM, which effectively eliminated this guarantee. In May 2007, major MPM stakeholders consented to a comprehensive agreement that intended to restore the MPM to long-term financial viability. At that time, the County committed to fixing the level of operational funding to \$3.5 million per year for ten years (2008 –

2017) and funding a minimum of \$4 million over five years (2008 - 2012) for capital improvement projects at MPM. The County's capital improvement funding obligation was completed in 2012.

In January 2013, MPM briefed County policy makers in regard to potential cash flow issues resultant from the required pension payment due in September of 2013. The pension payment is specific to former County employees (who worked for the Museum when it was a department of the County) that accepted positions with MPM when the County entered into a lease and management agreement for Museum operations in March of 1992. Additionally, policy makers were briefed on discussions occurring between MPM and County staff to address short-term cash flow issues and the long-term sustainability of MPM. In June 2013, the County entered into a long-term agreement with MPM. The County agreed to contribute (contingent upon MPM securing an equal amount of donor commitments) \$3,000,000 to MPM for the defined benefit plans of former County employees. Additionally, the County extended its commitment to operational funding through the calendar year 2022. The extended commitment starts at the current level of \$3,500,000 in 2014 and incrementally decreases to \$3,000,000 in 2022. The County contribution is contingent upon MPM meeting or exceeding certain operational and financial goals. These goals include donor commitments, annual attendance, and fiscal performance goals.

The *Marcus Center for the Performing Arts* is a cultural center that hosts the Milwaukee Symphony Orchestra, Milwaukee Ballet Company, Florentine Opera, Milwaukee Youth Symphony, First Stage Milwaukee, and other special arts groups and entertainment events. The County's annual operating contribution to the Marcus Center for 2015 is \$1.09 million.

2015 Wisconsin Act 60. On August 13, 2015, 2015 Wisconsin Act 60 ("Act 60") was published. Act 60 relates to constructing a sports and entertainment arena and related facilities and making appropriations. Section 115(1) of Act 60 included the unencumbered transfer of the Marcus Center for the Performing Arts (the "Property") from the County to the Wisconsin Center District.

The transfer of the Property shall take effect upon the adoption of a resolution requesting the transfer by the board of directors of the Wisconsin Center District under section 229.41 of the *Wisconsin Statutes* and a written proclamation of the Milwaukee County Executive supporting the transfer, notwithstanding any policies issued, ordinances enacted, or resolutions adopted by the Board to the contrary. The transfer may take place without the approval of the Board.

The Wisconsin Center District's Board of Directors adopted a resolution on December 18, 2015 determining that the transfer of the Marcus Center is a significant transaction that will require the Wisconsin Center District to undertake due diligence activities typical of such transactions, noting that it is not practicable for the Wisconsin Center District to undertake such due diligence activities presently, and resolving that the Wisconsin Center District does not intend to proceed with evaluating the proposed transfer until the Arena is substantially completed. The resolution recites that the earliest the Wisconsin Center District foresees being in a position to act definitively on the proposed transfer is early 2020.

On April 8, 2016 the County and the Marcus Center entered into a Contribution Agreement whereby the County will provide operating support on a quarterly basis until 2025. Under said agreement the County also agreed to be responsible for several repairs through 2026. The budgeted amount for the repairs totals approximately \$9.8 million.

Transportation. The Department of Transportation and Public Works administers two County airports; the transit/paratransit system; transportation planning and engineering services; highway maintenance; and fleet management. Operating revenues account for 90.8 percent of the department's expenses.

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

GMIA is a modern air transportation center of 2,386 acres located six miles south of the City of Milwaukee's central business district. Nine airlines provide approximately 125 daily departures from GMIA. More than 35 cities are served non-stop, and connections are available to over 160 cities throughout the world. A total of 6,549,353 passengers used GMIA in 2015.

The first Federal Aviation Administration (the “FAA”) FAR Part 150 Noise (Abatement) Study for GMIA was approved in 1993 by the FAA. GMIA implemented many of 1993 FAR Part 150 Noise Study recommendations including a Residential Noise Mitigation Program, which benefited approximately 1,477 homes, one nursing home, and six schools. In March 2008, GMIA submitted a FAR Part 150 Noise Study Update to the FAA which the FAA approved in June 2009.

The noise study update included a request for FAA funding to reduce noise impacts to an additional 560 dwellings through continuation of the sound insulation element originally identified in the 1993 GMIA FAR Part 150 Noise (Abatement) Study. Sound insulation of all of the eligible dwellings was completed in 2015.

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

The Milwaukee County Transit System has an active bus fleet of 412 buses serving 58 routes. Bus fares are collected on approximately 33 million passenger trips annually (an amount that does not include passengers entering a bus using a transfer ticket). A bus replacement program has provided 203 new buses since 2012. Budgeted fare revenue and federal and state aid account for approximately 86 percent of operating costs. MCTS also has a paratransit program for persons with disabilities.

MCTS is operated by Milwaukee Transport Services, Inc., a quasi-governmental instrumentality of Milwaukee County that is responsible for the management and operation of the transit system.

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

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

Courts and Judiciary. The Courts and Judiciary function includes the Department of Combined Court Related Operations, Pretrial Services Division, and the Department of Child Support Services. State and other non-tax revenues support approximately 42.2 percent of the County’s cost of the Courts and Judiciary function.

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

The Family Court Commissioner Division conducts hearings for family matters of separation, divorce, domestic abuse and harassment cases; conducts paternity hearings and monitors the job search task for those individuals liable for child support; and provides mediation services and custody studies for the Family Courts as mandated by Section 767.405 of the *Wisconsin Statutes*.

The Register in Probate maintains all records and files of probate proceedings and assists the courts in adjudicating matters involving probate, trusts, guardianships of persons and estates, conservatorship, protective placements, involuntary commitments, temporary restraining orders and injunctions in individuals at risk cases.

The County-funded State Court Services consists of three sections: the Chief Judge and the Clerk of Circuit Court. The Clerk of Circuit Court includes the following divisions: Administration, Criminal, Civil, and Children’s. The Chief Judge is responsible for the oversight of administration of judicial activities in the 47 circuit courts within the First Judicial Administrative District. The Clerk of Circuit Court maintains the records, books and files of the Circuit

Courts, Civil, Family, Criminal and Children's Division; prepares the daily court calendar; and processes all cases. Eligible jurors are also summoned by the Clerk of Circuit Court.

The Pretrial Services Division, which is managed by the Chief Judge of the Milwaukee County Circuit Courts and the Judicial Review Coordinator, provides evidence-based programs designed to reduce pretrial failure to appear and re-arrest, enhance public safety, reduce overcrowding at the Criminal Justice Facility ("CJF") and House of Correction ("HOC") and enhance the processing and adjudication of criminal cases.

The Pretrial Services Division provides evidence-based programming for criminal justice involved individuals. This department includes funding for the Universal Screening program, which provides pretrial risk assessments for individuals who are booked into the CJF and subject to bail. The resulting information is used to aid judicial officers in determining bail and release conditions, and to determine an individual's preliminary eligibility for Early Intervention programming. In addition to Universal Screening, funding is included for Pretrial Supervision, Pretrial GPS Monitoring, Repeat Intoxicated Driver Intensive Supervision program, Central Liaison Unit ("CLU") Diversion monitoring, CLU Deferred Prosecution Agreement monitoring, Treatment Alternatives and Diversion Program, drug testing, Secure Continuous Remote Alcohol Monitoring, release preparation, and the Drug Treatment Court Coordinator.

The Department of Child Support Services implements and administers the Child Support Enforcement Act pursuant to Title IV-D of the Federal Social Security Act and Sections 49.22 and 59.53(5) of the *Wisconsin Statutes*, under contract with the Wisconsin Department of Children and Families. The department has four divisions: Case Management (Establishment and Enforcement), Financial, Legal and Operations. The department monitors approximately 125,000 cases annually for establishment and enforcement of child support obligation, maintains Milwaukee County family court orders on Kids Information Data System, the statewide support computer system and represents the State and taxpayer's interest in family court hearings in the County.

Public Safety. The Public Safety function includes the Office of the Sheriff, the House of Correction ("HOC"), the District Attorney, the Department of Emergency Management and the Medical Examiner. For 2015, budgeted operating revenues support approximately 15.3 percent of the costs of these departments.

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

The Administration Bureau performs management and support functions for the Sheriff, communications, training and public information. Included in these duties are leadership, personnel management, preparation of the annual budget, fiscal monitoring, and accounting functions. Also included in this bureau is the Internal Affairs Division, which investigates all incidents involving Sheriff's Office personnel.

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

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

The 2013 budget transferred the management of the HOC from the Office of the Sheriff to the Executive Branch of County government, under an appointed Superintendent. Effective, May 7, 2013 the Superintendent took control of the facility.

The functions of the HOC are defined in Chapters 302, 303, 304 and 973 of the Wisconsin Statutes. This institution: receives and maintains custody of all sentenced inmates in Milwaukee County committed by authorized courts for periods not exceeding one year per conviction and from other jurisdictions as authorized by County ordinance. The HOC provides programs of work release, community service, personal growth, education, work readiness and job training/certification and Alcohol & Other Drug Abuse (“AODA”) programs, as well as cognitive services and treatment; provides medical, dental and other necessary services in conjunction with the Detention branch of the Sheriff’s Department; and releases inmates upon expiration of sentence, upon orders of the courts or other recognized authorities. Section 302.315 of the Wisconsin Statutes permits, but does not require, this institution to receive and maintain custody of pretrial inmates at the request of the Milwaukee County Sheriff. The HOC also operates a program of home detention using electronic surveillance equipment and other systems of control. The HOC is also responsible for the management and administration of the Day Reporting Center (“DRC”) where sentenced inmates and those completing deferred prosecution agreements can obtain a GED, enhanced education skills, personal growth, job training and employment obtainment services as well as participate in AODA treatments/services.

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

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

The Office of Emergency Management (“OEM”) was created as part of the 2014 Adopted Budget. The OEM includes five program areas: Director’s Office, Emergency Management, 9-1-1/EMS Communications Center, Radio Services, and Emergency Medical Services (“EMS”). The first two program areas were transferred from the Office of the Sheriff, the entire public safety radio system from the county’s IT department, and lastly, emergency medical services from the Department of Health and Human Services (“DHHS”). The mission of the OEM is the protection of lives and property through exacting communications to decision-makers and through the total coordination of resources, on-location and on-time, not only during a crisis, but daily. The OEM utilizes the “whole community” approach, meaning, collaborative preparedness activities among public and private entities that is data-driven, thereby sustaining a local alliance of partners that offer unique contributions to assist civic society in bouncing back from the physical, social and economic challenges of our increasingly complex culture.

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

General Governmental Services. The General Governmental Services group includes the County Treasurer, the County Clerk, the Register of Deeds, and the Office of the Comptroller¹ and an Election Commission. As a group, budgeted operating revenues support 65.9 percent of the costs of these departments.

The County Treasurer traditionally produces revenues in excess of expenditures because interest on delinquent property taxes is included in this operating budget. The interest and penalties for 2015 was approximately \$3.0 million; the 2016 budget includes \$3.5 million of interest and penalties, which is an increase of \$0.5 million compared to the 2015 actual amount.

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

The County Clerk records the proceedings of the County Board of Supervisors, maintains all legislative files, staffs County Board meetings and committees, updates existing ordinances and publishes new ordinances online. The County Clerk issues marriage licenses and domestic partnership declarations, registers all lobbyists, and serves as the information clearing house for Milwaukee County. The County Clerk also serves as the Executive Director of the Milwaukee County Board of Election Commissioners.

In April 2014, 2013 Wisconsin Act 373 moved the duties of the appointed election commissioner for Milwaukee County under the Milwaukee County Clerk. Formerly a County Board of election commissioners appointed the executive director.

The Election Commission administers Federal, State, County, and Municipal elections in a manner that assures public confidence in the accuracy, efficiency and fairness of the election process and to enforce State Election and Campaign Finance laws.

Administration. The Administrative function includes the Department of Administrative Services, Human Resources, Corporation Counsel and boards and commissions such as the Personnel Review Board, Civil Service Commission and Ethics Board. As a group, operating revenues support 83.3 percent of expense for administrative functions.

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

The Department of Labor Relations was administratively transferred into the Department of Human Resources effective July 2013. The Department has general responsibility for the negotiation and administration of all collective bargaining agreements, and the implementation on behalf of the County of all procedures ordered by the Wisconsin Employment Relations Commission, the U.S. Department of Labor or the Wisconsin Department of Workforce Development. Labor Relations receives its policy direction for collective bargaining from the County Executive.

The County has 4,351 funded full-time equivalent employee positions budgeted in 2015. This count represents the number of actual positions funded in the Adopted Budget. Departments may also budget amounts for special premiums, salary adjustments, shift differentials, overtime or vacancy and turnover, which modify the overall funded count. By including the aforementioned salary dollars, the funded full-time equivalent is 4,565 employees. The number of individuals actually employed by the County fluctuates on a seasonal basis. When Wisconsin Act 10 was enacted in July 2011, certified non-public safety bargaining units were required to go through a re-certification process. Five (5) County Non-public safety bargaining units have been re-certified. Milwaukee District Council 48, AFSCME, AFL-CIO did not go through the re-certification process, and was de-certified on January 30, 2012. The total membership of AFSCME at the time of decertification was approximately 2,800. As of August 2016,

¹ A discussion of the functions of the Office of the Comptroller is included in the Financial Management Section of the Official Statement.

approximately 14 percent of all individuals employed by the County were organized and represented by labor organizations as described below.

Union	Approximate Number of Employees Represented	Contract Expiration Date
Milwaukee Deputy Sheriff's Association ²	269	12/31/2014
Federation of Nurses and Health Professionals, Local 5001, AFT, AFL-CIO	151	12/31/2016
Milwaukee Building and Construction Trades Council, AFL-CIO	78	12/31/2016
Association of Milwaukee County Attorneys	49	12/31/2016
Technicians, Engineers and Architects of Milwaukee County	35	12/31/2016
Milwaukee County Firefighters Association	18	12/31/2016
Total Represented Employees	600	

The Employees' Retirement System of the County of Milwaukee. The Employees' Retirement System of the County of Milwaukee (the "ERS") was established in 1938 and is a single-employer defined benefit pension plan. Employees who were enrolled in the ERS prior to 1971 receive contributions to their member accounts by the County, which is presently less than \$15,000 a year. For all other members, the ERS was substantially noncontributory until 2011. In that year, employees were required under Act 10 to begin contributing half of the actuarially determined ARC to the ERS. Public safety employees were specifically exempted from this requirement under Act 10, but similar employee pension contributions have been negotiated with public safety worker unions.

The Board of Trustees of ERS has the responsibility for the overall performance of the ERS. The Board is the fiduciary of the ERS and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients. Requests for ERS financial information should be sent to: Milwaukee County ERS, 901 N. 9th Street Room 210C, Milwaukee, WI 53233. Information regarding ERS can also be obtained at: <http://county.milwaukee.gov/Retirement>. Such information is prepared by the entity maintaining such website, and no such information is incorporated herein by this reference.

County Contribution

The ERS financing objective is to fully fund all current costs based on the normal contribution rate determined under the Aggregate Entry Age Normal Cost Method and to liquidate the unfunded accrued liability based on the amortization schedules as required by the retirement code. The outstanding balance of the unfunded actuarial accrued liability (UAAL) and any changes to the UAAL arising from plan changes, assumption changes, and actuarial gains/losses were amortized as a level percentage of payroll over a 20-year period.

The County's actuary determines the Actuarial Determined Contribution ("ADC") and the County makes contributions to the ERS based upon the ADC, with adjustments made at the discretion of the County Board of Supervisors and the County Executive. The ADC is based on the normal cost (the actuarial liability for benefits earned by active employees for the current year) plus interest plus a twenty year amortization of the unfunded liability. Because the County issued pension obligation notes in 2009, State Statute directs that the County must, at a minimum, contribute the normal cost. The County typically budgets contributions to the ERS to fully fund the ADC. In each actuarial valuation report, the actuary provides a "Projected" ADC for the upcoming budget year. The appropriation is generally set using this projection. In the subsequent actuarial valuation report, the actuary will provide the "Actual" contribution requirement. Differences between the ADC and the amount actually contributed have varied over the past five years. In 2014 and 2015, the County contributed less than the ADC for ERS by \$0.5 million and \$9.4 million respectively. The employer and employee contribution for 2014 and 2015 was \$29.1 million and \$48.4 million respectively.

² Negotiations are ongoing with the Milwaukee Deputy Sheriff's Association.

During 2015, the County adopted GASB 68 – Accounting and Financial Reporting for Pensions (“GASB 68”) and GASB 71- Pension Transition for Contributions Made Subsequent to the Measurement Date. GASB 68 requires calculation of a net pension liability for the pension plan in lieu of an UAAL. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results. As of December 31, 2015 the total pension liability of ERS is \$2.262 billion and the plan's fiduciary net position is \$1.716 billion, resulting in a net pension liability of \$546.699 million. The Plan Fiduciary Net Position as a percentage of the Total Pension Liability was 75.8%.

Eligibility for Normal Retirement

The typical retirement benefit is a monthly pension payment for the life of the participant beginning at normal retirement age. For Deputy Sheriffs' Union participants with less than 15 years of service, the normal retirement age is 57 or age 55 with 15 years of service. For all other participants the normal retirement age is either 60 or 64, depending on the ERS enrollment date, although some labor agreements require a minimum of five years of creditable service at age 60. Certain active participants are also eligible to retire under the Rule of 75. County ordinances and labor agreements require an employee to be a participant prior to a stated date in order to qualify for the Rule of 75.

The most recent actuarial valuation indicates that as of December 31, 2015 there were 12,997 participants of which 7,991 were receiving benefits.

Amount of Normal Retirement Benefit

The amount of an eligible retiree's annual pension is calculated by multiplying the years of eligible service times an annual multiplier times an annual salary that is typically based on an average of a certain number of final employment years as defined by ordinance and labor agreements. These multiplier percentages are determined by ordinance, collective bargaining agreement, and the ERS enrollment date. At this time the multiplier percentage can be 1.5%, 1.6%, 2.0%, or 2.5%.

Retired employees receive a simple cost of living adjustment of 2 percent of original benefit increase per year. There are also accidental or ordinary disability, deferred, early retirement and survivors' pensions. The maximum benefit payable to a participant, excluding any post-retirement increases, cannot exceed 80 percent of the participant's final average monthly salary.

History of Changes Since 2010 to Pension Benefits

Since 2010, a series of pension changes have occurred. Eligible participants receive benefits as determined by their hire date and by their respective labor agreements. The following bullet points identify the significant changes that impacted the ERS since 2010.

- In 2010, the normal retirement age for non-represented employees hired after January 1 was increased to age 64. This was also included in new labor contracts with three bargaining units: the Association of Milwaukee County Attorneys, District No. 10 International Association of Machinists and Aerospace Workers, and Technicians, Engineers and Architects of Milwaukee County. This change was applied to the remaining bargaining units in 2012, except the Deputy Sheriffs' Union and the Firefighters Union.
- In 2010, the multiplier was reduced from 2.0% to 1.6% for all non-represented employees. This multiplier was also included in new labor contracts with the following bargaining units: Association of Milwaukee County Attorneys, District No. 10 International Association of Machinists and Aerospace Workers, and the Technicians, Engineers and Architects of Milwaukee County. The multiplier change was applied to all bargaining units except the Deputy Sheriffs' Union and the Firefighters Union. In 2011, the pension multiplier reduction was applied to the largest union, DC48. The reduction in the multiplier was applied to the Milwaukee Building and Construction Trades Council AFL-CIO, and Federation of Nurses and Health Professionals, Local 5101, AFT, AFL-CIO (the "Nurses Union") bargaining units in 2012.
- For 2011, an employee contribution of 4% was included for all non-represented employees. As a result of a change in State Statute, the County implemented a pension contribution equal to half of the annual required contribution or 4.7% for non-public safety, and 6.59% for public safety. The 4.7% rate was applied to non-represented employees and the county's largest union, DC48, in August 2011. The remaining represented bargaining units, except the Firefighters Union, saw the contribution increase in January 2012. The Deputy Sheriffs' Union and Nurses Union implemented the change through negotiation.
- For 2013, 2014, 2015, and 2016, the pension contribution rates were 4.4, 5.1, 5.3, and 6.5 percent respectively for non-public safety employees.
- Effective with backdrop dates on or after April 1, 2013, the monthly drop benefit shall be based on the salary, service, and multipliers as of April 1, 2013, except for Elected Officials, Building and Trades, Machinists, Federated Nurses, and Firefighters.
- The asset method used by the actuary was changed from a five-year moving market average to a ten-year moving market, with the actuarial value set to market as of January 1, 2013.
- Beginning in 2014, non-active members can request a refund of their accumulated pension contributions within 180 days of receiving notice from the Retirement System.

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

Year	Number of Retirements
2015	274
2014	259
2013	278
2012	166
2011	557

As of July, 2016, the County has paid out a total of \$280.8 million in lump-sum payments for the backdrop to 2,331 individuals upon retirement.

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

The most recent valuation of the ERS dated December 31, 2015 indicates a 75.84 percent funded status. This funded ratio is based on a Plan Fiduciary Net Position of \$1,716,151,763 and a Total Pension Liability of \$2,262,851,177. The below table provides two years of ERS net pension liability calculations. The County's CAFR for fiscal year ended December 31, 2014, which can be found on the MSRB's EMMA website, provides additional historical schedules of funding progress for the ERS under previous GASB requirements.

ERS Net Position Liability
(Unaudited - in Thousands)

Actuarial Valuation Date	Fiscal Year Ending	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Fiduciary Net Position as a percentage of Total Liability
		(a)	(b)	(a+b)	(b/a)
12/31/2015	12/31/2015	\$ 2,262,851	(1,716,152)	\$ 546,699	75.84%
12/31/2014	12/31/2014	2,222,620	(1,822,580)	400,041	82.00%

Source: Employees' Retirement System of the County of Milwaukee, 2015 Annual Report of the Pension Board

The below table provides five years of ERS employer contributions progress. The ADC for ERS for the fiscal year ended December 31, 2015 was \$57,853,824, and the County contributed \$48,405,459. The methods and assumptions used to calculate the Actuarially Determined Contributions are in the respective January 1 actuarial valuation reports. Prior to fiscal year ending December 31, 2014 the ADC shown is calculated based upon GASB No 25.

ERS Schedule of Employer Contributions
(Unaudited - in Thousands)

Actuarial Valuation Date	Fiscal Year Ending	(ADC) Actuarial Determined Contribution	Contributions Related to ADC	Contribution (deficiency) / excess	Covered Employee Payroll	Contributions as a percentage of Covered Payroll
		(a)	(b)	(b-a)	(c)	(b/c)
1/1/2015	12/31/2015	\$ 57,854	\$ 48,405	(9,448)	\$ 191,433	25.29%
1/1/2014	12/31/2014	29,565	29,057	(508)	188,605	15.41%
1/1/2013	12/31/2013	32,137	30,953	(1,184)	189,132	16.37%
1/1/2012	12/31/2012	28,406	27,408	(999)	190,748	14.37%
1/1/2011	12/31/2011	29,621	31,494	1,873	221,647	14.21%

Source: Employees' Retirement System of the County of Milwaukee, 2015 Annual Report of the Pension Board

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net pension liability of the ERS. For more detailed information regarding the ERS and such actuarial assumptions, see Note 15 in the County's audited financial statements, attached as Appendix A hereto.

OBRA 1990 Retirement System. The County has also established the OBRA 1990 Retirement System of the County of Milwaukee (“OBRA”) to cover seasonal and certain temporary employees not enrolled in ERS. As of December 31, 2015, there were 5,507 participants with vested benefits in OBRA of which 48 are receiving benefits.

The most recent valuation of the ERS dated December 31, 2015 indicates a 32.53 percent funded status. This funded ratio is based on a Plan Fiduciary Net Position of \$1,310,545 and a Total Pension Liability of \$4,028,407. The below table provides two years of OBRA net pension liability calculations. The County’s CAFR for fiscal year ended December 31, 2014, which can be found on the MSRB’s EMMA website, provides additional historical schedules of funding progress for OBRA under previous GASB requirements.

OBRA Net Position Liability
(Unaudited - in Thousands)

Actuarial Valuation Date	Fiscal Year Ending	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Fiduciary Net Position as a percentage of Total Liability
		(a)	(b)	(a+b)	(b/a)
12/31/2015	12/31/2015	\$ 4,028	(1,311)	\$ 2,718	32.53%
12/31/2014	12/31/2014	3,721	(1,560)	2,161	41.93%

Source: Employees' Retirement System of the County of Milwaukee, 2015 Annual Report of the Pension Board

The below table provides five years of OBRA employer contributions progress. The ADC for OBRA for the fiscal year ended December 31, 2015 was \$770,384, and the County contributed \$440,000. The methods and assumptions used to calculate the Actuarially Determined Contributions are in the respective January 1 actuarial valuation reports. Prior to fiscal year ending December 31, 2014 the ADC shown is calculated based upon GASB No 25.

OBRA Schedule of Employer Contributions
(Unaudited - in Thousands)

Actuarial Valuation Date	Fiscal Year Ending	(ADC) Actuarial Determined Contribution	Contributions Related to ADC	Contribution (deficiency) / excess	Covered Employee Payroll	Contributions as a percentage of Covered Payroll
		(a)	(b)	(b-a)	(c)	(b/c)
1/1/2015	12/31/2015	\$ 770	\$ 440	(330)	\$ 3,925	11.21%
1/1/2014	12/31/2014	374	440	67	3,478	12.65%
1/1/2013	12/31/2013	389	360	(29)	7,736	4.65%
1/1/2012	12/31/2012	446	880	434	8,939	9.84%
1/1/2011	12/31/2011	807	2,022	1,215	8,936	22.63%

Source: Employees' Retirement System of the County of Milwaukee, 2015 Annual Report of the Pension Board

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net pension liability of the OBRA. For more detailed information regarding the OBRA and such actuarial assumptions, see Note 15 in the County’s audited financial statements, attached as Appendix A hereto.

Milwaukee County Other Post Employment Benefits – Excluding Milwaukee County Transit System

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

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

An actuarial valuation report was prepared as of January 1, 2014 for the County. The County's total actuarial accrued liability for OPEB for all funds, excluding the MCTS, was estimated at \$973 million, based on a 5 percent discount rate.

The ARC for the County as of January 1, 2014 was \$70.6 million. Normal cost is \$0.8 million and amortization of the unfunded liability was \$69.8 million. The amortization of the unfunded liability assumes a 30-year amortization using a level dollar amount. The net ARC cost for 2014 and 2015 was \$15.6 million and \$16.2 million, respectively, which excluded the retiree health costs that are separately budgeted by the County. The County has no plans to establish a post-retirement trust for health care or make contributions to a trust, but only plans to accrue the costs associated with proprietary fund departments. The net OPEB Obligation as of December 31, 2014 and 2015 was \$325.6 million and \$341.9 million, respectively. As of January 1, 2014, the UAAL for benefits for the County's OPEB was \$973.014 million.

While the County has made progress in recent years by reducing costs in the area of employee and retiree health care and the rollback of the 2001 pension enhancements, employee compensation and fringe benefits continues to be a cost pressure in 2016 and beyond. Resolving the County's projected structural imbalance will require it to review its current expenditure commitments, revenue streams and the cost pressures outlined above. The County will then need to decide whether it will reduce expenditure commitments to accommodate the projected costs of health benefits, pension contributions and OPEB or seek and establish new revenue sources. This will require the County to reevaluate its core functions, and the funding assumptions used to support them.

For more information, see Note 14 in the County's audited financial statements, attached as Appendix A hereto.

Milwaukee County Transit System

The Milwaukee County Transit System (“MCTS”) is separately managed by Milwaukee Transport Services, Inc. (“MTS”), with separate union agreements for its employees. MTS has established a post-retirement health and life insurance plan for all of its employees. Health insurance benefits are available only to employees hired before July 16, 2007, based on the number of years of service. MTS negotiated its current labor contract with its employees effective April 1, 2015 and expires March 31, 2018.

An actuarial valuation report was prepared as of January 1, 2014, which included expense and ARC development for the years beginning January 1, 2013 and January 1, 2014. The MTS actuarial accrued liability for the OPEB plan at December 31, 2013 is estimated at \$214.3 million, based on a 7.25 percent discount rate.

The ARC for MTS as of December 31, 2015, as estimated by the actuary, was \$11.9 million. The ARC includes normal cost of \$3.0 million and amortization of the unfunded actuarial accrued liability of \$11.9 million. The amortization of the unfunded liability assumes a 30-year amortization using a level percentage of payroll. MTS has established a trust for the OPEB obligation, which had an actuarial value of assets as of January 1, 2014 of \$72.6 million.

For more information, see Note 14 in the County’s audited financial statements, attached as Appendix A hereto.

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COMMUNITY CHARACTERISTICS

Population, Income, and Employment Trends

The January 1, 2016 preliminary population estimate for the County by the State of Wisconsin Department of Administration is 948,929. The five most recent United States Department of Commerce, Bureau of the Census decennial estimates for the County are presented in table below.

Population Statistics

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

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

Per Capita Personal Income

<u>Year</u>	<u>Milwaukee County</u>	<u>State of Wisconsin</u>	<u>United States</u>
2015 ³	Not Available	\$ 45,617	\$ 47,669
2014	\$ 41,507	44,186	46,049
2013	40,219	42,737	44,438
2012	40,644	42,463	44,266
2011	39,404	40,837	42,453

The Wisconsin Department of Workforce Development provides estimates of the unemployment rate for the County and the State of Wisconsin. The below table provides the average annual unemployment rate for the last five years.

Unemployment Rate

<u>Year</u>	<u>Milwaukee County</u>	<u>State of Wisconsin</u>	<u>United States</u>
2015	5.8%	4.6%	5.3%
2014	6.9%	5.4%	6.2%
2013	8.4%	6.7%	7.4%
2012	8.6%	7.0%	8.1%
2011	9.3%	7.8%	8.9%

³ Preliminary

Location and Transportation System

The County's location on Lake Michigan, near the nation's geographic center and in close proximity to the Chicago metropolitan area, provides many logistical advantages. The County has a well-developed arterial street and highway system, including four interstate highways, three major U.S. highways and 15 state highways.

Freight service is provided to other metropolitan areas by numerous trucking establishments and two major railroads, the Union Pacific and Canadian Pacific. Passenger rail service is available from Amtrak, and national and inter-city bus lines also serve the County. Milwaukee is also a major Great Lakes port. Approximately 1,400,000 tons of salt, 500,000 tons of cement and cement products, 600,000 tons of coal, and 50,000 tons of specialty products come through the port on an annual basis. The port also serves as the third largest exporter of grain in the Great Lakes.

Passenger air service is available through GMIA. More than 35 cities are served non-stop or direct, and connections are available to cities throughout the world. A total of 6,549,353 passengers used GMIA in 2015. For more information on GMIA, see "COUNTY GOVERNMENT – Services Provided by the County" herein.

Education

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

Business Outlook Survey

According to the Milwaukee Metropolitan Association of Commerce Business Outlook Survey, Third Quarter, 2016, 68% of area businesses surveyed expected sales increases in 2016, 60% forecast profit gains, and 55% expect job growth in the calendar year.

Survey results suggest that local employment gains are likely to continue. 60% of all businesses surveyed predict third-quarter, 2016 job gains for their local operations (vs. 2015's third quarter). Companies are five times more likely to forecast employment gains for 2016's third quarter than declines (12%). 29% of companies expect to see no change.

The survey contains responses from 113 Milwaukee area firms, employing more than 43,250 people.

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Larger Area Private-Sector Employers

Company	Business Description	Approximate Employment
Aurora Health Care Inc.	Health Care System	25,696
Ascension Wisconsin	Health Care System	15,000
Froedert & Community Health	Health Care System	10,059
GE Healthcare	Health Care Technologies	6,000
Children's Hospital	Health Care System	5,571
The Medical College of Wisconsin	Private Medical School	5,290
Northwestern Mutual	Insurance, Investment Products	5,000
Goodwill Industries	Training Programs, Retail, & Food Service	3,970
US Bank NA	Banking Services	3,600
The Marcus Corp	Theaters and Hotel Properties	3,448
Johnson Controls Inc.	Control Systems, Batteries & Auto Interiors	3,200
BMO Harris Bank	Bank Holding Company	3,027
Rockwell Automation Inc.	Industrial Automation Products	3,000
(FIS) Fidelity National Info. Services	Banking and Payments Technology	2,950
Harley-Davidson Inc.	Motorcycles & Accessories	2,800
Potawatomi Bingo Casino	Casino	2,789
Marquette University	University	2,765
Wisconsin Energy Corp	Electric & Natural Gas Utility	2,598
Bon-Ton Department Stores	Department Stores	2,100
Rexnord Corp.	Power Transmission Equipment	1,800
Sendik's Food Markets	Retail Supermarkets	1,750
Briggs & Stratton Corp.	Small Gasoline Engines	1,600
Robert W Baird	Asset Management and Capital Markets	1,488
MillerCoors LLC	Beer Brewery	1,400
JPMorgan Chase & Co.	Global Financial Services	1,252
Wells Fargo	Banking & Financial Services	1,250
Direct Supply	Shipping & eCommerce	1,200
Patrick Cudahy Inc.	Manufacturer of Processed Meats	1,190
Cargill Meat Solutions	Food Distribution	1,015
Associated Bank	Banking Services	900
Brady Corp.	Manufacturer of Identification Materials	890
Joy Global Inc.	Manufactures & Distributes Mining Equip	859

Source: Milwaukee Business Journal, as of July 22, 2016.

Major Industrial Taxpayers in the County

Name of Company	Type of Business or Services	2015 Full Market Value	% of County's 2015 Full Market Value
General Electric	Manufacturer, medical equipment	\$ 79,900,500	0.14%
Harley-Davidson	Manufacturer, motorcycles	66,709,300	0.11%
MillerCoors	Manufacturer, beer and aluminum cans	58,303,100	0.10%
Caterpillar	Manufacturer, mining equipment	50,438,600	0.09%
Quad/Graphics Inc.	Printing	41,585,400	0.07%
Sigma Aldrich Corp.	Manufacturer, specialty chemicals	36,809,000	0.06%
Rockwell Automation	Manufacturer, electrical/electronic products	35,980,700	0.06%
Journal Communications	Publishing, printing and broadcasting	29,313,100	0.05%
Briggs & Stratton Corp.	Manufacturer, small engines	26,885,600	0.05%
Bapista's Bakery Inc.	Manufacturer/marketer, consumer foods	23,178,900	0.04%
Rexnord Industries	Manufacturer, power transmissions	22,937,400	0.04%
Joy Global	Manufacturer, mining equipment	17,180,800	0.03%
Palermos Properties LLC	Distributor, frozen pizza	17,117,200	0.03%
P.P.G. Industries Inc.	Manufacturer, coatings and resins	16,179,000	0.03%
Brady Worldwide Inc.	Manufacturer, safety and identification	15,037,800	0.03%
Bostik Inc.	Manufacturer, adhesives and sealants	13,517,000	0.02%
All Glass Aquarium	Manufacturer, aquariums	12,579,800	0.02%
Hondo Incorporated	Manufacturer, beverage containers	12,244,000	0.02%
Patrick Cudahy	Manufacturer, processes meats	11,748,300	0.02%
Charter Wire	Manufacturer	10,236,900	0.02%
ATI Ladish	Metalworking/Forging	10,058,600	0.02%
Badger Meter, Inc.	Manufacturer, using flow measurement	9,938,100	0.02%
Dentice, Joseph & Ellen	Real estate development	9,646,200	0.02%
Strattec Security Corp	Manufacturer, automotive locks and keys	9,520,800	0.02%
Alliance Development	Real estate development	9,420,000	0.02%
		\$ 646,466,100	1.10%
Total 2015 Milwaukee County Equalized Value (TID Included)		\$ 58,553,179,100	

Source: Wisconsin Department of Revenue

Major Non-Industrial Taxpayers in the County

Name of Company	Type of Business	2015 Full Market Value	% of County's 2015 Full Market Value
Mayfair Mall LLC	Shopping Mall	\$ 436,554,142	0.75%
Bayshore Town Center LLC	Real Estate	327,259,524	0.56%
Northwestern Mutual Life Insurance Co.	Insurance	302,520,572	0.52%
US Bank Corp	Banking	280,866,252	0.48%
Mandel Group	Real Estate	175,466,110	0.30%
Wal-Mart/Sam's Club	Retailer	157,076,414	0.27%
Bre Southridge Mall LLC	Real Estate	152,294,913	0.26%
Forest County Potawatomi Community	Hotel, Parking Structure	128,640,384	0.22%
Metropolitan Associates	Real Estate	127,656,453	0.22%
Marcus Corp/Milw City Center/Pfister	Hotels, Theaters	120,131,694	0.21%
Aurora Health	Health Care	102,690,396	0.18%
Brewery Works/Riverbend Place	Real Estate	93,511,446	0.16%
Jackson Street Holdings	Hotels	83,522,476	0.14%
100 E Wisconsin Ave Joint Venture	Real Estate	79,959,925	0.14%
Gormon & Co.	Real Estate	79,464,113	0.14%
411 East Wisconsin LLC	Real Estate	77,120,895	0.13%
Towne Realty	Real Estate	64,655,265	0.11%
BMO Harris Bank N.A.	Banking	63,323,966	0.11%
Burleigh Mayfair LLC	Shopping Mall	61,469,128	0.10%
Park Lafayette Apts	Real Estate	58,319,564	0.10%
Flanders Westborough	Real Estate	58,223,437	0.10%
Columbia St. Mary's	Health Care	58,039,647	0.10%
875 East Wisconsin - Vanguard Advisors	Real Estate	56,727,387	0.10%
Johnson Controls	Corp Office & Hdqtrs	52,208,731	0.09%
Hub Milwaukee Center	Real Estate	51,281,851	0.09%
		<u>\$ 3,248,984,685</u>	<u>5.55%</u>
Total 2015 Milwaukee County Equalized Value (TID Included)		<u>\$ 58,553,179,100</u>	

Source: Wisconsin Department of Revenue

Major Construction Projects Planned and in Process in the County

Construction Projects Located in the City of Milwaukee

Project Name	Municipality	Project Type	Estimated Project Costs
Northwestern Mutual	City of Milwaukee	Commercial	\$ 450,000,000
Wisconsin Entertainment and Sports Center	City of Milwaukee	Commercial	300,000,000
Northwestern Mutual	City of Milwaukee	Mixed Commercial	100,000,000
St. Augustine Preparatory Academy	City of Milwaukee	Education Facility	50,000,000
234 S. Water Apartment Complex	City of Milwaukee	Multi-Unit Residential	45,000,000
North End Phase IV	City of Milwaukee	Multi-Unit Residential	43,000,000
Stitchweld Apartment Homes	City of Milwaukee	Multi-Unit Residential	35,000,000
River House Apartments	City of Milwaukee	Multi-Unit Residential	35,000,000
Wgema Campus Redevelopment	City of Milwaukee	Mixed Use	30,000,000
Westin Downtown Milwaukee	City of Milwaukee	Hotel	30,000,000
Domus Apartments	City of Milwaukee	Multi-Unit Residential	29,000,000
The Hills Luxury Commons	City of Milwaukee	Multi-Unit Residential	26,000,000
Wangard Office Development	City of Milwaukee	Commercial	15,500,000
Block 7 Parking Structure	City of Milwaukee	Mixed Commercial	15,000,000
Marquette High School	City of Milwaukee	Secondary Education	14,200,000
Freshwater Plaza	City of Milwaukee	Mixed Commercial	14,000,000
The Germania Building	City of Milwaukee	Multi-Unit Residential	12,000,000
Zurn Industries Global Headquarters	City of Milwaukee	Commercial	11,200,000
Homewood Suites - Button Block	City of Milwaukee	Hotel	11,000,000
		TOTAL	\$ 1,265,900,000

Construction Projects Located in Other Municipalities

Project Name	Municipality	Project Type	Estimated Project Costs
Froedtert & the Med. College of WI	City of Wauwatosa	Medical	\$ 100,000,000
The Medical College of Wisconsin	City of Wauwatosa	Medical	80,000,000
St. Camilla CBRF and Jesuit Residence	City of Wauwatosa	Multi-Unit Residential	46,500,000
Drexel Town Square Health Center	City of Oak Creek	Medical	38,000,000
Oak Creek 9th Grade Center	City of Oak Creek	Secondary Education	34,630,000
State Street Station	City of Wauwatosa	Multi-Unit Residential	29,500,000
Forest Ridge Elementary School	City of Oak Creek	Primary Elementary	17,260,000
Forge and Flare Apartments	City of Oak Creek	Multi-Unit Residential	16,300,000
Aurora Medical Center Parking Expansion	City of West Allis	Medical	15,500,000
Reserve at Mayfair	City of Wauwatosa	Multi-Unit Residential	14,000,000
		TOTAL	\$ 391,690,000
		GRAND TOTAL	\$ 1,657,590,000

Source: Milwaukee Business Journal, as of July 22, 2016.

DEBT STRUCTURE

Payment Record

The County has no record of default in the payment of the principal or interest on its debt obligations, nor has the County issued any refunding securities for the purpose of preventing default in principal or interest on its debt obligations.

General Obligation Debt by Issue

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

General Obligation Debt by Issue						
Note	Date of Issue	Name of Obligation	Amount Issued	Final Maturity	Interest Rates Outstanding	Principal Outstanding
1	07/01/2003	Ref. Bonds, Series 2003A	\$ 100,025,000	08/01/2017	3.900%	\$ 6,655,000
	06/01/2007	Bonds, Series 2007A *	32,625,000	12/01/2022	4.000% - 4.250%	2,835,000
	06/01/2008	Bonds, Series 2008A	30,860,000	12/01/2023	3.750% - 4.250%	21,600,000
	04/02/2009	Taxable Pension Notes, Series 2009A	265,000,000	12/01/2028	5.080% - 6.840%	129,499,246
	08/01/2009	Taxable Bonds, Series 2009C (BABs)	24,775,000	10/01/2024	4.200% - 5.400%	24,775,000
2	08/01/2009	Notes, Series 2009D	17,250,000	10/01/2016	2.625%	--
	11/15/2009	Taxable Bonds, Series 2009E (BABs)	30,365,000	08/01/2024	4.000% - 5.250%	25,715,000
	11/15/2009	Notes, Series 2009F	15,610,000	08/01/2019	3.000% - 3.500%	3,485,000
	05/01/2010	Taxable Bonds, Series 2010A (BABs)	22,725,000	10/01/2025	3.750% - 5.100%	19,175,000
	05/01/2010	Notes, Series 2010B	12,325,000	10/01/2018	2.750% - 3.000%	3,380,000
	12/21/2010	Taxable Bonds, Series 2010C (BABs)	38,165,000	10/01/2026	3.700% - 5.500%	32,240,000
	12/21/2010	Notes, Series 2010D	9,770,000	10/01/2020	2.500% - 4.000%	4,815,000
3	03/15/2011	Ref. Bonds, Series 2011A	35,095,000	10/01/2018	5.000%	5,545,000
4	12/20/2012	Ref. Bonds, Series 2012	23,105,000	12/01/2020	4.000%	17,795,000
5	02/12/2013	Taxable Pension Notes, Series 2013	138,730,000	12/01/2030	0.868% - 3.862%	128,695,000
6	06/27/2013	Taxable Ref. Bonds, Series 2013B	99,300,000	12/01/2023	1.282% - 3.539%	80,860,000
	08/14/2013	Bonds, Series 2013A	26,935,000	09/01/2023	2.000% - 3.000%	19,515,000
	11/06/2014	Bonds, Series 2014A	39,240,000	12/01/2029	2.000% - 3.250%	36,620,000
	11/12/2015	Bonds, Series 2015A	31,655,000	10/01/2030	2.000% - 3.000%	30,275,000
7	11/12/2015	Ref. Bonds, Series 2015B	14,680,000	10/01/2021	2.000% - 3.000%	12,055,000
	11/12/2015	Bonds, Series 2015C	3,600,000	10/01/2019	1.500% - 2.000%	2,700,000
	11/12/2015	Taxable QECBs, Series 2015D	4,860,000	10/01/2025	0.950% - 2.900%	4,370,000
	07/28/2016	Taxable Note **	7,660,000	08/01/2018	1.450%	6,492,689
		Subtotal - Existing Debt				<u>\$ 619,096,935</u>
	11/10/2016	Bonds, Series 2016A ***	\$ 25,505,000	09/01/2031	to be determined	\$ 25,505,000
	11/10/2016	Taxable QECBs, Series 2016B ***	7,120,000	10/01/2026	to be determined	7,120,000
		Subtotal - The Obligations				<u>\$ 32,625,000</u>
	11/10/2016	Notes, Series 2016C ***	\$ 3,045,000	09/01/2020	to be determined	\$ 3,045,000
	11/10/2016	Notes, Series 2016D ***	7,435,000	09/01/2020	to be determined	7,435,000
8	11/10/2016	Ref. Bonds, Series 2016E ***	17,090,000	12/01/2022	to be determined	17,090,000
		Subtotal - other obligations scheduled to sell on October 27, 2016. ****				<u>\$ 27,570,000</u>
		TOTAL				<u><u>\$ 679,291,935</u></u>

* Principal Outstanding reflects the refunding of the callable maturities by the 2016E Bonds.

** See page 44 herein for information regarding the 2016 Taxable Note.

*** Preliminary, subject to change.

**** Expected to sell via a competitive public sale on October 27, 2016.

Footnotes 1-8 regarding outstanding refunding debt are presented on the following page.

1. On July 1, 2003, the County issued \$100,025,000 General Obligation Refunding Bonds, Series 2003A, to restructure the County's debt service payment schedule and allow the County to meet other budgetary demands. The refunding bonds are included in the total general obligation debt, and the refunded bonds are excluded.
2. On August 12, 2009, the County issued \$17,250,000 General Obligation Promissory Notes, Series 2009D. A portion of the issue was utilized to refund certain maturities totaling \$9,205,000 of the County's outstanding General Obligation Refunding Bonds, Series 1999A, and \$740,000 of the County's outstanding General Obligation Museum Refunding Bonds, Series 1999A. The refunding bonds are included in the total general obligation debt, and the refunded bonds are excluded.
3. On March 30, 2011, the County issued \$35,095,000 General Obligation Refunding Bonds, Series 2011A. A portion of the issue was utilized to refund certain maturities totaling \$12,500,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 2001A, \$15,150,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 2002A, and \$10,425,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 2003A. The refunding bonds are included in the total general obligation debt, and the refunded bonds are excluded.
4. On December 20, 2012, the County issued \$23,105,000 General Obligation Refunding Bonds, Series 2012. A portion of the issue was utilized to refund certain maturities totaling \$13,040,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 2004A, and \$11,750,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 2005A. The refunding bonds are included in the total general obligation debt, and the refunded bonds are excluded.
5. On February 12, 2013, the County issued \$138,730,000 Taxable General Obligation Pension Promissory Notes, Series 2013, to provide for the timely payment of principal of and interest on the County's outstanding \$135,000,000 Taxable Pension Notes, Series 2009B on March 15, 2013.
6. On June 27, 2013, the County issued \$99,300,000 Taxable General Obligation Pension Refunding Bonds, Series 2013B to provide for the purchase and retirement of a portion of the 2024 term maturity of the County's Taxable General Obligation Pension Promissory Notes, Series 2009A, dated April 2, 2009. The refunding bonds are included in the total general obligation debt, and the refunded notes are excluded.
7. On November 12, 2015, the County issued \$14,680,000 General Obligation Refunding Bonds, Series 2015B to refund certain maturities totaling \$15,180,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 2006A. The refunding bonds are included in the total general obligation debt, and the refunded bonds are excluded.
8. On November 10, 2016, the County plans to issue \$17,090,000* General Obligation Refunding Bonds, Series 2016E to refund certain maturities totaling \$17,010,000 of the County's outstanding General Obligation Corporate Purpose Bonds, Series 2007A. The refunding bonds are included in the total general obligation debt, and the refunded bonds are excluded.

* Preliminary, subject to change.

General Obligation Annual Debt Service Schedule

Year	Existing General Obligation Debt*		2016A Bonds (est.) Sale 10/12/2016		2016B Bonds (est.) Sale 10/12/2016		Other Obligations (est.) Scheduled Sale 10/27/2016		TOTAL		Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$64,464,388	\$26,430,083	-	-	-	-	-	-	\$64,464,388	\$26,430,083	\$90,894,471
2017	59,178,957	24,116,522	-	\$824,662	\$715,000	\$253,947	\$5,120,000	\$631,575	65,013,957	25,826,706	90,840,663
2018	57,693,690	22,277,959	\$1,825,000	1,020,200	715,000	256,200	5,545,000	566,238	65,778,690	24,120,596	89,899,287
2019	49,171,614	20,543,453	1,825,000	947,200	715,000	227,600	5,480,000	418,313	57,191,614	22,136,565	79,328,179
2020	48,117,492	18,873,645	1,825,000	874,200	715,000	199,000	5,400,000	271,363	56,057,492	20,218,208	76,275,700
2021	47,513,327	17,127,704	1,825,000	801,200	715,000	170,400	3,350,000	125,738	53,403,327	18,225,042	71,628,369
2022	46,569,325	15,293,413	1,825,000	728,200	715,000	141,800	2,675,000	53,500	51,784,325	16,216,913	68,001,238
2023	48,056,076	13,416,961	1,820,000	655,200	715,000	113,200	-	-	50,591,076	14,185,361	64,776,437
2024	32,564,377	11,416,521	1,820,000	582,400	705,000	84,600	-	-	35,089,377	12,083,521	47,172,898
2025	36,290,000	9,886,157	1,820,000	509,600	705,000	56,400	-	-	38,815,000	10,452,157	49,267,157
2026	35,285,000	7,952,506	1,820,000	436,800	705,000	28,200	-	-	37,810,000	8,417,506	46,227,506
2027	32,015,000	6,021,127	1,820,000	364,000	-	-	-	-	33,835,000	6,385,127	40,220,127
2028	33,565,000	4,247,526	1,820,000	291,200	-	-	-	-	35,385,000	4,538,726	39,923,726
2029	35,375,000	2,360,170	1,820,000	218,400	-	-	-	-	37,195,000	2,578,570	39,773,570
2030	27,210,000	1,030,421	1,820,000	145,600	-	-	-	-	29,030,000	1,176,021	30,206,021
2031	-	-	1,820,000	72,800	-	-	-	-	1,820,000	72,800	1,892,800
2032	-	-	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-	-	-
Subtotal	\$653,069,246	\$200,994,168	\$25,505,000	\$8,471,662	\$7,120,000	\$1,531,347	\$27,570,000	\$2,066,725	\$713,264,246	\$213,063,902	\$926,328,148
Pmts. by											
11/10/2016	(33,972,311)	(17,469,178)	-	-	-	-	-	-	(33,972,311)	(17,469,178)	(51,441,489)
Total	\$619,096,935	\$183,524,991	\$25,505,000	\$8,471,662	\$7,120,000	\$1,531,347	\$27,570,000	\$2,066,725	\$679,291,935	\$195,594,724	\$874,886,659

* The amount of general obligation debt service supported by airport system revenues for 2016, and 2017 is \$10,987, and \$10,561, respectively. Previous Official Statements have overstated the portion of the County's general obligation debt service supported by airport system revenues by presenting the amounts for the aforementioned years as \$321,663 and \$309,194, respectively.

Approximately 75.5 percent of the County’s general obligation debt (including the effects of the Obligations and the other obligations scheduled to be sold on October 27, 2016) will be retired within ten years. This rate of principal repayment includes general obligation debt issued by the County on behalf of the County airports. Approximately \$10,561 of the County’s outstanding general obligation debt is for the airports. Pursuant to the lease agreements with the airlines, signatory airlines are obligated to pay all principal and accrued interest payments on debt issued on behalf of the airports.

Airport Revenue Debt

The County owns and operates General Mitchell International Airport (“GMIA”) and Lawrence J. Timmerman Airport (collectively the “Airport System”). The County’s outstanding general airport revenue bonds (“GARBS”) by issue are presented in the following table.

Airport Revenue Debt by Issue

Date of Issue	GARB Issue	Amount Issued	Final Maturity	Interest Rates Outstanding	Principal Outstanding
12/22/2005	Airport Revenue, Series 2005A *	29,010,000	12/01/2030	4.70% - 5.25%	\$ 26,850,000
11/16/2006	Airport Revenue, Series 2006A *	25,665,000	12/01/2031	4.00% - 5.00%	19,940,000
11/15/2007	Airport Revenue, Series 2007A *	13,445,000	12/01/2032	4.125% - 5.00%	10,715,000
12/10/2009	Airport Revenue, Series 2009A **	12,690,000	12/01/2032	3.250% - 5.125%	11,180,000
10/14/2010	Airport Revenue, Series 2010A	31,570,000	12/01/2034	4.00% - 5.00%	30,555,000
10/14/2010	Airport Revenue Ref., Series 2010B	51,590,000	12/01/2023	4.00% - 5.00%	31,440,000
08/14/2013	Airport Revenue, Series 2013A	47,095,000	12/01/2038	5.00% - 5.25%	46,050,000
08/14/2013	Airport Revenue Ref., Series 2013B	3,330,000	12/01/2022	2.25% - 4.00%	2,550,000
11/06/2014	Airport Revenue Ref., Series 2014A	23,655,000	12/01/2029	5.00%	22,620,000
	Subtotal - Existing Debt				<u>\$ 201,900,000</u>

* Expected to be refunded with proceeds of airport revenue refunding bonds (see "Future Financings" herein).

** Principal Outstanding reflects a cash defeasance of \$1,020,000 of principal in 2015.

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

Other County Obligations

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

Midwest Airlines, Inc. Pursuant to a Credit Assistance Agreement dated as of October 1, 2003, between the County and Midwest Airlines, Inc., and Skyway Airlines, Inc., the County entered into a Standby Reimbursement Agreement with U.S. Bank National Association (“U.S. Bank”) to provide for the guarantee of the obligations of Midwest and Skyway with respect to the letters of credit issued by U.S. Bank to support the \$8,300,000 City of Milwaukee, Wisconsin, Variable Rate Demand Industrial Revenue Bonds, Series 1998 (Midwest Express Airlines, Inc. Project) and the \$7,000,000 City of Milwaukee, Wisconsin, Variable Rate Demand Industrial Development Revenue Bonds, Series 2001 (Skyway Airlines Project). The County has authorized (but not issued) promissory notes with a principal amount of \$14,215,000 for the Reimbursement Agreement and Credit Assistance Agreement. The Standby Reimbursement Agreement with U.S. Bank was set to expire on August 15, 2016. Upon the extension of the credit agreements, Midwest began paying down the principal outstanding on the debt. In 2009 Republic Airways Holding,

Inc. purchased Midwest Airlines, Inc. A proposal was made to transfer the credit assistance agreement from Midwest Airlines to Frontier Airlines, a subsidiary of Republic Airways. This transfer has not occurred. To honor its obligation to guarantee the above referenced obligations of Midwest and Skyway with respect to the letters of credit issued by U.S. Bank, the County purchased all the outstanding bonds on August 1, 2016, which ended the County's obligation under the Reimbursement Agreement. The County financed a portion of the purchase with proceeds of a \$7,660,000 Taxable Note issued on July 28, 2016. On August 22, 2016 the County prepaid \$1,167,310.78 of the Taxable Note.

Short-Term Debt

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

Future Financings

In addition to the 2016A Bonds and 2016B Bonds, the County anticipates selling approximately \$10,480,000 in general obligation debt for new projects and \$17,090,000 in general obligation debt to enact a refunding, as shown in the General Obligation Debt by Issue table. The County does not expect to issue general obligation debt in addition to the aforementioned issues.

In addition to the above mentioned general obligation debt issuances, the County anticipates issuing approximately \$46,325,000 in airport revenue refunding bonds to refund callable maturities of the Series 2005A, 2006A, and 2007A GARBs as indicated in the Airport Revenue Debt by Issue table.

Legal Debt Limit

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

2016 Equalized Value	\$ 60,292,559,700
Legal Debt Limit (5% of Equalized Value)	3,014,627,985
Existing Debt	619,096,935
Plus: The Obligations	32,625,000
Plus: Debt scheduled to sell on 10/27/2016	27,570,000
Total Debt (22.5% of Capacity)	<u>\$ 679,291,935</u>
Remaining borrowing capacity (77.5% of Capacity)	<u><u>\$ 2,335,336,050</u></u>

General Obligation Indirect Debt ⁴

Governmental Unit	Outstanding Debt 12/31/2015	Percentage Within County	Amount Allocable To the County
<i>Villages:</i>			
Village of Bayside	\$ 11,514,766	95.73%	\$ 11,023,383
Village of Brown Deer	23,545,164	100.00%	23,545,164
Village of Fox Point	12,590,375	100.00%	12,590,375
Village of Greendale	16,190,000	100.00%	16,190,000
Village of Hales Corners	7,045,895	100.00%	7,045,895
Village of River Hills	3,295,911	100.00%	3,295,911
Village of Shorewood	49,450,255	100.00%	49,450,255
Village of West Milwaukee	10,405,000	100.00%	10,405,000
Village of Whitefish Bay	51,895,213	100.00%	51,895,213
Villages Subtotal	<u>\$ 185,932,579</u>		<u>\$ 185,441,196</u>
<i>Cities:</i>			
City of Cudahy	\$ 33,662,206	100.00%	\$ 33,662,206
City of Franklin	35,912,278	100.00%	35,912,278
City of Glendale	33,340,000	100.00%	33,340,000
City of Greenfield	63,124,535	100.00%	63,124,535
City of Milwaukee	794,600,432	100.00%	794,600,432
City of Oak Creek	90,105,000	100.00%	90,105,000
City of South Milwaukee	13,358,250	100.00%	13,358,250
City of St. Francis	10,405,000	100.00%	10,405,000
City of Wauwatosa	103,970,000	100.00%	103,970,000
City of West Allis	73,813,952	100.00%	73,813,952
Cities Subtotal	<u>\$ 1,252,291,653</u>		<u>\$ 1,252,291,653</u>
<i>School Districts:</i>			
Brown Deer	\$ 26,275,994	100.00%	\$ 26,275,994
Cudahy	15,017,000	100.00%	15,017,000
Fox Point-Bayside Schools	4,305,000	97.79%	4,209,846
Franklin Public Schools	31,360,000	100.00%	31,360,000
Glendale-River Hills	3,587,852	100.00%	3,587,852
Greendale	25,020,000	100.00%	25,020,000
Greenfield	49,327,005	100.00%	49,327,005
Maple Dale-Indian Hill	3,457,938	100.00%	3,457,938
Milwaukee Area Technical College	152,570,000	80.56%	122,913,858
Milwaukee Public	97,620,747	100.00%	97,616,201
Nicolet High School	6,690,000	99.39%	6,648,976
Oak Creek-Franklin	99,520,000	100.00%	99,520,000
Shorewood	23,005,000	100.00%	23,005,000
South Milwaukee	37,880,000	100.00%	37,880,000
St. Francis	11,390,000	100.00%	11,390,000
Wauwatosa	--	100.00%	--
West Allis - West Milwaukee	22,268,517	93.44%	20,806,723
Whitefish Bay	14,610,000	100.00%	14,610,000
Whitnall	225,000	100.00%	225,000
School District Subtotal	<u>\$ 624,130,053</u>		<u>\$ 592,871,394</u>
Metropolitan Sewerage District	\$ 960,000,333	99.93%	\$ 959,335,532
Total Overlapping Debt			<u>\$ 2,989,939,775</u>

⁴ The proportion of indirect debt attributable to the County was determined by calculating the ratio of equalized value of property located within the County to outstanding debt. For the City of Milwaukee, property values located in Waukesha County are included in the allocation of City's outstanding debt. Milwaukee Public Schools does not have the ability to issue general obligation debt; the City of Milwaukee issues general obligation debt on its behalf. The amount shown is broken out for the City of Milwaukee that was issued for school purposes.

Direct and Indirect Debt ⁵

Dec. 31 Year	Direct County Debt	Milwaukee Metropolitan Sewerage District Debt	Cities, Villages, Schools, and Technical College, Debt	Total Direct and Indirect Debt Year End
2015	\$ 662,419,000	\$ 960,000,333	\$ 2,062,354,285	\$ 3,684,773,618
2014	685,014,000	923,119,149	1,836,811,834	3,444,944,983
2013	721,730,000	970,256,497	1,892,035,032	3,584,021,529
2012	745,865,000	1,009,013,839	1,833,249,703	3,588,128,542
2011	816,346,000	970,279,000	1,759,392,000	3,546,017,000

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

Year	Population	Equalized Value (TID Included)	Total Direct Debt	Percent of Equalized Value	Per Capita	Total Direct and Indirect Debt	Percent of Equalized Value	Per Capita
2015	949,795	\$58,553,179,100	662,419,000	1.13%	697	3,684,773,618	6.29%	3,880
2014	949,741	58,253,923,600	685,014,000	1.18%	721	3,681,100,574	6.32%	3,876
2013	950,410	57,127,524,400	721,730,000	1.26%	759	3,584,021,529	6.27%	3,771
2012	948,322	57,782,302,300	745,865,000	1.29%	787	3,588,128,542	6.21%	3,784
2011	948,369	61,099,028,600	816,346,000	1.34%	861	3,546,017,000	5.80%	3,739

⁵ Direct County Debt reflects all general obligation debt of the County, including general obligation debt supported by Airport revenues. The County's \$135,000,000 Taxable Pension Note Anticipation Notes, Series 2009B were included in the Direct County Debt for years 2009, 2010, 2011, and 2012 as these obligations were issued in anticipation of the issuance of general obligation long-term debt, which was subsequently done in 2013.

FINANCIAL INFORMATION

Tax Assessment

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

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

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

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

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

Equalized Value Trends (in Millions of Dollars)

	2012	2013	2014	2015	2016
Residential	\$ 36,873	\$ 35,671	\$ 36,174	\$ 36,320	\$ 36,886
Commercial	17,678	18,155	18,648	19,072	20,137
Manufacturing	1,493	1,478	1,460	1,483	1,519
Other	33	33	32	32	32
Personal Property	1,705	1,791	1,940	1,646	1,719
Total Equalized Value	57,782	57,128	58,254	58,553	60,293
Less: Tax Increment Value	(2,252)	(2,518)	(2,600)	(2,492)	(3,018)
Net Equalized Value	55,530	54,609	55,653	56,062	57,274
Population	948,322	950,410	949,741	949,795	948,929
Equalized Value Per Capita (\$)	60,931	60,108	61,337	61,648	63,537

Source: Wisconsin Department of Revenue

Property Tax Levies and Collections (In Millions of Dollars)^{6,7}

Year	Total Property Tax Levy	Uncollected Property Taxes Turned Over to the County	Uncollected Property Taxes as Percentage of Total Levy
2015	\$ 1,074.3	\$ 8.5	0.79%
2014	1,057.0	9.0	0.85%
2013	1,072.8	9.6	0.89%
2012	1,071.8	12.6	1.18%
2011	1,058.8	14.2	1.34%

Total taxes levied include municipal levies, assessments and charges. The individual municipalities collect these taxes until July 31st of the budget year.

Property Tax Levies and Collections – City of Milwaukee (in Thousands of Dollars)⁸

Budget Year	Taxes Levied for the Fiscal Year (Original Levy)	Collected for Levy Year			Percent Original Levy Collected	Collections		Total Collections to Date	
		Purchase and Adjust	Total Adjusted Levy	Current Tax Collections		Purchased Delinquents Original Levy Year	Total Adjusted Levy in Subsequent Years	Amount	Percentage of Adjusted Levy
2015	\$312,216	\$22,650	334,866	299,650	95.98%	9,161	--	308,811	92.22%
2014	307,246	24,552	331,798	295,624	96.21%	13,875	\$11,108	320,607	96.63%
2013	304,700	25,426	330,126	293,489	96.32%	16,237	14,555	324,281	98.23%
2012	301,051	25,364	326,415	288,749	95.91%	13,596	20,858	323,203	99.02%
2011	295,967	28,619	324,586	284,691	96.19%	16,049	22,199	322,939	99.49%

Source: City of Milwaukee Comprehensive Annual Financial Report, 2015.

The City of Milwaukee and the County have entered into an intergovernmental cooperation agreement, whereby the city purchases all unpaid County taxes in February of the first collection year, but periodically remits taxes until the end of July that are considered on time through the installment payment plan. The city also collects delinquent taxes levied by the City of Milwaukee, the Milwaukee Metropolitan Sewerage District, the Milwaukee Area Technical College, the Milwaukee Public Schools, and the State of Wisconsin levied in the City of Milwaukee.

⁶ Tax levy amounts include taxes for each school district, city or village, sewerage district, technical college and the County for the 18 suburban municipalities. See "Property Tax Levies and Collections Last Five Years - City of Milwaukee".

⁷ Total Tax Collections During the Year includes collections for the current fiscal year and delinquent collections from any year during the past ten years.

⁸ Purchase and Adjust column is included because the City of Milwaukee purchases delinquent taxes from other units (the County, Milwaukee Metropolitan Sewerage District, Milwaukee Area Technical College, Milwaukee Public Schools, and the State of Wisconsin).

Property Tax Rates for County Levies

In November of each year, the County Board adopts an annual budget for the ensuing calendar year. At that time levies on real and personal property are set. The information provided below reflects the budget year for which taxes are to be used, not the year in which taxes are levied. For example, information listed below for 2016 represents the 2015 property tax levy used to finance the County's 2016 budget. The County Board adopted the 2016 budget on November 9, 2015. The levies summarized below include the state forestry tax and other administrative levies used for regional planning and other non-general County purposes.

Tax Levy and Tax Rate Trends (in Millions of Dollars)

	2012	2013	2014	2015	2016
General County Purposes	\$ 339.4	\$ 337.1	\$ 333.4	\$ 342.6	\$ 351.2
Countywide Emergency Medical Services	--	3.0	3.0	--	1.6
County Sales Tax Credit	(64.0)	(60.8)	(57.1)	(59.6)	(65.9)
State Forestry Taxes/Other Administrative Levies	11.2	10.6	10.5	10.7	10.8
Total Net County Taxes (in millions)	\$ 286.6	\$ 289.9	\$ 289.9	\$ 293.7	\$ 297.7
Total Net County Tax Rate (\$ per \$1,000 Equalized Value)	4.9	5.2	5.3	5.3	5.3

Levy Limits

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

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

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

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

- (a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally authorized before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy unless the political subdivision does not utilize the "unused levy" provision of the local levy limit statute.
- (b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts.
- (c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Obligations were authorized after July 1, 2005.

Property Tax Collections

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

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

Other Major County Revenues

State Shared Revenues. The State distributes revenues collected from State taxes to municipal and county governments. These revenues can be used at the discretion of local governments to finance local services. Sections 79.035 and 79.04 of the Wisconsin Statutes outline a formula to allocate these revenues to local government units. The allocation formula for counties was based on a number of variables including taxable property values, utility property values, population, property tax levies and certain user fees. The State has modified the state shared revenue formula so that the previous year's base, plus the utility payment, determines the budgeted amount.

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

The State changed the methodology for calculating the utility payment in 2009. Previously, the utility payments to cities and villages were computed at a rate of six mills (\$6 per \$1,000 of net book value), while payments to towns are computed at a rate of three mills. Payments to counties were computed at three mills if the property is located in a city or village or at six mills if the property is located in a town. Starting in 2009, municipalities and counties with power plants that became operational before January 1, 2004 receive a utility payment based on the higher of the net book value formula amount or the megawatt capacity formula amount. The utility payment component for 2015 was \$4,351,801.

Shared revenue payments are made by the State with over 95% of the amount being received by November. The 2015 actual amount was approximately \$31.3 million in net state shared revenues. The 2016 budget includes approximately \$27.2 million in anticipated net state shared revenues.

Beginning in 1999, in accordance with Section 48.561(3) of the Wisconsin Statutes, the Wisconsin Department of Administration reallocates \$20,101,300 in State shared revenue to the State's Child Welfare Program to be used to defray state administrative costs for the program.

Beginning in 2016 and ending with the distributions in 2035, in accordance with Section 79.035 (6) of the Wisconsin Statutes, the annual payment of State shared revenue to the County is reduced by \$4,000,000. Section 79.035 (6) of the Wisconsin Statutes relates to constructing a sports and entertainment arena and related facilities and making appropriations.

County Sales and Use Tax. Beginning April 1, 1991, a 0.5 percent sales and use tax was enacted by Milwaukee County. The tax, which is authorized under Section 77.70 of the Wisconsin Statutes, is administered by the State and is imposed on goods and services, which are currently subject to a 5.0 percent state sales tax. The State distributes payments to the County seven to 11 weeks after the taxes are collected by retailers. Based on generally accepted accounting principles, fiscal year revenues are based on March through February payments from the State.

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

The County budgeted sales tax collections, including amounts allocated to the capital improvements budget, of approximately \$72.6 million for 2016.

Milwaukee County
Five-Year Summary of Revenues, Expenditures, and Changes in Fund Balance – General Fund
For The Years Ended December 31, 2011 Through 2015
(in Thousands of Dollars)

	2011	2012	2013	2014	2015
Revenues:					
Intergovernmental Revenue	\$ 279,289	\$ 227,996	\$ 227,681	\$ 226,512	\$ 233,020
Sales Taxes	63,968	64,295	60,087	60,315	61,623
Property Taxes	273,297	279,179	283,632	284,462	285,494
Investment Income	9,545	8,454	9,916	203	2,012
Charges for Services	391,496	398,093	406,364	413,692	429,379
Fines and Forfeitures	2,932	2,621	2,172	1,680	1,734
Licenses and Permits	453	577	642	782	885
Other	41,201	48,746	23,207	30,581	27,825
Total Revenues	<u>1,062,181</u>	<u>1,029,961</u>	<u>1,013,701</u>	<u>1,018,227</u>	<u>1,041,972</u>
Expenditures:					
Legislative, Executive and Staff	21,433	23,382	20,053	17,995	25,093
Courts and Judiciary	52,699	53,383	50,229	51,435	54,749
General Governmental Services	6,746	9,939	11,070	13,261	12,996
Public Safety	159,708	145,119	146,410	144,219	152,835
Public Works and Highways	44,109	45,123	46,841	53,865	47,433
Human Services	590,604	553,475	552,952	552,743	567,259
Parks, Recreation and Culture	64,576	64,477	63,281	63,609	70,570
Total Expenditures	<u>939,875</u>	<u>894,898</u>	<u>890,836</u>	<u>897,127</u>	<u>930,935</u>
Excess of Revenues Over Expenditures	<u>122,306</u>	<u>135,063</u>	<u>122,865</u>	<u>121,100</u>	<u>111,037</u>
Other Financing Sources (Uses):					
Proceeds from Capital Leases	--	--	1,383	324	93
Transfers In	7,816	9,576	18,470	19,140	39,484
Transfers Out	(115,311)	(135,414)	(136,867)	(134,333)	(143,729)
Total Other Financing Uses	<u>(107,495)</u>	<u>(125,838)</u>	<u>(117,014)</u>	<u>(114,869)</u>	<u>(104,152)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	14,811	9,225	5,851	6,231	6,885
Fund Balance - January 1:	<u>45,175</u>	<u>59,986</u>	<u>69,211</u>	<u>75,062</u>	<u>81,293</u>
Fund Balance - December 31:	<u>\$ 59,986</u>	<u>\$ 69,211</u>	<u>\$ 75,062</u>	<u>\$ 81,293</u>	<u>\$ 88,178</u>

Source: Derived from Milwaukee County Comprehensive Annual Financial Reports, 2011- 2015

Milwaukee County
Five-Year Summary of Revenues, Expenses and Changes in Net Position – All Proprietary Funds
For The Years Ended December 31, 2011 Through 2015
(in Thousands of Dollars)

	2011	2012	2013	2014	2015
Operating Revenues:					
Charges for Services	\$ 173,268	\$ 155,033	\$ 155,407	\$ 155,046	\$ 155,409
Other	4,660	4,156	4,053	4,486	6,578
Total Operating Revenues	<u>177,928</u>	<u>159,189</u>	<u>159,460</u>	<u>159,532</u>	<u>161,987</u>
Operating Expenses:					
Personnel Services	151,281	143,000	139,527	138,922	132,883
Contractual Services	53,726	47,919	47,307	50,503	53,851
Intra-County Services	13,748	11,800	12,523	12,320	12,585
Commodities	21,641	22,425	23,582	23,764	22,497
Depreciation and Amortization	35,871	34,237	36,260	43,169	40,319
Maintenance	2,418	2,160	603	1,090	1,394
Insurance	7,102	7,542	11,039	11,325	8,952
Other	2,289	3,798	1,834	1,203	4,265
Client Payments	--	1,294	1,295	1,302	--
Total Operating Expenses	<u>288,076</u>	<u>274,175</u>	<u>273,970</u>	<u>283,598</u>	<u>276,746</u>
Operating Income (Loss):	<u>(110,148)</u>	<u>(114,986)</u>	<u>(114,510)</u>	<u>(124,066)</u>	<u>(114,759)</u>
Nonoperating Revenues (Expenses):					
Intergovernmental Revenues	91,153	93,732	89,733	92,932	88,563
Other Nonoperating Revenues (Expenses)	313	4,817	(2,663)	--	214
Net Interest Expense	<u>(12,214)</u>	<u>(10,951)</u>	<u>(11,289)</u>	<u>(11,542)</u>	<u>(11,154)</u>
Total Nonoperating Revenues	<u>79,252</u>	<u>87,598</u>	<u>75,781</u>	<u>81,390</u>	<u>77,623</u>
Income (Loss) Before Contributions and Transfers	(30,896)	(27,388)	(38,729)	(42,676)	(37,136)
Net Capital Contributions	53,055	51,494	37,362	72,905	39,409
Net Operating Transfers From Other Funds	19,066	21,432	41,743	41,503	42,272
Net Operating Transfers Out	<u>(3,997)</u>	<u>(13,331)</u>	<u>(9,939)</u>	<u>(17,311)</u>	<u>(22,397)</u>
Change in Net Position:	37,228	32,207	30,437	54,421	22,148
Net Position - January 1:	<u>232,843</u>	<u>270,071</u>	<u>302,278</u>	<u>332,715</u>	<u>296,771*</u>
Net Position - December 31:	<u>\$ 270,071</u>	<u>\$ 302,278</u>	<u>\$ 332,715</u>	<u>\$ 387,136</u>	<u>\$ 318,919</u>

* Restated

Source: Derived from Milwaukee County Comprehensive Annual Financial Reports, 2011 - 2015

**Milwaukee County
2015 and 2016 Adopted Budgets**

	2015 Adopted Budget	2016 Adopted Budget
<u>Expenditures</u>		
Legislative & Executive	\$ 5,694,236	\$ 4,715,062
Administration	86,526,372	91,791,119
Courts & Judiciary	67,617,662	70,541,568
Public Safety	179,987,016	185,149,413
General Government	14,489,763	15,296,862
Transportation and Public Works	244,554,486	248,035,644
Health & Human Services	569,075,914	597,783,418
Parks, Recreation & Culture	80,703,275	77,698,856
Debt Service	50,522,841	50,299,599
County-Wide Non-Departmentals	(52,604,196)	(48,064,814)
Capital Improvements	90,101,760	80,000,165
Trust Funds	1,059,890	1,096,300
Total Expenditures	\$ 1,337,729,018	\$ 1,374,343,192
<u>Revenues</u>		
Operating		
Sales Tax	\$ 59,643,731	\$ 65,883,032
Bond Proceeds	--	--
Other Direct Revenue	576,856,073	618,101,964
State Shared Revenue	31,163,647	27,229,789
Remaining State Revenue	229,394,404	231,480,340
Total Federal Revenue	63,059,779	61,255,177
Indirect Revenue	--	--
Prior Year Surplus (Deficit)	5,000,000	5,000,000
Operating Revenue Subtotal	\$ 965,117,634	\$ 1,008,950,302
Capital Improvement		
Sales Tax	9,326,269	6,701,068
Bond Proceeds	51,734,665	39,234,810
Other Direct Revenue	4,773,364	12,668,421
Remaining State Revenue	1,221,850	2,014,044
Total Federal Revenue	22,570,112	17,789,422
Capital Improvement Revenue Subtotal	\$ 89,626,260	\$ 78,407,765
 Property Tax Levy	 \$ 282,985,125	 \$ 286,985,125
 Total Revenues	 \$ 1,337,729,019	 \$ 1,374,343,192

Source: County's Adopted Budgets, 2015-2016

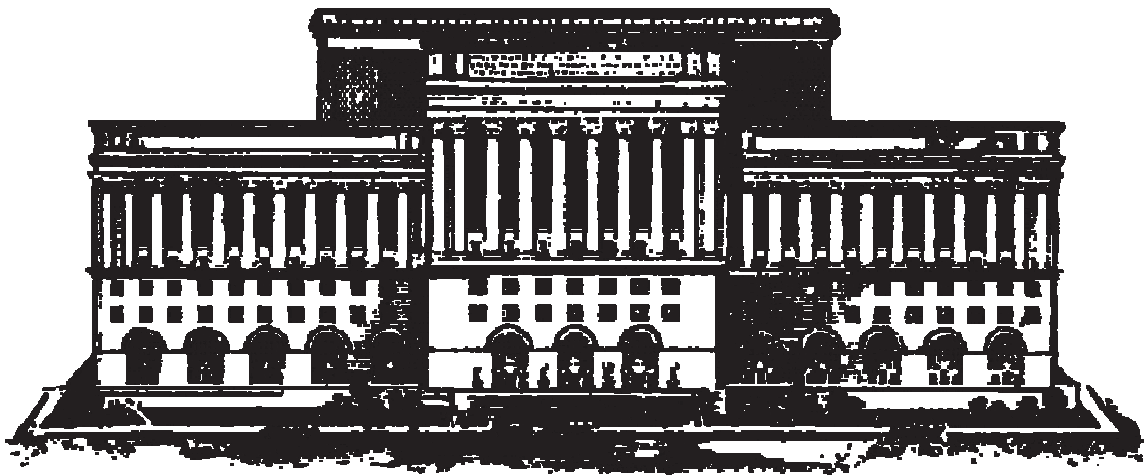
APPENDIX A

ANNUAL FINANCIAL STATEMENTS

The County is audited annually by an independent public accounting firm. This appendix presents selected sections of the County's audited Basic Financial Statements for the fiscal year ended December 31, 2015.

The County's complete Comprehensive Annual Financial Report for the year ended December 31, 2015 is available on-line at the County's website <http://county.milwaukee.gov/ComprehensiveAnnualF12237.htm> or at the MSRB's EMMA website <http://emma.msrb.org/> and is hereby incorporated by reference.

**COUNTY OF
MILWAUKEE, WISCONSIN**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

County of Milwaukee
Milwaukee, Wisconsin

As of and For the Year Ended
December 31, 2015

Prepared by:
Office of the Comptroller
Central Accounting

COUNTY OF MILWAUKEE, WISCONSIN

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COUNTY OF MILWAUKEE, WISCONSIN

INTRODUCTORY SECTION (Unaudited)

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- **GFOA Certificate of Achievement for
Excellence in Financial Reporting for 2014**
- **Organizational Chart**
- **List of Principal Officials and Committees**



Office of the Comptroller

Milwaukee County

Scott B. Manske • Comptroller

July 29, 2016

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

A) COMPREHENSIVE ANNUAL FINANCIAL REPORT (“CAFR”):

CAFR Overview

The Comprehensive Annual Financial Report (“CAFR”) of Milwaukee County, Wisconsin (“County”) for the year ended December 31, 2015 is hereby submitted for your information. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of Milwaukee County, Wisconsin. All disclosures necessary to enable the reader to gain an understanding of Milwaukee County, Wisconsin activities have been included.

The CAFR is presented in three sections:

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

The **Financial Section** includes the independent auditors’ report on the basic financial statements, management’s discussion and analysis, the basic financial statements, required supplementary information and the other supplementary information including the combining and individual fund financial statements and schedules.

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

- 1) **Management’s Discussion and Analysis (“MD&A”)**, which is unaudited, is a narrative report providing financial information about the County. Readers of this report are encouraged to read the MD&A in conjunction with this Letter of Transmittal. The MD&A provides basic financial information about the County and an overview of the County’s activities.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

2) **Basic Financial Statements**

- **Government-wide Financial Statements** consisting of a statement of net position and a statement of activities, provide a comprehensive financial picture of the County, split between governmental activities and business-type activities. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, where all assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues and expenses of the County are reported. Internal service funds are combined with governmental activities for presentation purposes.
- **Fund Financial Statements** report on the major individual governmental, proprietary and fiduciary funds of the County. Budgetary comparisons are also provided to allow the reader to see the original adopted budget, the final budget and the actual expenditures and revenues for the County's general fund. The governmental funds are prepared and presented on the modified accrual basis of accounting. The proprietary funds are prepared on an accrual basis of accounting. With the governmental funds having a different basis of accounting between the government-wide financial statements and the fund financial statements, a schedule is provided that reconciles these accounting differences. The reconciliation provides a bridge between governmental activities on the statement of net position on the governmental funds and the governmental funds net change in fund balances on the statement of activities with the governmental funds statement of revenues, expenditures and changes in fund balances. The proprietary funds statement reports on each of the enterprise funds and includes a separate column that combines all internal service funds.
- **Component Units** include the funds of the primary government and the following discrete component units: the Milwaukee Public Museum, Inc., the Milwaukee County War Memorial, Inc., the Marcus Center for the Performing Arts and the Milwaukee County Research Park Corporation.

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

- **Notes to the Financial Statements** are explanatory notes to the financial statements as required by governmental accounting standards.
- 3) **Required Supplementary Information** is required schedules of supplementary data immediately after the notes to the financial statements.
- 4) **Combining and Individual Fund Statements and Schedules** show the combining statements for the non-major governmental funds, the internal service funds, as well as

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

budgetary comparisons for major funds other than the General Fund. As noted earlier, the internal service funds are combined and reported as a separate column in the proprietary fund financial statements. They are presented here because they are not considered to be major funds.

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

B) COUNTY GOVERNMENT

A County Executive and an 18-member Board of Supervisors govern Milwaukee County. The County Executive, the County Supervisors and the Comptroller are elected to nonpartisan four-year terms.¹ Each Supervisor represents about 53,000 people. In addition, the Clerk of Circuit Courts, County Clerk, County Treasurer, District Attorney, Register of Deeds and Sheriff are each elected to serve four-year terms on a partisan basis.

Board of Supervisors. The County Board determines County policy and directs the activities of County government by the adoption of ordinances and resolutions, under authority vested in it by State Statutes. The County Board meets on a monthly basis to transact official business, and its committees meet regularly during the monthly cycles to hold hearings, gather information and take testimony preparatory to making recommendations to the full County Board. There are eight standing committees of the County Board.

- Economic and Community Development
- Health and Human Needs
- Judiciary, Safety and General Services
- Transportation, Public Works and Transit
- Finance, Personnel and Audit²
- Intergovernmental Relations
- Parks, Energy and Environment
- Committee of the Whole

The Chairperson of the County Board is elected by the members of the County Board following their election every four years and is responsible for presiding at County Board meetings, ruling on procedural matters, representing the County Board at official functions, and making appointments to County Board committees, special subcommittees, boards and commissions.

On June 2, 2013, Wisconsin Act 14 (“Act 14”) relating to the County became effective. Act 14, among other things, changed the compensation structure of a Supervisor, changed the length of the term of a Supervisor from four years to two years, affected the right of an annuitant under the Milwaukee County Employee’s Retirement System if rehired by the County, limited the authority of the County to enter into certain intergovernmental agreements, revised the approval process for public contracts, removed and clarified some authority of the Board, increased and clarified the authority of the County Executive, and required a referendum regarding the compensation of the Supervisors. Subsequent to the passage of Act 14 a local referendum was held and approved that placed limitations on the annual salaries of the Chairperson and Supervisors. Changes to Supervisors’ pay, benefits and term take effect with the 2016 spring term.

¹ Beginning with the 2016 spring election, the County Board of Supervisors will be elected to serve two-year terms.

² Beginning with the 2016 spring election, the Committee on Finance, Personnel and Audit will split into two separate committees: the Committee on Finance and Audit and the Committee on Personnel.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

County Executive's Office. Milwaukee County was the first county in the State to establish an executive branch. The County Executive appoints five cabinet officers to assist in carrying out the executive functions:

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

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

- Child Support Services
- Family Care
- House of Correction
- UW - Extension
- Zoological Gardens
- Aging
- Government Affairs
- Medical Examiner
- Veterans Service Office
- Emergency Management

Functions of the County Executive's office include: coordination and direction of administrative and management functions of the County government not otherwise vested by law in boards, commissions or other elected officers; appointment of department heads, except where statute provides otherwise, and members of boards and commissions, subject to confirmation by the County Board; preparation and submission of an annual County budget to the County Board; submission annually, and otherwise if necessary, of a message to the County Board setting forth the condition of the County and recommending changes and improvements in County programs and services; and review for approval or veto of all resolutions and ordinances enacted by the County Board.

Administration. The Administrative function includes the Department of Administrative Services, Department of Human Resources, Corporation Counsel and boards and commissions such as the Civil Service Commission, Ethics Board and the Personnel Review Board.

The **Department of Administrative Services** is responsible for a variety of governmental functions. The various divisions provide services for other departments including facilities management, information management, risk management, economic development, administration and budget oversight, disabilities program management, procurement and disadvantaged business enterprise programs. The Department is also responsible for the County's water utility.

The **Department of Human Resources ("DHR")** provides Milwaukee County government with an equitable and effective system for the recruitment, classification, compensation, development and retention of a talented, skilled and culturally diversified workforce. DHR encompasses Compensation, Training & Employee Relations, Employment & Staffing, Health Benefits, Labor Relations and the Employment Retirement System functions. DHR assures strict adherence to Civil Service Rules, State and Federal Laws and County ordinances, regulations and policies related to human resources and affirmative action.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

The **Office of Corporation Counsel** ensures that Milwaukee County, its officers, employees, and agents adhere to all applicable legal requirements and works to minimize personal and fiscal liability for the County.

The **Civil Service Commission** is an independent body charged with oversight of Milwaukee County's Civil Service System. Consisting of five members, the Commission conducts hearings on the merit system and application of Civil Service Rules.

The **Ethics Board** assures the confidence of the general public in the integrity of Milwaukee County government. The Ethics Board assures the public that all Milwaukee County employees, office holders, candidates for public office and citizens serving on boards and commissions of Milwaukee County are complying with the Ethics Code requirements.

The **Personnel Review Board** provides fair and impartial due process hearings for the suspension, demotion or discharge of County employees in the classified service as provided by law and as prescribed under State Statutes and County ordinances.

General Governmental Services. The General Governmental Services group includes the County Treasurer, the County Clerk including the Election Commission, the Register of Deeds and the Office of the Comptroller.

The **County Treasurer** is the County's banker, acting under the authority vested in it by State Statutes and County ordinances. The Treasurer's functions include receiving and disbursing all funds as provided, providing for daily cash requirements of Milwaukee County and investing public funds not used for daily operations. The Treasurer's Office also collects delinquent property taxes for all of Milwaukee County's municipalities as required by State Statutes, except for the City of Milwaukee which collects its own delinquent taxes. The County Treasurer also maintains property tax data that is accessible to the public at the Courthouse office.

The **County Clerk** is the recorder of the County, acting under the authority vested in it by State Statutes and County ordinances. The Clerk's functions include recording the proceedings of the County Board of Supervisors, staffing all County Board meetings and County Board committee meetings, maintaining all legislative files, updating existing ordinances and publishing new ordinances. The Clerk also maintains the County Legislative Information Center ("CLIC"), which provides on-line public access to legislative documents, meeting agendas and meeting minutes, as well as live on-line streaming of meetings of the County Board and its committees. Other duties include issuing marriage licenses and domestic partnership declarations, registering lobbyists and lobbying principals and reporting on their activity, accepting applications for passports, selling bus tickets, and Wisconsin Department of Natural Resources ("DNR") licenses and permits. As an information clearinghouse for County government, the County Clerk administers oaths of office, maintains the central files for Milwaukee County reports, records, contracts and corporate documents, receives and publicly opens competitive bids for County contracts and receives all claims filed against Milwaukee County.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

The Clerk also serves as the executive director of the Milwaukee County Election Commission. The Election Commission administers Federal, State, County, and Municipal elections in a manner that assures public confidence in the accuracy, efficiency and fairness of the election process and to enforce State Election and Campaign Finance laws.

The **Register of Deeds** is tasked with maintaining public record records and documents acting under the authority vested in it by State Statutes and County ordinances. The Register of Deeds records, indexes and scans real estate documents, corporation papers, military discharges, informal probate instruments and financing statements; files and indexes birth, marriage and death certificates; sells copies of the above described documents; collects the real estate transfer tax; and performs such other functions as provided by law.

The **Comptroller** is the County's chief financial officer and acts under the authority vested in it by State Statutes and County ordinances. The Comptroller is required to monitor and report on the County's current fiscal health, to act as the County auditor and to provide an independent fiscal review on any proposed spending at the request of the County Board and/or County Executive. Functions of the Comptroller include Accounts Payable, Administration, Audit Services, Capital and Debt Monitoring, Central Accounting, Central Payroll and Research and Policy.

Courts and Judiciary. The Courts and Judiciary function includes the Department of Combined Court Related Operations, Pretrial Services Division and Department of Child Support Services.

The **Department of Combined Court Related Operations** operates the Milwaukee County Circuit Courts. The Chief Judge is the Administrative Chief of the First Judicial Administrative District, which is solely comprised of Milwaukee County, and is responsible for the oversight of administration of judicial activities in the 47 Circuit Courts within the District. The **Administration Division**, under direction of the Clerk of Circuit Court/Court Services Director, plans, directs and coordinates the operations of all the divisions of the Circuit Court. The **Criminal Division** hears, tries and determines all matters for pretrial, trial and post-conviction proceedings in felony, misdemeanor and traffic matters. The **Children's Court Division** exercises jurisdiction over matters involving persons under the age of 18 regarding delinquency, dependency, neglect, guardianships, detention and termination of parental rights. The **Civil Court Division** adjudicates small claims, large claims, garnishments, restraining orders, and eviction actions. The **Family Court** area hears all actions affecting family. The **Probate Division** manages and maintains all documents deposited for safekeeping or filed for probate and assists the courts assigned probate jurisdiction in adjudicating matters involving probate, trusts, guardianships of persons and estates, conservatorship, protective placements, involuntary commitments, temporary restraining orders and injunctions in individuals at risk cases. The **Family Drug Treatment Grant Division** is responsible for drug treatment grant oversight. The **Permanency Plan Review Division** provides children in out-of-home situations with a review every six months by the court. The **Self Help Services/Milwaukee Justice Center ("MJC")** is a volunteer-based community service project founded on the premise that everyone deserves meaningful access to the justice system, regardless of economic situation or access to legal services.

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

The **Pretrial Services Division** provides screening, intervention and supervision services for pretrial defendants. This division is managed by the Chief Judge of the Milwaukee County Circuit Courts and Judicial Review Coordinator. This division includes funding for the Universal Screening program, which screens individuals who are booked into the Milwaukee County Criminal Justice Facility, for the purpose of providing pretrial risk information on defendants to judges, commissioners, prosecutors and defense attorneys; and to determine suitability for pretrial services and Early Intervention programs. Funding for services such as the Drug Treatment Court Coordinator, Treatment Alternatives and Diversion program, drug testing, Secure Continuous Remote Alcohol and GPS monitoring is also provided.

The **Department of Child Support Services** implements and administers the Child Support Enforcement Act pursuant to Title IV-D of the Federal Social Security Act and Sections 49.22 and 59.53(5) of the Wisconsin Statutes, under contract with the Wisconsin Department of Children and Families. The Department has four divisions: Case Management (Establishment and Enforcement), Financial, Legal and Operations. The Department monitors approximately 125,000 cases annually for establishment and enforcement of child support obligation, maintains Milwaukee County family court orders on Kids Information Data System, the statewide support computer system, and represents the State's interests in family court hearings in the County.

Public Safety. The Public Safety function includes the Office of the Sheriff, House of Correction, District Attorney, Office of Emergency Management and Medical Examiner.

The **Office of the Sheriff** acts as an arm of the criminal justice system which consists of carrying out criminal investigations, effecting arrests and warrants, detaining prisoners, providing court security, serving process papers, transporting prisoners and patients and extraditing criminals. The **Administration Bureau** performs management and support functions for the Sheriff, communications, training and public information. The **Detention Services Bureau** includes the Criminal Justice Facility ("CJF"), Court Services, Support Administration and Central Records. The CJF is a secure detention facility with a total bed space of 960 detainees and is primarily a pre-trial holding facility; although a small number of sentenced offenders awaiting transfers or hearings are also housed at the jail. The **Police Services Bureau** is responsible for patrolling the County airports, County grounds, County parks and expressways. In addition, the Police Services Bureau includes the Civil Process Unit, Criminal Investigation Division, the Drug Enforcement Unit, the High Intensity Drug Trafficking Area, the Special Weapons and Tactics team, the bomb disposal unit and the dive team.

The **House of Correction** receives and maintains custody of all sentenced inmates in Milwaukee County committed by authorized courts for periods not exceeding one year and from other jurisdictions as authorized by County ordinance; provides programs of work release, rehabilitation, education, work, recreation and training; provides medical, dental and other necessary services in conjunction with the Detention Services Bureau of the Sheriff's Department; and releases inmates upon expiration of sentence, upon orders of the courts or other recognized authorities. Section 302.315 of the Wisconsin Statutes permits the House of Correction to receive and maintain custody of pretrial inmates at the request of the Milwaukee County Sheriff. The Department operates a program of home detention using electronic surveillance equipment and other systems of control and

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

oversees the Day Reporting Center where sentenced inmates can obtain job training and AODA services.

The **Milwaukee County District Attorney's Office**, pursuant to Section 978.05 of the Wisconsin Statutes, has jurisdiction for criminal and juvenile cases in Milwaukee County Circuit Courts. District attorneys and assistant district attorneys present evidence, argue motions, negotiate cases and conduct jury and court trials. General Crimes Division staff are responsible for general felony and misdemeanor courts; Violent Crimes Division staff are responsible for felony drug and firearms crimes in specialized felony courts; Homicide and Sensitive Crimes Division staff process homicide, sexual assault and child abuse cases in specialized felony courts; Juvenile Division staff are responsible for juvenile delinquency and child welfare care in the Children's Court of Milwaukee County; the Community Prosecution Unit supervises community prosecutors in six Milwaukee police district stations; and the Domestic Violence Unit prosecutes all domestic violence cases in three specialized courts.

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

The **Office of Emergency Management**, newly created in 2015, is a consolidation of Emergency Medical Services ("EMS") from the Department of Health and Human Services, 911 Communication Services from the Office of the Sheriff and Radio Services from the Department of Administrative Services – Information Management Services Division. The new department includes five program areas: the Director's Office, Emergency Management, Emergency Medical Services, 911 Communications, and Radio Services. These program areas coordinate emergency services in cases of natural or manmade disasters and also synchronize the four public safety services, which allows the fusion of data, assets, monies and staff in order to sustain healthy and productive localities within our County.

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

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

Transportation. The Department of Transportation administers two County airports, the transit/para transit system, highway maintenance, and fleet management.

The **Airport Division** operates the General Mitchell International Airport (“GMIA”) and the Lawrence J. Timmerman Airport (“LJT”). This division is discussed in greater detail below under “Business-type Functions”.

The **Milwaukee County Transit System** is the County’s mass transit system. This division is discussed in greater detail below under “Business-type Functions”.

The **Highway Division** maintains the County’s interstates, state trunk highways and county trunk highways. Expenses for general and winter maintenance of state trunk highways within the County are fully offset by state reimbursement revenues. The Transportation Services Section provides transportation planning and engineering services and cost-effectively plans, designs and implements projects necessary to maintain and enhance the safety and efficiency of the County’s highways, bridges and traffic control facilities.

The **Fleet Management Division** purchases and maintains vehicles and equipment used by Milwaukee County departments. This department consists of three functions: Equipment Repairs, Inventory Management, and Equipment Coordination. Equipment Repairs maintains and manages approximately 2,200 vehicles and pieces of equipment. Inventory Management maintains and manages inventory of repair parts for all Milwaukee County vehicles. Inventory Management also manages and operates four conveniently located fueling sites supplying 700,000 plus gallons of fuel annually. Equipment Coordination researches and develops the specifications for purchasing new vehicles and equipment and works with user departments to ensure the correct piece of equipment is purchased. Equipment Coordination also hosts and coordinates a semi-annual Public Auction of used equipment for Milwaukee County and other municipalities in the area.

Health and Human Services. This functional area consists of the Department of Health and Human Services, Behavioral Health Division, Department on Aging and Department of Family Care.

The **Department of Health and Human Services (“DHHS”)** provides a wide range of services to children and adults through age 60. Many DHHS services are mandated by State Statute and/or provided through a contract between the state and the County. The ***Delinquency and Court Services Division*** provides custodial intake services, administers a wide continuum of juvenile justice programs and provides support staff for the operation of the Children’s Court to promote public safety. The division operates a 24/7, 120-bed secure juvenile detention center facility, primarily housing juveniles pending a court hearing or those deemed out of compliance with supervision conditions. The ***Disabilities Services Division (“DSD”)*** provides services to adults with special needs between the ages of 18 and 59 and to children birth to 21 with disabilities and their families. Services are targeted at populations with physical and developmental disabilities and sensory impairment. The division operates the Disabilities Resource Center and provides information and assistance, service access and prevention, disability benefits counseling and Family Care entitlement benefits. DSD also manages the Interim Disability Assistance Program and the General Assistance burials programs. The ***Housing Division***

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administers Housing and Urban Development funded programs, including Shelter Plus Care, Safe Haven, Housing Choice Voucher and HOME/Home Repair. The division also administers the Community Development Block Grant program and Pathways to Permanent Housing program. The **Director's Office & Management Services Division** provide administrative guidance, accounting support, and contract oversight. This division also oversees the Home Energy Program and 211 Impact, which is a referral service for individuals in need of social services.

The **Behavioral Health Division ("BHD")** provides care and treatment of persons with disorders related to alcohol and substance abuse as well as developmentally, emotionally and mentally ill adults, children and adolescents under direction from the Milwaukee County Mental Health Board ("MCMHB"). The MCMHB is an 11 – member board, with 9 members appointed by County Executive with input from the Milwaukee County Board and other programs as defined in State Statute, as well as two ex officio members. The range of services provided by the BHD encompass inpatient care, outpatient care and day treatment. Acute hospital admissions are initiated by voluntary application or through legal detention methods such as court commitment. Extended care services are provided at federally certified, skilled nursing facilities and at facilities for the developmentally disabled. Day treatment is offered to patients who have progressed to the stage where inpatient hospitalization is no longer indicated but who require more intensive treatment than is available in an outpatient facility. The Community Services Branch provides both mental health and alcohol and other drug addiction services through contracts with community service providers or at community clinics. Over the past several of years, the BHD has completely phased out its extended care services and moved long-term care patients into community settings.

Beginning with the 2015 budget and each subsequent budget thereafter, the MCMHB became responsible for recommending an operating budget to the County Executive that must have a levy between \$53 and \$65 million unless the County Board, MCMHB and County Executive agree to an amount outside the range. The County Board has no authority to approve a tax levy amount other than that directed by the County Executive. Since the MCMHB does not have direct bond authority, any capital projects needed would have to be paid from current operating appropriations or through bonds, if approved by the County Board of Supervisors.

The **Department on Aging** administers aging programs and serves as the County's designated area agency on aging. Services provided by the Department on Aging are designed to provide an appropriate mix of community-based care and direct services to prevent the inappropriate and costly institutionalization of older adults. **The Administration Division** provides administrative guidance, accounting support and contract oversight. **Area Agency Services** provides a network of support services to the aging population including the Senior Meal Program and the senior centers in the County and provides a range of grants to community based agencies to provide specialized programming for elderly adults. The **Aging Resource Center** serves as an information clearinghouse, provides eligibility assessments for persons seeking assistance in any Aging program and acts as a point of entry for all publicly funded long term care programs. The Resource Center also acts as the elder abuse/protective services agency for persons over 60 in Milwaukee County and provides evidence based wellness and prevention programs.

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The **Department of Family Care** (“DFC”) administers the Family Care benefit for both frail elders (age 60 and over) and persons with disabilities (ages 18-59) who are determined to be eligible by a resource center.³ DFC is responsible for creating a comprehensive plan of care for over 8,600 persons; contracting with a wide range of service providers; and monitoring the quality of services that members receive. DFC delivers member-centered, community-based, outcome-focused, managed long-term care services and member-centered care planning for all Family Care members. In return for coordinating and managing these services, the DFC receives a capitated rate payment per member per month from the State. The DFC now offers the Family Care benefit to eligible members in seven counties outside of Milwaukee (Racine, Kenosha, Waukesha, Washington, Walworth, Ozaukee, and Sheboygan). DFC operates under both a contract with the State of Wisconsin Department of Health Services and a permit issued by the State of Wisconsin Office of the Commissioner of Insurance and uses no county tax levy.

Parks, Recreation and Culture. This functional area includes the Department of Parks, Recreation and Culture, the Milwaukee County Zoo, the Milwaukee Public Museum and other cultural institutions that receive County support.

The **Department of Parks, Recreation and Culture** operates the Milwaukee County Park System, which is comprised of over 150 parks and parkways totaling over 15,000 acres of parkland. The Parks Department provides a variety of sports and recreation opportunities to County residents and visitors. The Parks Department maintains golf courses, indoor and outdoor aquatic facilities, an indoor ice arena and a sports complex that hosts tournaments, competitions, leagues and tradeshow. The famous Oak Leaf Recreational Trail, along with many miles of parkways, provides off-road paved paths for walking and biking and connects all major parks and parkways in the Park System. In addition, dozens of parks have baseball or softball fields, basketball courts, sand volleyball, tennis courts, disc golf, rugby fields, cricket courts and other facilities that can be rented or used recreationally. The Parks Department also offers both supervised sports activities as well as leisure recreation in exercise and game room gatherings in its community centers. The centers offer a host of activities that focus on the needs of the community including indoor basketball, boxing, help with homework and movie nights.

More than half of the County’s parkland is managed as a natural area. Additional public educational opportunities are offered through Boerner Botanical Gardens, the Mitchell Park Horticultural Conservatory and Wehr Nature Center. The Department also maintains lakefront property and operates beaches along Lake Michigan. Fishing and boating access is provided through launch sites along the lake, including sites at McKinley Marina and South Shore Park.

³ The 2015 – 17 Wisconsin State Budget made major changes to the Family Care program. Those changes included 1) adding primary and acute care services to the Family Care benefit through Integrated Health Agencies (“IHAs”) rather than Managed Care Organizations; and 2) requiring that all IHAs maintain licensure as a Health Maintenance Organization (“HMO”). Since no mechanism exists under state law for a unit of County government to obtain a HMO license, the DFC began operating as My Choice Family Care (“MCFC”) and entered into an agreement with the County to secede from the County and operate independently as an IHA. This would allow the MCFC program to apply for an HMO license and continue to serve its population in 2017 when the new rules take effect.

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The **Zoological Department** operates the Milwaukee County Zoo (“Zoo”), one of the country’s finest zoological attractions with nearly 400 species and over 3,300 mammals, birds, fish, amphibians and reptiles. Spanning over 200 wooded acres and 450,000 square feet of facilities, specialized habitats and exhibits at the Zoo include the Family Farm, a working farm and dairy complex; the Peck Welcome Center; the Sea Lion and Polar Bear exhibit; the Aviary; the Australian Building; the Apes of Africa exhibit; the Education Facility; the Lake Evinrude Deck; the Primate Building; the Aquarium/Reptile Building; and the Special Exhibits Building. Other Zoo facilities include a chairlift, a railroad, a carousel, a zoomobile, ropes course, zip line and the Kohl’s Cares for Kids Play Area. Over 1.3 million people visited the Zoo in 2015.

The **Marcus Center for the Performing Arts** (“Marcus Center”) is a cultural center that hosts the Milwaukee Symphony Orchestra, Milwaukee Ballet Company, Florentine Opera, Milwaukee Youth Symphony, First Stage Milwaukee and other special arts groups and entertainment events. The County’s annual operating contribution to the Marcus Center for 2015 is \$1.1 million.

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

MPM hosts international exhibitions annually and had nearly a half million visitors to its exhibitions, National Geographic theater and Daniel M. Soref Planetarium. Through its distance learning program, the museum provides remote educational programs to students throughout the region, the County and around the world.

Business-type Functions. The County operates General Mitchell International Airport, Lawrence J. Timmerman Airport, and Milwaukee County Transit Services and classifies these enterprise fund activities as business-type activity in the government-wide financial statements.

The **Airport Division** of the Department of Transportation operates the General Mitchell International Airport (“GMIA”) and the Lawrence J. Timmerman Airport (“LJT”). **GMIA** is located six miles south of the City of Milwaukee’s central business district and covers nearly 2,400 acres. GMIA is the largest and busiest airport in Wisconsin, serving over 6.5 million passengers in 2015. GMIA has non-stop flights to more than 35 cities and easy one-stop connections to 160+ cities worldwide, serving Wisconsin, northern Illinois & Chicago. GMIA is the only airport in Wisconsin or Illinois served by all the major domestic airlines. **LJT** is located in the northwest quadrant of the County. This 420-acre general aviation facility serves privately owned aircraft and provides pilot training through its flight school. Operating expenses of both airports are entirely supported by user fees. No property tax dollars are used for capital improvements or for day-to-day operations.

The **Milwaukee County Transit System** (“MCTS”) is the County’s mass transit system and is operated by the Department of Transportation through a transit management services provider - Milwaukee Transport Services. MCTS has an active bus fleet of over 400 diesel buses and serves nearly 5,500 bus stops and operates over 60 routes, including Freeway Flyer service from outlying park-ride lots, and limited stop MetroExpress service which travels through the heart of the city to major destinations

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across the County. MCTS provides on average 150,000 rides every day to people across Milwaukee, Ozaukee, Washington and Waukesha Counties. Budgeted fare revenue and federal and state aid account for approximately 88% of operating costs. MCTS also has a paratransit program for persons with disabilities.

C) COMMUNITY CHARACTERISTICS

Milwaukee County, located in southeastern Wisconsin on the Lake Michigan shoreline, was formed in 1835 when it was part of the Michigan Territory. Prior to that, the area had been settled by a variety of Native American tribes, and was explored by French priests and traders as far back as 1674. The name “Milwaukee” is generally believed to be derived from a Native American term meaning “good land.”

Today, Milwaukee County is, by population, the largest county in the State of Wisconsin and the 49th largest in the United States with over 950,000 residents. Milwaukee County is one of the few fully incorporated counties in the United States and includes 19 municipalities that range from the large urban center in the City of Milwaukee with over 600,000 residents to small villages such as River Hills with a population of under 2,000. The County anchors the Greater Milwaukee Metropolitan Area, which has a population of more than 2 million and includes seven neighboring counties: Waukesha, Racine, Washington, Ozaukee, Dodge, Jefferson, and Walworth.

Milwaukee County’s location on Lake Michigan, near the nation’s geographic center and in close proximity to the Chicago metropolitan area, provides many logistical advantages. The County has a well-developed arterial street and highway system, including four interstate highways; three major U.S. highways and fifteen state highways. Major reconstruction on I-94 from Milwaukee to Illinois, began in 2009 and is scheduled for completion in 2021.

Freight service is provided to other metropolitan areas by numerous trucking establishments and two major railroads, the Union Pacific and Canadian Pacific. Passenger rail service is available from Amtrak and national and inter-city bus lines serve Milwaukee County. Milwaukee is also a major Great Lakes port. The commercial port supports thousands of jobs both directly and indirectly and nets a profit between \$1 million and \$3 million annually. Approximately 1.4 million tons of salt, 500,000 tons of cement and cement products, 600,000 tons of coal, and more than 50,000 tons of specialty products come through the port on an annual basis. The Port berths the high-speed passenger and auto ferry that connects Milwaukee with Muskegon, Michigan. The Lake Express ferry contributes not only to tourism but adds another form of transportation for Milwaukee County residents.

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

Population-wise, the County has remained fairly constant since its drastic drop in the 1970s due to changes in the nation’s manufacturing industry. The most recent population estimate for Milwaukee County (2015) is up 1.1% from the last decennial estimate. The five most recent decennial estimates for the County are presented in the table below.

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Population Statistics

<u>Year</u>	<u>Population</u>
2015	957,735
2010	947,735
2000	940,164
1990	959,275
1980	964,988
1970	1,054,249

The County's labor force has remained relatively constant as well, while unemployment has decreased by 3.5%. According to the State of Wisconsin Department of Workforce Development, unemployment in Milwaukee County has decreased from 9.3% in 2011 to 5.8% in 2015. During that same time period, the total labor force has only decreased by 48 persons. The Labor Force Statistic table below provides the average annual estimates over the past five years.

Labor Force Statistics for Milwaukee County (Not Seasonally Adjusted)

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>	
				<u>Milwaukee County</u>	<u>State of Wisconsin</u>
2015	477,696	449,781	27,915	5.8%	4.6%
2014	479,375	446,333	33,042	6.9%	5.4%
2013	479,770	439,432	40,338	8.4%	6.7%
2012	476,646	435,451	41,195	8.6%	7.0%
2011	477,600	433,264	44,336	9.3%	7.8%

Source: Wisconsin Department of Workforce Development

Based on the Second Quarter, 2016 Business Outlook Survey conducted by Milwaukee Metropolitan Association of Commerce, employment expectations are optimistic with 46% of all businesses surveyed predicting second-quarter, 2016 job gains for their local operations (vs. 2015's second quarter of 59%). Companies are over four times more likely to forecast employment gains for 2016's second quarter than declines (11%); this compares to companies being six times more likely to forecast employment gains in 2015. The survey contains responses from 133 Milwaukee area firms, employing more than 37,000 people. The 2016 Survey also found that future wage and salary expectations have reached its highest level since 2008's fourth quarter. On average, the change in per person employee wages and salaries is forecast to rise 2.7% over the next 12 months, above the 2.5% annualized increase predicted three months ago.

Milwaukee County lags behind both the State and the United States for per capita personal income and has not kept pace with national and statewide increases. The Bureau of Economic Analysis provides estimates of per capita income data. Available data for the County, State of Wisconsin and United States over the past five years are presented in the following table.

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Per Capita Personal Income

Year	Milwaukee County	State of Wisconsin	United States
2015	Not Available	\$45,617	\$47,669
2014	\$41,507	44,186	46,049
2013	40,219	42,737	44,438
2012	40,644	42,463	44,266
2011	39,404	40,837	42,453

D) FINANCIAL MANAGEMENT

Budgeting. The County has an executive budget process for the preparation of the annual operating and capital budgets. The Office of Performance, Strategy and Budget (PSB) of the Department of Administrative Services provides the technical assistance required by the County Executive to review budget requests submitted by County departments and agencies. PSB compiles these requests, along with principal and interest requirements, capital improvements, contingency requirements and the required tax levy. It reviews areas where changes may be considered and transmits its findings to the County Executive. The County Executive holds public hearings with respect to the requests, meets with departments and submits a recommended budget to the County Board on or before October 1st of each year. Subsequent to the receipt of the budget from the County Executive, the County Board's Committee on Finance, Personnel and Audit reviews the County Executive's budget at public meetings. On the Monday following its regularly scheduled meeting on the first Thursday in November, the County Board acts on the amendments and recommendations submitted by the Committee on Finance, Personnel and Audit, as well as amendments submitted by individual supervisors. The County Board adopts a final budget, subject to any vetoes by the County Executive, and levies taxes based upon equalized property values.

Accounting Policies and Budgetary Control. Section 59.60(3m) of the Wisconsin Statutes specifies that all County accounting and budgeting procedures shall comply with generally accepted accounting principles. The Comptroller's Office monitors the accounting policies and procedures followed by County departments for compliance.

The County's accounting records for governmental and agency funds are maintained on a modified accrual basis of accounting. Under this method, revenues are recorded when measurable and available; expenditures are recorded when the goods or services are received and the liabilities are incurred. The County's accounting records for proprietary funds and the pension trust funds of the County are maintained on an accrual basis of accounting. Under this method, revenues are recorded when the services are performed; expenditures are recorded when the goods or services are received and the liabilities are incurred.

County management is responsible for establishing and maintaining an internal control structure designed to provide reasonable, but not absolute, assurance that County assets are safeguarded against loss from unauthorized use or disposition and assurance that the County financial records are free from material misstatement and accurately account for the County's assets. The concept

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of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

Budgetary control is maintained by a formal appropriation and encumbrance/expenditure system. Encumbrances are made against appropriations upon the release of a purchase order to a vendor. Expenses are incurred upon the receipt of goods or services, and the matching to invoices and purchase orders. This expenditure matching will reduce open encumbrances, related to the purchase order being paid. The expenditures and remaining open encumbrances will reduce the available appropriation. New encumbrances or expenses that would reduce the net appropriation balance below the authorized limits are halted until additional appropriation authority is granted. As authorized by State Statute, open encumbered purchase orders are carried forward at the end of the year by means of encumbrance reserves. These reserves are restored to departmental appropriation accounts in the following year, thus allowing departments to complete the purchase transaction, using prior year funded appropriations. Purchases for the current year would be encumbered against new budgeted appropriations. Expenditures are then recorded when the services or materials are received, which will release the encumbrance.

Every appropriation, except for an appropriation for capital expenditures or major repairs, lapses at December 31 to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure or a major repair continues in force until the purpose for which it was made has been accomplished or abandoned or three years pass without any expenditure or encumbrance. The County Board of Supervisors approves carryovers recommended by the Comptroller and the Department of Administrative Services.

Auditing. Pursuant to Wisconsin Statutes and Milwaukee County General Ordinances, the Milwaukee County Comptroller, a publicly elected official, is charged with performing all audit functions related to Milwaukee County government. These audit functions are carried-out through the Office of the Comptroller's Audit Services Division. As required by State Statute, the Division conducts audits of accounting and administrative controls, compliance with applicable laws and regulations, and economy, efficiency, and effectiveness of operations and program results, in accordance with Generally Accepted Government Audit Standards.

Additionally, the Audit Services Division contracts with an independent certified public accounting firm to audit the County's comprehensive annual financial report, containing its basic financial statements, as well as its schedule of expenditures of federal and state awards. These audits are conducted in accordance with auditing standards generally accepted in the United States; Government Auditing Standards issued by the Comptroller General of the United States; the requirements of the Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); and the provisions of the State of Wisconsin State Single Audit Guidelines.

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

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

The County Board has also adopted policies limiting the amount of corporate purpose bonds issued by the County to finance capital projects. Under this policy, corporate purpose bond issuance is limited to an increase of no more than three percent over the principal amount of the preceding year's issue. Although this bonding cap policy only applies to corporate purpose bonds that finance the Capital Improvements Program, the Comptroller's Office includes the bond issues that result in a County debt obligation.

In 2014, the County added a new policy for its Debt Service Reserve. The policy states that the County will seek to build and maintain a minimum balance of \$10 million in the Debt Service Reserve.

Wisconsin Statutes limit the County's direct general obligation borrowing to an amount equivalent to five percent of the equalized valuation of taxable property. At December 31, 2015, the County had \$620.4 million of net general obligation debt outstanding, representing 21.2% of the \$2.9 billion debt limit. The debt limit is based upon equalized value of County property of \$58.6 billion.

Approximately 75.3% of the County's general-obligation debt will be retired within ten years. The County's general-purpose obligations do not include revenue bonds issued by the County with respect to the airports. For 2015, total debt of the County, which includes general purpose and Airport revenue bond obligations, was \$875.4 million. As of December 31, 2015, approximately \$208.1 million or 23.3% of the County's outstanding general purpose and revenue debt is for the Airports. Pursuant to the lease agreements with the airlines, signatory airlines are obligated to pay all principal and accrued interest payments for debt issued on behalf of the Airports.

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

Moody's Investors Service
Aa2

Standard & Poor's
AA

Fitch IBCA
AA+

Investment Policy. The County may purchase investment securities as allowed by Section 66.0603(1m) of the Wisconsin Statutes and Milwaukee County ordinance at prevailing market rates. To the extent possible, the County attempts to match its investments with anticipated cash-flow requirements. In the absence of individual security maturity limitations specified in the Wisconsin Statutes, the County does not directly invest in securities maturing more than ten years from the date of purchase.

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Future Fiscal Outlook. The Comptroller monitors the County's five-year forecast and provides an annual update to the County Board and County Executive each year. In addition, the Comptroller may update the forecast throughout the year depending on events that may impact the long-term sustainability, such as the State's Biennial Budget. The initial 2009 model forecasted a structural deficit of \$159 million by 2015, assuming no structural changes. The updated 2014 model shows significant improvement for the 2015 forecasted structural deficit, despite the impact of the recession. The 2015 model showed even greater improvement for 2016, with only a \$26.2 million structural deficit.

Because expenditure growth is anticipated to outpace revenue growth indefinitely, the County will continue to have a structural deficit in the forecast period absent any new policy changes. The ongoing driver of the structural deficit continues to be revenue growth that lags expenditure growth. The County has successfully controlled major expenditures related to salaries and healthcare, which have driven down the long-term structural imbalance. Other expenditures have been controlled through various service model changes and through historically low inflationary periods. However, the County has done little to address revenues, evidenced by the negative revenue growth predicted for 2016. Without addressing a long-term sustainable strategy to match revenue and expenditure growth, the County will continue to struggle with structural imbalances in the foreseeable future. It is important to note that this is not unique to Milwaukee County. Municipalities across the nation struggle to provide the same level of services under ever increasing costs and slow growing revenues.

When the model was first utilized after passage of the 2009 budget, it projected that if annual budgets were balanced using only one-time measures, the County would face a \$79 million deficit in 2010 that would grow to \$159 million by 2015. Expenditures were forecasted to grow by 6.1% annually while revenues would rise by only 3.7% annually. Even with the fundamental changes the County has made to lessen the structural deficit, it continues to persist albeit at a much lower level than original forecasted.

Expenditures are now forecasted to grow by an average of 2.3% annually, while revenues are forecasted to grow by an average of 1.1% annually. However, these revenue numbers are skewed slightly due to the County's Departments of Family Care and Airport. When adjusting the forecast to exclude Family Care and the Airport, expenditures grow at an average annual rate of 2.5% and revenues grow at an average annual rate of 0.9%. For 2016, the revenue growth rate is actually a negative 0.1%.

Personnel costs comprise about 35% of the County's total expenditures. The County's percentage of total expenditures for personnel-related expenditures remains nearly flat over the forecast period, suggesting that the County, through its significant changes in the last several years, has meaningfully restrained expenditure growth in this area. However, given the proportion of County expenditures that are personnel costs, these costs will inherently always be a factor in the structural deficit if the County is to remain a competitive employer in the marketplace by providing a competitive wages and benefits package. Salaries and Wages, including overtime, are forecasted to grow by 6.6% over the five-year forecast period. Fringe benefits, including pension and healthcare, will grow by 16.8% during the five-year forecast period. This is less than the five-year forecast projections in 2012, 2013 and 2014 of 36%, 29% and 22%, respectively.

Healthcare costs are projected to be lower in 2016 by about 4.3% due to large surpluses projected for 2015, and then grow at 7.0% thereafter. This forecasted growth results in an additional \$56.7

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million in expenditures over the 2016 - 2020 period. Pension costs, on the other hand, rise 29.3% in 2016 and then flatten out over the forecast period. This increase in 2016 is due to inclusion of the COLA liabilities that were not included in 2013 and 2014 and implementation of funding policy changes. Although the change is significant in 2016, the County's pension contribution is stabilized over the forecast period due to the funding policy changes. The total increase from 2015 to 2016 is projected to be \$20.4 million. These changes result in an additional \$111.4 million in expenditures over the 2016 – 2020 period. The portion of these costs which are attributable to active employees will be offset by an increase in active employee pension contributions of approximately \$3.0 million annually.

Over the forecast period, the County's revenue growth is projected to average 1.2%. However, when Airport and Family Care revenues are excluded, the County's 2016 revenue growth is negative and the average annual revenue growth over the five-year period is only 1.0%. Long-term, low growth rates are attributable to mostly flat revenue projections for State and Federal resources, as well as discretionary resources that are mostly forecasted to grow at CPI over the forecast period. This suggests that the County has done little with respect to revenue to reduce the structural deficit.

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

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%.

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

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

- If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally authorized before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy unless the political subdivision does not utilize the "unused levy" provision of the local levy limit statute.
- For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts.
- The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

E) OTHER INFORMATION

Independent Audit

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

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

The audit is performed to provide reasonable assurance that the financial statements are free of material misstatement. The audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there is a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended December 31, 2015 are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditors' report is presented as the first component of the financial section of the CAFR.

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

COUNTY OF MILWAUKEE, WISCONSIN

Letter of Transmittal

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report ("CAFR") for the year ended December 31, 2014. This is the 36th (December 31, 1979 through December 31, 2014) consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

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

Acknowledgements

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Office of the Comptroller and the assistance of personnel in the various departments and through the competent service of the independent public accountants. We would like to express our appreciation to all persons who assisted in its preparation.

Respectfully submitted,



Scott B. Manske
Milwaukee County Comptroller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

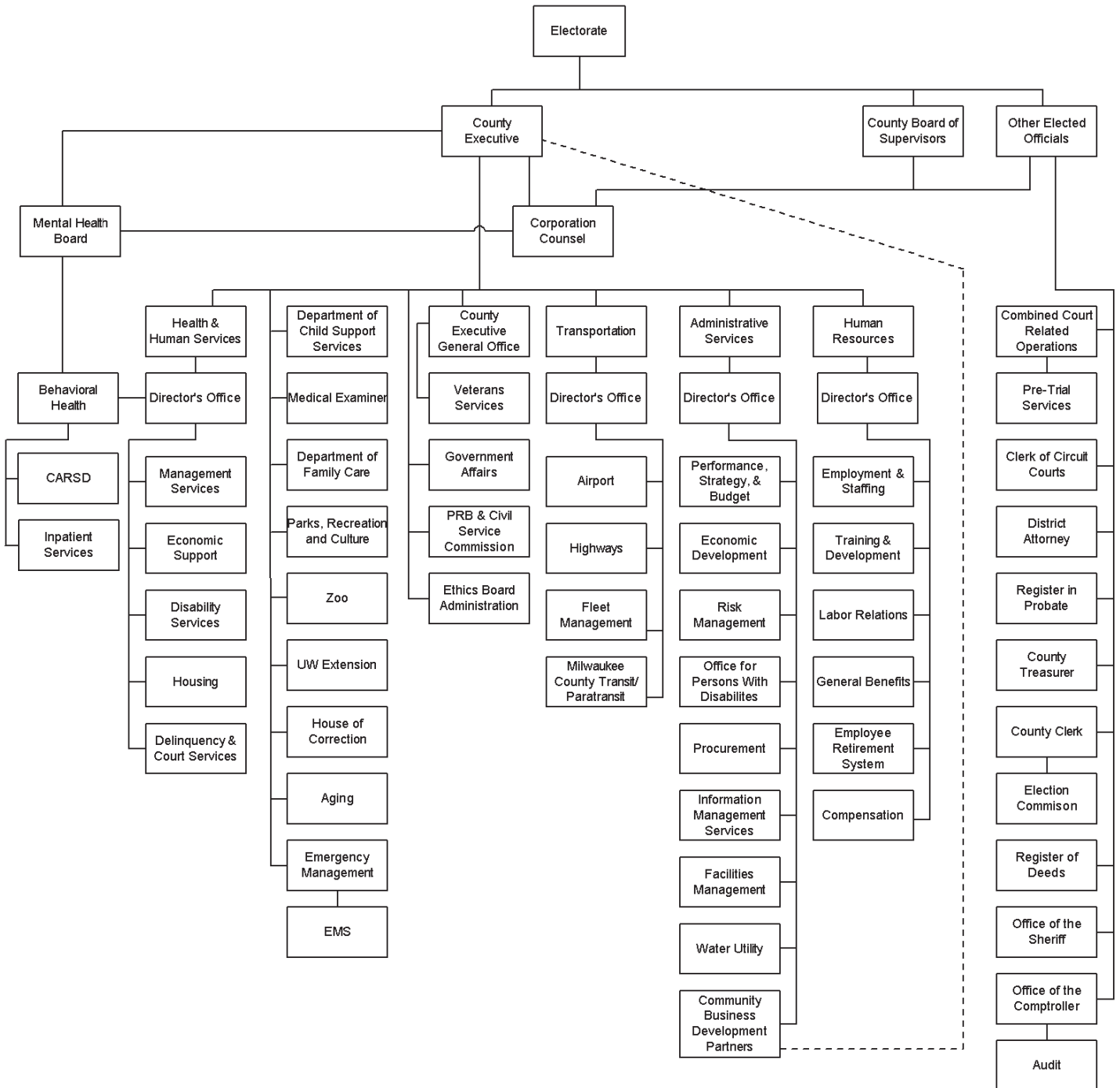
**County of Milwaukee
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

Milwaukee County Organizational Chart



Source: 2015 Milwaukee County Adopted Operating Budget

COUNTY OF MILWAUKEE, WISCONSIN

List of Principal Officials and Committees December 31, 2015

ELECTED

County Executive Chris Abele
Clerk of Circuit Court/Register in Probate John Barrett
Comptroller Scott Manske
County Clerk Joseph Czarnezki
County Treasurer David Cullen
District Attorney John T. Chisholm
Register of Deeds John La Fave
Sheriff David A. Clarke, Jr.

APPOINTEES / DEPARTMENT HEADS

<u>Department</u>	<u>Title</u>	<u>Name</u>
Administrative Services (*)	Director	Teig Whaley-Smith
Audit Services	Director	Jerome Herr
Aging	Interim Director	Jonette Arms
Child Support Services	Director	James Sullivan
Circuit Courts	Chief Judge	Maxine White
Corporation Counsel	Corporation Counsel	Paul Bargaen
Emergency Management	Director	Christine Westrich
Family Care	Director	Maria Ledger
Government Affairs	Director	Eric Peterson
Health and Human Services (*)	Director	Hector Colon
House of Correction	Director	Michael Hafemann
Human Resources (*)	Director	Kerry Mitchell
Medical Examiner	Medical Examiner	Brian L. Peterson, MD
Parks, Recreation, and Culture (*)	Director	John Dargle, Jr.
Transportation and Public Works (*)	Director	Brian Dranzik
UW - Extension	Director	Eloisa Gomez
Veterans Services Office	Director	James Duff
Zoological Gardens	Director	Charles Wikenhauser

(*) County Executive cabinet officers

COUNTY OF MILWAUKEE, WISCONSIN

List of Principal Officials and Committees December 31, 2015

ELECTED

COUNTY BOARD OF SUPERVISORS - (By District Number)

1- Theodore Lipscomb, Sr. - (Chair)	10- Supreme Moore Omokunde
2- Khalif Rainey	11- Vacant
3- Gerry P. Broderick	12- Peggy Romo West
4- Marina Dimitrijevic	13- Willie Johnson, Jr.
5- Martin Weddle	14- Jason Haas
6- James Schmitt	15- Eddie Cullen
7- Michael Mayo, Jr.	16- John F. Weishan, Jr.
8- Patricia Jursik	17- Anthony Staskunas
9- Steve F. Taylor	18- Deanna Alexander

COUNTY BOARD STANDING COMMITTEES

The Board Chairperson appoints the chair and members of the seven standing committees of the Milwaukee County Board. Each Committee is comprised of a Committee Chair or Co-Chairs and 6 - 7 members.

- The **Economic and Community Development Committee** oversees the administration of federal, state and local housing programs in the County, including the Urban Community Development Block Grant Program. This Committee decides matters pertaining to economic development of Milwaukee County, including the best disposition of County properties. It also makes decisions on the Research Park and the Airport Business Park.
- The **Finance, Personnel and Audit Committee** reviews County budget matters, taxation and insurance matters. Audit reports are reviewed to ensure other County departments implement program improvements and cost-saving recommendations of the County Board. This committee also includes employee relations, reclassification, compensation and conditions of employment of County personnel and officers. Members set policy for the Civil Service Commission and administer the County Employee Merit Award program.
- The **Health and Human Needs Committee** is responsible for policies related to the Department of Health and Human Services (DHHS), Mental Health Division, Emergency Medical Services (paramedics), Family Care, and the Children's Court Center. The Committee also reviews policies relating to the Office for Persons with Disabilities and monitors the implementation of the Wisconsin Works program (W-2).
- The **Intergovernmental Relations Committee** reviews proposed federal, state and local legislation affecting the County and makes recommendations determining the County's policy on these matters. On special occasions, members of the Committee appear before Congress, the State Legislature and governing bodies of other municipalities to support the County Board's policies.

COUNTY OF MILWAUKEE, WISCONSIN

List of Principal Officials and Committees December 31, 2015

- The **Judiciary, Safety and General Services Committee** considers legal questions concerning lawsuits or claims by or against the County, claims for workers compensation, personal injuries and property damage. Members set policy for County Funded State Court Services, Family Court Commissioners, Jury Commission, Register in Probate, Election Commission, County Clerk, Register of Deeds, Legal Resource Center, Sheriff, Medical Examiner, Safety Commission, District Attorney, House of Correction, Department of Child Support Enforcement, Corporation Counsel and Emergency Management.
- The **Parks, Energy and Environment Committee** is responsible for all matters concerning County parks and parkways. Members set policy for the Parks Department, organized recreation, cultural activities, arts, the University Extension program, and Zoo park services. Members have jurisdiction over matters concerning the conservation of all uses of energy and make recommendations relating to conservation of air, water, energy and all other resources.
- The **Transportation, Public Works and Transit Committee** is responsible for the mission of the Department of Transportation, including the construction and maintenance of County highways, bridges, airports and public structures. Members discuss all matters pertaining to the policy of mass transit and the Milwaukee County Transit System, including fares, service routes and capital improvements. The Committee also discusses all matters under its jurisdiction pertaining to railroads and public utilities in the County.

Some matters coming before the County Board have a significant policy impact or a unique set of circumstances which overlap specific committee jurisdiction (for example, the closing of a major County facility). On such occasions, the **Committee of the Whole** will meet at the call of the County Board Chairperson. All 18 supervisors are members of the Committee of the Whole.

COUNTY OF MILWAUKEE, WISCONSIN

FINANCIAL SECTION

- **Independent Auditors' Report**
- **Management's Discussion and Analysis (Unaudited)**
- **Basic Financial Statements**
- **Notes to the Basic Financial Statements**
- **Required Supplementary Information**
- **Supplementary Information - Combining and Individual Fund Statement Schedules**



Baker Tilly Virchow Krause, LLP
777 E. Wisconsin Ave., 32nd Floor
Milwaukee, WI 53202-5313
tel 414 777 5500
fax 414 777 5555
bakertilly.com

INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
County of Milwaukee
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Milwaukee, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County of Milwaukee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Milwaukee County War Memorial, Inc., the Marcus Center for the Performing Arts, and the Milwaukee County Research Park Corporation, which represent 46 percent, 55 percent and 56 percent, respectively, of the assets, net position and revenues of the discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Milwaukee County War Memorial, Inc., the Marcus Center for the Performing Arts, and the Milwaukee County Research Park Corporation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Milwaukee Public Museum, Inc., the Milwaukee County War Memorial, Inc., the Marcus Center for the Performing Arts, and the Milwaukee County Research Park Corporation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the County of Milwaukee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the County of Milwaukee's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



An Affirmative Action Equal Opportunity Employer

To the Board of Supervisors
County of Milwaukee

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Milwaukee, Wisconsin, as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1.E, the County of Milwaukee adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended December 31, 2015 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Milwaukee's basic financial statements. The combining and individual fund financial statements and schedules and other supplementary information for the year ended December 31, 2015 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2015, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and other supplementary information are fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2015.

To the Board of Supervisors
County of Milwaukee

Other Matters (continued)

Supplementary Information (continued)

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the County of Milwaukee as of and for the year ended December 31, 2014 (not presented herein), and have issued our report thereon dated July 31, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The combining and individual fund financial statements and schedules and other supplementary information for the year ended December 31, 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2014.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Milwaukee's basic financial statements. The "Introductory Section" and "Statistical Section" are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2016 on our consideration of the County of Milwaukee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Milwaukee's internal control over financial reporting and compliance.

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
July 29, 2016

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

The County of Milwaukee's comprehensive annual financial report provides a narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

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

- The County's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by \$(73,718) on a government-wide basis as of December 31, 2015. The unrestricted net position of the County is a deficit of \$1,127,585.
- For the fiscal year, program and general revenues of the County's governmental activities total \$1,099,944. Expenses total \$1,056,581, including transfers out of \$17,040.
- For the fiscal year, revenues of the County's business-type activities total \$277,085, including transfers in of \$17,040. Expenses total \$256,712.
- In June 2012, the GASB issued Statement No. 68 *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. This statement establishes standards for measuring and recognizing assets, deferred outflows of resources, liabilities, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These standards were implemented January 1, 2015. Therefore, the County has restated beginning net position related to the implementation. The County's 2014 comparative data, as presented in this Management Discussion and Analysis section, does not reflect the restatement.

Highlights for Fund Financial Statements

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

- The County's governmental funds report combined ending fund balances of \$243,910 as of December 31, 2015 compared to \$237,304 as of December 31, 2014.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

FINANCIAL HIGHLIGHTS (cont.)

- The County's enterprise funds report combined net position of \$320,567 as of December 31, 2015, compared to \$300,194 as of December 31, 2014, as restated
- In November, 2015, the County issued: General Obligation Corporate Purpose Bonds, Series 2015A in the amount of \$31,665 and Series 2015C in the amount of \$3,600 to finance various general capital projects in the County, General Obligation Refunding Bond, Series 2015B in the amount of \$14,680 to refund certain outstanding obligations of the County, and Taxable General Obligation Mass Transit Bonds (QCEB's - Direct Payment), Series 2015D in the amount of \$4,860 to provide financing for buses for the County's mass transit system

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

The first government-wide statement, ***the statement of net position***, presents information on all of the County's assets and deferred outflow of resources less liabilities and deferred inflow of resources, resulting in the net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

The second government-wide statement, *the statement of activities*, presents information showing how the County's net position changed during 2015. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for not only current uses of cash flow but also for items that will result in cash flows in a future fiscal period (e.g. uncollected taxes and earned but unused paid benefits).

Both of these government-wide financial statements distinguish functions of Milwaukee County that are principally supported by taxes and intergovernmental revenues (referred to as "governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as "business-type activities"). The governmental activities of Milwaukee County include: Legislative, Executive and Staff; Courts and Judiciary; General Governmental Services; Public Safety; Public Works and Highways; Health and Human Services; and Parks, Recreation and Culture. The business-type activities of Milwaukee County include the Airports and the Transit System.

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

The government-wide financial statements can be found on pages 53 - 56 of this report.

Fund Financial Statements

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

Governmental funds

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

Because the focus of governmental funds is narrower than that of the government-wide

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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

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

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

The governmental fund financial statements can be found on pages 57 - 61 of this report.

Proprietary funds

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

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

The proprietary fund financial statements can be found on pages 62 - 66 of this report.

COUNTY OF MILWAUKEE, WISCONSIN
Management's Discussion and Analysis
As of and For the Year Ended December 31, 2015
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Fiduciary funds

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

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

The fiduciary fund financial statements can be found on pages 67 - 68 of this report.

Notes to the Financial Statements

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

The notes can be found on pages 72 - 164 of this report.

Required Supplementary Information

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

The required supplementary information can be found on pages 165 - 171 of this report.

Supplementary Information

Individual fund schedules are provided for budgetary comparisons of the major funds. In addition, various individual and combining fund financial statements and schedules are provided for non-major governmental funds, internal service funds and fiduciary funds.

The supplementary information can be found on pages 172 - 186 of this report.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Other Supplementary Information

Separate financial schedules – Balance Sheets, Schedule of Revenues, Expenses and Changes in Net Position, and Schedule of Cash Flows – are presented for the Milwaukee County Family Care program.

The other supplementary information can be found on pages 187-190 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position may serve over time as a useful indicator of a government's financial position. In 2015, assets and deferred outflow of resources did not exceed liabilities and deferred inflow of resources by \$73,718 at the close of the fiscal year. The County's net position decreased by \$(772,162) during the fiscal year. The major reason for the change in net position was the restatement as a result of the adoption of GASB 68 (see Note 9).

COUNTY OF MILWAUKEE, WISCONSIN Net Position (In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 679,363	\$ 704,889	\$ 142,031	\$ 148,277	\$ 821,394	\$ 853,166
Long-Term Assets	5,784	434,939	-	56	5,784	434,995
Capital Assets	673,651	653,844	568,205	546,993	1,241,856	1,200,837
Total Assets	<u>1,358,798</u>	<u>1,793,672</u>	<u>710,236</u>	<u>695,326</u>	<u>2,069,034</u>	<u>2,488,998</u>
Deferred Outflow of Resources	87,282	15,836	16,699	162	103,981	15,998
Total Assets and Deferred Outflows of Resources	<u>\$ 1,446,080</u>	<u>\$ 1,809,508</u>	<u>\$ 743,634</u>	<u>\$ 695,488</u>	<u>\$ 2,189,714</u>	<u>\$ 2,504,996</u>
Current Liabilities	\$ 199,824	\$ 235,866	\$ 53,073	\$ 52,309	\$ 252,897	\$ 288,175
Long-Term Liabilities	1,333,545	967,423	347,452	257,476	1,680,997	1,224,899
Total Liabilities	<u>1,533,369</u>	<u>1,203,289</u>	<u>400,525</u>	<u>309,785</u>	<u>1,933,894</u>	<u>1,513,074</u>
Deferred Inflow of Resources	306,996	293,478	5,843	-	312,839	293,478
Net Position (Deficit):						
Net Investment in Capital Assets	408,914	396,649	364,899	345,437	773,813	742,086
Restricted	239,354	232,751	40,700	39,833	280,054	272,584
Unrestricted (Deficit)	<u>(1,042,553)</u>	<u>(316,659)</u>	<u>(85,032)</u>	<u>433</u>	<u>(1,127,585)</u>	<u>(316,226)</u>
Total Net Position (Deficit)	<u>(394,285)</u>	<u>312,741</u>	<u>320,567</u>	<u>385,703</u>	<u>(73,718)</u>	<u>698,444</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,446,080</u>	<u>\$ 1,809,508</u>	<u>\$ 726,935</u>	<u>\$ 695,488</u>	<u>\$ 2,173,015</u>	<u>\$ 2,504,996</u>

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

The largest portion of the County's net position reflects its net investment in capital assets (e.g. land, land improvements, buildings, vehicles, equipment and infrastructure, net of depreciation and amortization, plus any unspent capital bond funds less the outstanding debt that was used to acquire those assets). As of December 31, 2015, the net investment in capital assets is \$773,813, an increase of \$31,727 from the prior year. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Indirectly, the depreciation of capital assets is an expense for proprietary funds and therefore, as an expense, is available to be reimbursed through user fees of those funds.

Restricted net position as of December 31, 2015 totals \$280,054. These assets are subject to external restrictions on how they may be used, some of which include grant-related restrictions and debt service restrictions. The airport passenger facility charges ("PFC") revenue is restricted for airport bond repayment and future airport capital needs.

Unrestricted net position represents the remaining amount of net position that is neither related to capital assets nor is restricted for specific purposes. As of December 31, 2015 the unrestricted net position balance is \$(1,127,585). Unrestricted net position decreased by \$(811,359) in 2015.

Statement of Activities

The following table provides the summary of the changes in net position for the primary government for the fiscal years ended December 31, 2015 and 2014. The major reason for the change in net position was the restatement as a result of the adoption of GASB 68 (see Note 9).

COUNTY OF MILWAUKEE, WISCONSIN Summary of Changes in Net Position (In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 454,135	\$ 439,109	\$ 133,121	\$ 134,350	\$ 587,256	\$ 573,459
Operating Grants and Contributions	200,059	192,671	88,034	91,780	288,093	284,451
Capital Grants and Contributions	9,689	2,590	38,670	71,114	48,359	73,704
General Revenues:						
Property Taxes	285,494	284,461	-	-	285,494	284,461
Sales Taxes	70,838	67,826	-	-	70,838	67,826
Intergovernmental Revenues not Related to Specific Programs	37,271	36,797	-	-	37,271	36,797
Investment Income	2,246	777	300	729	2,546	1,506
Gain (Loss) on Sale of Capital Assets	-	12,696	(86)	-	(86)	12,696
Other Revenue	40,212	43,597	6	-	40,218	43,597
Total Revenues	1,099,944	1,080,524	260,045	297,973	1,359,989	1,378,497

COUNTY OF MILWAUKEE, WISCONSIN

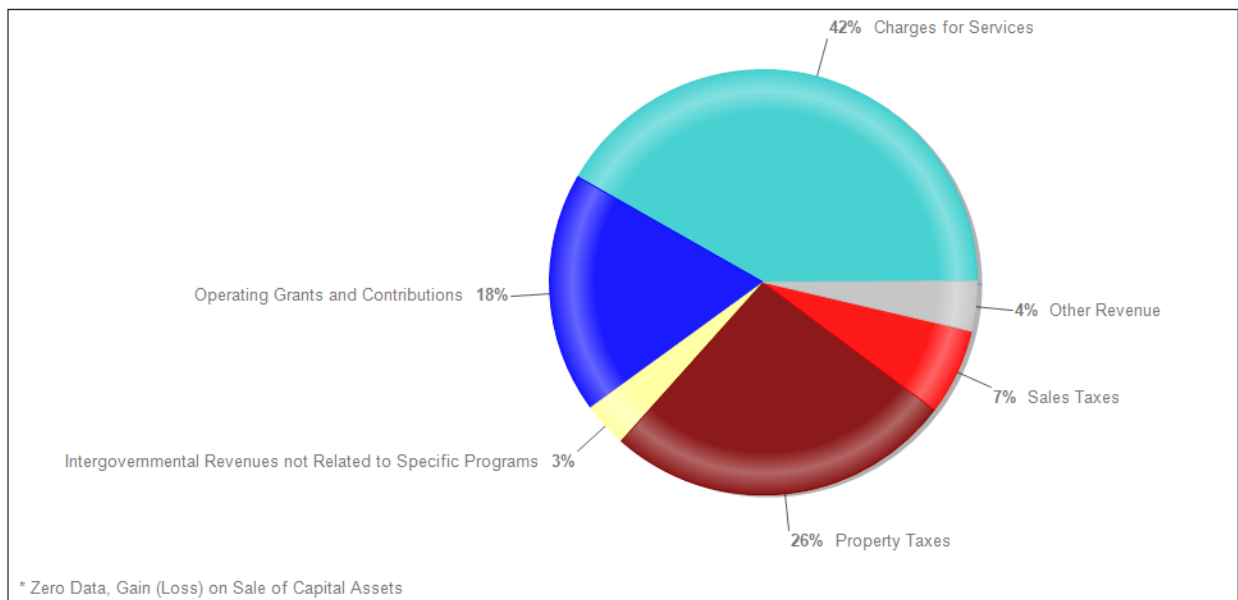
Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2015	2014	2015	2014	2015	2014
Expenses:						
Legislative, Executive, and Staff	51,469	46,266	-	-	51,469	46,266
Courts and Judiciary	54,296	51,904	-	-	54,296	51,904
General Governmental Services	13,989	12,980	-	-	13,989	12,980
Public Safety	154,830	143,774	-	-	154,830	143,774
Public Works and Highways	82,848	104,079	-	-	82,848	104,079
Human Services	572,031	551,239	-	-	572,031	551,239
Parks, Recreation, and Culture	87,639	76,644	-	-	87,639	76,644
Interest	22,439	23,294	-	-	22,439	23,294
Airports	-	-	94,951	98,006	94,951	98,006
Transit	-	-	161,761	166,953	161,761	166,953
Total Expenses	1,039,541	1,010,180	256,712	264,959	1,296,253	1,275,139
Change in Net Position Before Transfers	60,403	70,344	3,333	33,014	63,736	103,358
Transfers	(17,040)	(18,281)	17,040	18,281	-	-
Change in Net Position	43,363	52,063	20,373	51,295	63,736	103,358
Net Position (Deficit) - Beginning of the Year (as Restated)	(437,648)	260,678	300,194	334,408	(137,454)	595,086
Net Position (Deficit) - End of the Year	\$ (394,285)	\$ 312,741	\$ 320,567	\$ 385,703	\$ (73,718)	\$ 698,444

Governmental Activities

The Governmental activities of Milwaukee County include Legislative, Executive and Staff, Courts and Judiciary, General Governmental Services, Public Safety, Public Works and Highways, Health and Human Services, and Parks, Recreation and Culture. The first graph indicates the revenue sources; the second graph compares the expenses and program revenues for the fiscal year ended December 31, 2015.

Revenues by Source - Governmental Activities - 2015

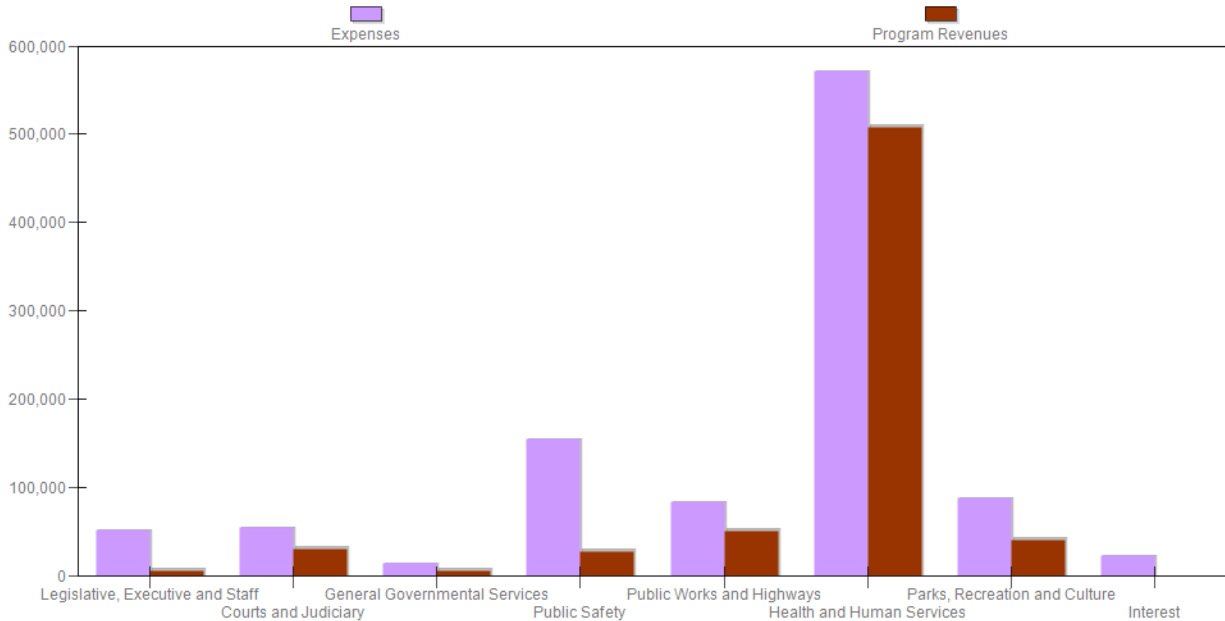


COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Expense and Program Revenues - Governmental Activities - 2015



2015 Actual Revenues compared to 2014 Actual Revenues

Actual total revenues for the County's governmental activities for the fiscal year 2015 are \$1,099,944, an increase of \$19,420, or 1.80%, from 2014 revenues of \$1,080,524. The various sources of revenue for fiscal year 2015 are stated as a percentage of total revenues in the revenues by source pie graph.

Charges for services increased by \$15,026 from \$439,109 in 2014 to \$454,135 in 2015. Charges for service is the largest source of County revenues and represents collections from those who directly benefit from County services. The largest increase is in the Human Services area where there was an accounting procedural change for the Children's Long-term Support ("CLTS") program. Claims processing for CLTS was changed in 2012 when the State entered into a contract with a third party administrator to process claims instead of the County. Since the revenues offset expenses, no activity was recorded by the County in 2012 - 2014. In 2015, based upon audit recommendations, both revenue and expenses are recorded.

Operating grants and contributions revenue increased by \$7,388 from \$192,671 in 2014 to \$200,059 in 2015. Operating grants and contributions generally represent federal and state grants revenue with the majority supporting health and human services programs.

Capital grants and contributions increased by \$7,099 from \$2,590 in 2014 to \$9,689 in 2015. Both Parks and Highways have projects that are funded with capital grants.

COUNTY OF MILWAUKEE, WISCONSIN
Management's Discussion and Analysis
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GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Property tax revenue increased by \$1,033 from \$284,461 in 2014 to \$285,494 in 2015; however, property tax revenue as a percent of total governmental activity revenues increased by 0.4% from the prior year. Caps on increases in levy rates have limited the increase each year.

Sales tax revenue increased by \$3,012 from \$67,826 in 2014 to \$70,838 in 2015 as a result of slightly stronger consumer spending than in 2014.

Intergovernmental revenues not related to specific programs increased by \$474 from \$36,797 in 2014 to \$37,271 in 2015 due primarily to an increase in state exempt computer aid.

Investment income increased by \$1,469 from \$777 in 2014 to \$2,246 in 2015 as a result of a better rate of return on investments in 2015.

Gain (Loss) on the sale of capital assets decreased by \$12,782 from \$12,696 in 2014 to \$(86) in 2015. In 2014, there were multiple land sales; there are no material land sales in 2015.

Other revenue decreased by \$3,385 from \$43,597 in 2014 to \$40,212 in 2015. In 2014, the county received \$2,046 in insurance recoveries; there are minimal recoveries in 2015.

2015 Actual Expenses compared to 2014 Actual Expenses

Actual total expenses for the County's governmental activities for the fiscal year 2015 are \$1,039,541, an increase of \$29,361 or 2.91% from 2014 expenses of \$1,010,180. Total expenses compared to program revenues by activity are shown in the expenses and program revenues bar graph.

Legislative, Executive and Staff expenses increased by \$5,203 due the movement of all County software and computer purchases to an administrative department.

Courts and Judiciary expenses increased by \$2,392 due to increased pension expense.

General Governmental Services increased by \$1,009 due to increased pension expense, contract fees and depreciation.

Public Safety increased by \$11,056 primarily due to an internal reorganization which moved Emergency Management paramedic services from Human Services.

Public Works and Highways decreased by \$21,231 due to increased accruals for landfill and pollution remediation costs in 2014 and the writeoff of buildings to be demolished.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Health and Human Services increased by \$20,792 due to an accounting procedural change for the Children's Long-term Support ("CLTS") program. Claims processing for CLTS was changed in 2012 when the State entered into a contract with a third party administrator to process claims instead of the County. Since the revenues offset expenses, no activity was recorded by the County in 2012 - 2014. In 2015, based upon audit recommendations, both revenue and expenses are recorded

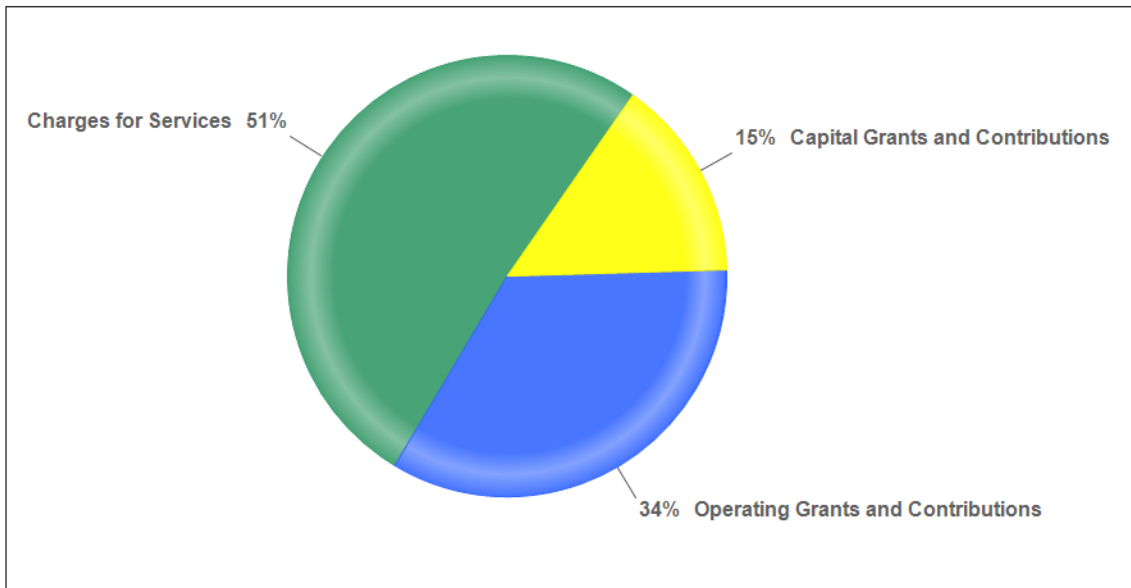
Parks, Recreation and Culture increased by \$10,995 due to increased wages, pension charges and depreciation expense. County contribution for pension increased \$20,076 county wide.

Interest decreased by \$855.

Business-type Activities

Business-type activities consist of the Airports and Transit/Para-Transit ("Transit") System. The first graph indicates the revenue source for the fiscal year ended December 31, 2015. The second graph compares the expenses and program revenues for the Airports and Transit System.

Revenues by Source - Business-type Activities - 2015

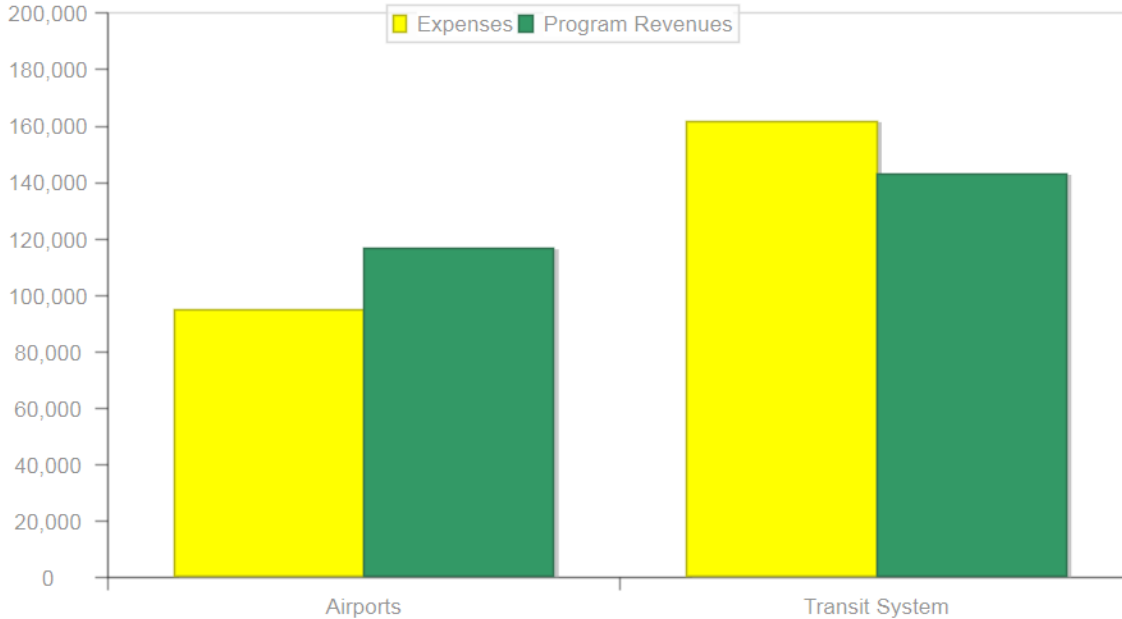


COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (cont.)

Expenses and Program Revenues - Business-type Activities - 2015



In 2015, the Airports' revenue, including fees charged to airlines for use of the airport and fees received from ancillary services of the airports, exceeded its annual operating costs by \$4,702. Charges for Services revenue from the Airport increased by \$3,433 (or 4.0%) and operating expenses decreased by \$1,607 (or (1.8%)) over the prior year. Total Passengers at General Mitchell International Airport declined from 6.6 million passengers in 2014 to 6.5 million passengers in 2015. Operating grants and contributions are negligible for the Airports.

The Transit System requires operating assistance from Federal, State, and County government to balance its revenues and expenses. Total County operating support, reflected as operating transfers, for the Transit System is \$33,297 for fiscal year 2015, an increase of \$3,352 (or 11.2%) from the prior year. Total Federal and State grants for the Transit System are \$87,851 for 2015, a decrease of \$3,737 (or (4.1%)) from 2014. Direct support from users of the Transit System is \$38,952 (24.2% of total operating expenses) for 2015, a decrease of \$4,400 from 2014. Transit expenses total \$160,754, a decrease of \$5,397 from 2014. The operator of the Transit System also instituted cost savings measures to reduce operating costs. The Transit System realized a costs savings from a decrease in fuel costs due to the lower price of diesel fuel and requiring employees to contribute more for health and pension costs. OPEB costs were down for the year 2015 by \$3,621.

COUNTY OF MILWAUKEE, WISCONSIN
Management's Discussion and Analysis
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FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements.

As of December 31, 2015, the County's governmental funds report combined ending fund balances of \$243,910. The restricted fund balance consists of \$5,000 for 2017 appropriations, \$5,000 for 2016 appropriations, \$47,176 for debt service, \$64,593 for commitments (including construction), \$31,691 for Milwaukee County Family Care, \$12,204 for delinquent property taxes, \$28,737 for the Airport, \$7,016 for Administrative Services, \$1,751 for the Zoo, \$1,593 for the Parks, \$97 for the Persons with Disabilities Division, \$23,967 for the Behavioral Health Division and \$9,782 for the Fleet and Facilities Divisions. The remainder of the Fund Balance consists of \$2,939 of committed funds for economic development and \$2,364 of non-spendable funds for inventories.

The general fund is the main operating fund of the County and provides a majority of the day to day funding. It is used to account for and report all financial resources, except those resources required to be accounted for and reported in another fund. The general fund increased \$6,885, or 8.5%, from \$81,293 in 2014 to \$88,178 in 2015. This change is mainly due to an increase in commitments of \$6,347, an increase in the Behavioral Health Division of \$6,416, a decrease in Delinquent property taxes of \$1,868, and a decrease in Milwaukee County Family Care of \$3,667.

The debt service fund balance is \$47,176 all of which is restricted for the payment of debt service. In 2015, the debt service reserve increased by \$6,938, or 17.2%, primarily as a result of transfers to the General Fund and Capital Projects Fund for various projects. For more detail see budget transfer.

The capital projects fund balance is \$50,512 all of which is restricted for commitments made on capital projects in progress. In 2015, the net decrease is \$8,875, or 14.9%. The fund balance decreased because there were projects completed during the year which reduced reserves carried over from prior years.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (cont.)

Proprietary funds

At the end of 2015, the unrestricted net position of the two major funds, Airports and the Transit System, totals a deficit of \$(85,032). The total net position of these same two major funds is \$320,567 at the end of 2015 compared to \$385,703 at the end of 2014. The total net position for the Airports increased by \$6,963 and the total net position for the Transit System decreased by \$(72,099). Restricted net assets of the Airport are required per debt covenants associated with revenue bonds issued for capital improvements. The net position for the beginning of 2015 was restated as a result of the adoption of GASB 68 (see Note 9).

GENERAL FUND BUDGETARY HIGHLIGHTS

Expenditures and other uses exceeded revenues and other sources by \$8,940 in the General Fund for the year ended December 31, 2015. This table is based on a budgetary basis presentation. The budgetary basis of actual revenues and expenditures presented on the prior page differs from the statement of revenues, expenditures, and changes in fund balance due to the inclusion of encumbrances of \$13,395 in expenditures, pension and other expenditures of \$2,430 and transfers to component units of (\$6,399).

COUNTY OF MILWAUKEE, WISCONSIN Statement of Revenue, Expenditures and Changes in Net Position - Non-GAAP Budgetary Basis General Fund For the Year Ending December 31, 2015 (In Thousands)

	Original Budget	Final Budget	Actual	Variance
<u>Revenue and Other Sources</u>				
Intergovernmental Revenue	\$ 225,709	\$ 229,973	\$ 233,020	\$ 3,047
Taxes	346,129	346,129	347,117	988
Charges for Services	411,581	428,289	429,379	1,090
Other	27,826	34,639	32,456	(2,183)
Total	<u>1,011,245</u>	<u>1,039,030</u>	<u>1,041,972</u>	<u>2,942</u>
<u>Expenditures and Other Uses</u>				
Expenditures	917,237	958,109	940,361	17,748
Transfers	99,008	85,921	110,551	(24,630)
Total	<u>1,016,245</u>	<u>1,044,030</u>	<u>1,050,912</u>	<u>(6,882)</u>
Changes in Fund Balance	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ (8,940)</u>	<u>\$ (3,940)</u>

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS (cont.)

2015 Actual Revenues compared to 2015 Final Budget

Actual General Fund revenues are \$2,942, or 0.3%, above the final budget amount. This is primarily due to:

- Intergovernmental Revenues are \$3,047 above the final budget due to an accounting procedural change for DHHS' Children's Long-term Support program.
- Taxes are composed of:
 - ◇ Property taxes are \$991 below due to increased reserves for delinquent property taxes.
 - ◇ Sales Taxes are \$1,979 above the final budget due to increased consumer spending in the County.
- Charges for services are \$1,090 above the final budget due to an increase in Behavioral Health Division's billing rates.
- Other revenues are composed of:
 - ◇ Fines and Forfeits which are \$782 below budget due to less than anticipated revenue from County traffic and parking violations.
 - ◇ Licenses and Permits are \$172 above due to revenue received from excavation permits.
 - ◇ Investment Income is \$610 above due to a better than expected investment rates of return.
 - ◇ Other income is \$(2,183) below the final budget due to an accounting procedural change for the Zoo's Society Membership revenue.

2015 Actual Expenditures compared to 2015 Final Budget

Actual General Fund expenditures (excluding transfers), are \$17,748, or 1.9%, below the final budget amount.

- A change in the billing process for pharmacy costs, resulting in lower than anticipated expenses for the Behavioral Health Division.
- Department review of outside services and suppliers to achieve more cost effective pricing.
- Expenditure surplus in contractual services for property damage claims.
- Lower than anticipated employee medical and prescription costs
- A surplus in wages across the County.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS (cont.)

Budget Transfers

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

There are three basic reasons for variances between the original budget and the amended budget:

- carryover of encumbrances from the prior year
- carryover of capital outlay and the associated revenue from the prior year
- fund transfer requests from departments

The carryover of encumbrances from the prior year process is automatic each year, and is authorized by Wisconsin State Statute and Milwaukee County Ordinance. The carryover of capital outlay and the associated revenue is also authorized by state statute and is approved by the County Board on a preliminary basis in March and finalized in April. During the fiscal year, the County Board receives fund transfer requests from departments. These transfer requests are reviewed and approved by the County Board.

The difference between original budget revenue of \$1,011,245 and final budget revenue of \$1,039,030 is an increase of \$27,785. The difference between original budget expenses of \$917,237 and final budget expenses of \$958,109 is an increase of \$40,872. The major budget transfers of \$1,000 or greater in the general fund during 2015 are listed below:

- **Legislative, Executive and Staff**

- ◇ An increase of \$1,250 to expenditure authority for Risk Management Property damage Claims from Capital Outlay-Property Damage.
- ◇ Administrative transfer to allocate unrecovered cost from prior year regarding the County's cost allocation plan. The transfer increased costs to departments by \$2,156, which is offset by the allocation of costs from central administration.
- ◇ In increase in \$1,009 in expenditures for the critical data protection and backup recovery systems, for storage expansion, and disaster recovery. The costs were funded by a transfer from unappropriated funds held by the County.

- **General Governmental Services**

- ◇ An increase of \$1,363 expenditures for reimbursements to municipalities for property taxes settlements. The costs were funded by monies received from the debt service fund for excess lease payments in the year.

COUNTY OF MILWAUKEE, WISCONSIN
Management's Discussion and Analysis
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GENERAL FUND BUDGETARY HIGHLIGHTS (cont.)

- **Public Safety**
 - ◇ An increase of \$1,500 in expenditures from unappropriated funds held by the County. These funds will be used in the Office of the Sheriff to cover labor costs exceeding budget for overtime and the training and hiring of a new deputy class.

- **Public Works and Highways**
 - ◇ Move revenues of \$1,069 and expenditures of \$1,366 from the Transit System to Office of the Director of Transportation in the General Fund, to contract and monitor federal and state grants.

- **Health Services**
 - ◇ Increase expenditure authority by \$10,063 and revenue authority by \$12,246 for the Department of Family Care for additional services provided to clients in 2015. Additional revenue will be used to offset planned funding from Family Care reserves for 2015.
 - ◇ The dietary contract at the Behavioral Health Division will no longer provide meal services to the Department of Health and Human Services Detention Center. The \$1,073 of charges will be eliminated in the Behavioral Health Division and moved to the Detention Center
 - ◇ Expenditure authority of \$1,202 was moved between departments in the Behavioral Health Division for crisis contracts regarding its community services program.

- **Parks, Recreation & Culture**
 - ◇ An increase of \$1,000 in expenditure authority was provided to the Parks Department for maintenance of facilities. Funding came from the Debt Service Reserve.

Transfers also represent the net budgeted funds to be provided by the General Fund to provide support to the remaining governmental fund departments, proprietary fund departments, and component units to offset any shortfalls between revenues and expenditures. The 2015 actual net contribution made by the General Fund to other funds is \$110,551.

The General Fund collects all property tax, sales tax revenue, and intergovernmental revenues not related to a specific program. These revenues are then transferred at the end of the year to the other governmental funds and the proprietary funds to offset any shortfalls between revenues and expenditures. Any gains in these same funds are returned to the General Fund, except for the Airport, which is required to maintain any gains or losses as part of its lease

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS (cont.)

and/or revenue bond agreements, Family Care, and the Behavioral Health Division.

The change in transfers between the original budget and the amended budget is due to the net changes in carryovers and encumbrances between years and any net transfers made from the general fund to proprietary fund departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Milwaukee County's net investment in capital assets for its governmental and business-type activities as of December 31, 2015 is \$1,241,856 (cost of \$2,467,667 less accumulated depreciation of \$1,225,811). The County's total investment in capital assets increased overall by 3.4% - governmental activities increased by 3.0% and business-type activities increased by 3.9%. The investments in capital assets includes land; land improvements; construction in progress; buildings and improvements; machinery, vehicles and equipment; infrastructure; and leased equipment. All infrastructure assets of the County are included in this report.

The Major Adopted Capital Project appropriations of \$1,000 or greater for 2015 include the following:

- \$2,600 for General Mitchell International Airport (GMIA) 13-31 pavement resurface.
- \$1,120 for GMIA pavement rehabilitation.
- \$1,365 for GMIA Gates D54 and D55 improvements.
- \$3,800 for City Campus Complex demolition.
- \$2,097 for West Hampton 60th to North 124th Street highway project.
- \$2,468 for Mill Road 43rd Street to Sydney Pl. highway project.
- \$3,775 for College Avenue - 13th to 20th Street highway project.
- \$3,024 for Milwaukee River Parkway reconstruction.
- \$1,477 for Fleet Management stormwater reconfiguration.
- \$2,566 for Vogel Hall renovation.
- \$4,225 for War Memorial improvements.
- \$2,009 for Build Out Ten Sites to Digital.
- \$1,192 for Windows migration.
- \$1,845 for election machines.
- \$3,825 for Menomonee River Parkway reconstruction.
- \$1,300 for Greenfield golf course irrigation.
- \$9,154 for Parks infrastructure improvements.
- \$13,200 for bus replacement program.
- \$1,200 for Fond du Lac garage concrete yard replacement.
- \$5,000 for on-bus video systems.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

COUNTY OF MILWAUKEE, WISCONSIN Capital Assets (Net) (In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 59,311	\$ 59,311	\$ 22,100	\$ 22,100	\$ 81,411	\$ 81,411
Construction in Progress	81,970	75,139	54,315	75,496	136,285	150,635
Land Improvements	107,350	95,809	114,194	108,126	221,544	203,935
Building and Improvements	266,476	260,744	276,432	247,564	542,908	508,308
Infrastructure	98,357	100,640	-	-	98,357	100,640
Machinery, Vehicles & Equipment	60,187	62,201	101,164	93,707	161,351	155,908
Total	\$ 673,651	\$ 653,844	\$ 568,205	\$ 546,993	\$ 1,241,856	\$ 1,200,837

Additional information on the County's capital assets can be found in Note 5 on pages 105 - 120 of this report.

Long-Term Debt

As of December 31, 2015, the County's total debt outstanding balance is \$875,426. This amount is comprised of \$667,440 for general obligation bonds and \$207,986 for airport revenue bonds.

COUNTY OF MILWAUKEE, WISCONSIN Outstanding Debt General Obligation and Revenues Bonds (In Thousands)

	Governmental Activities		Business-type Activities		Primary Government Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 639,952	\$ 665,313	\$ 27,488	\$ 25,001	\$ 667,440	\$ 690,314
Revenue Bonds	-	-	207,986	221,036	207,986	221,036
Totals	\$ 639,952	\$ 665,313	\$ 235,474	\$ 246,037	\$ 875,426	\$ 911,350

The County's total debt decreased by \$35,924 during the year ended December 31, 2015.

New debt issued by the County during 2015:

In November 2015, pursuant to Chapter 67 of the Wisconsin Statutes, the County issued:

- General Obligation Corporate Purpose Bonds, Series 2015A, in the amount of \$31,665 and Series 2015C, in the amount of \$3,600 to finance general capital projects.
- General Obligation Refunding Bonds Series 2015B, in the amount of \$14,680 to refund certain outstanding obligations of the County.

COUNTY OF MILWAUKEE, WISCONSIN

Management's Discussion and Analysis As of and For the Year Ended December 31, 2015 (Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

- Taxable General Obligation Mass Transit Bonds (QCEB's - Direct Payment), Series 2015D, in the amount of \$4,860 to provide financing for buses for the County's mass transit system.

Additional information on the County's Long-Term debt can be found in Note 8 on pages 123 - 132 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Milwaukee County annualized unemployment rate for 2015 is 5.8%, a (1.2)% decrease from the 2014 rate of 7.0%. The unemployment rate for the month of May 2016 is 6.0%.
- The median price for homes sold in Milwaukee County in 2015 is \$132.2 compared to \$123.0 in 2014, a 7.5% increase. The annual median price for homes sold in Milwaukee County through May 2016 is \$138.1 compared to \$125.0 through May 2015, a 10.5% increase. Data as reported by the Wisconsin Realtors Association, Housing Statistics Report.

During the 2015 fiscal year, the County had a net excess of revenues over expenditures of \$5,000 after considering net revenue from operations and changes in reserve balances. This excess is identified on the governmental funds balance sheet as Restricted for 2017 Appropriations and will be added to the revenue of the 2017 budget.

Requests for Financial Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Please address any questions about this report or requests for additional financial information to:

Office of the Comptroller
Milwaukee County Courthouse
901 North 9th Street, Room 301
Milwaukee, WI 53233

COUNTY OF MILWAUKEE, WISCONSIN

BASIC FINANCIAL STATEMENTS

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Net Position
As of December 31, 2015
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Investments	\$ 202,490	\$ 65,589	\$ 268,079	\$ 11,431
Cash and Investments - Restricted	79,182	32,747	111,929	-
Receivables:				
Accounts (Net of Allowances for Doubtful Accounts)	22,111	8,353	30,464	1,516
Property Taxes:				
Current Levy	287,796	-	287,796	-
Delinquent	10,056	-	10,056	-
Accrued Interest and Dividends	8,173	-	8,173	-
Other	27,140	4,489	31,629	227
Due From Other Governments	35,921	25,728	61,649	-
Inventories	2,364	3,887	6,251	66
Prepaid Items	566	704	1,270	219
Other Assets	-	534	534	-
Insurance Deposits	3,564	-	3,564	-
Investment Property	-	-	-	395
Total Current Assets	679,363	142,031	821,394	13,854
Noncurrent Assets:				
Long-Term Investments	-	-	-	5,784
Receivables:				
Contributions	-	-	-	2,140
Delinquent Property Taxes	5,784	-	5,784	-
Other Assets	-	-	-	638
Capital Assets (Net):				
Land	59,311	22,100	81,411	-
Construction in Progress	81,970	54,315	136,285	1,403
Land Improvements	279,542	211,093	490,635	-
Buildings and Improvements	722,935	444,578	1,167,513	46,192
Infrastructure	195,526	-	195,526	-
Machinery, Vehicles and Equipment	179,861	216,436	396,297	14,014
Less: Accumulated Depreciation	(845,494)	(380,317)	(1,225,811)	(35,997)
Total Capital Assets (Net)	673,651	568,205	1,241,856	25,612
Total Noncurrent Assets	679,435	568,205	1,247,640	34,174
Total Assets	1,358,798	710,236	2,069,034	48,028
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding of Debt	13,853	115	13,968	-
Deferred Outflow for Pension Contributions Subsequent to the Measurement Date	37,172	13,182	50,354	-
Deferred Outflow Difference Between Expected and Actual Experience	-	2,016	2,016	-
Deferred Outflows Related to Differences Between Actual and Expected Experience on Pension Investments	36,257	1,386	37,643	-
Total Deferred Outflows of Resources	87,282	16,699	103,981	-
Total Assets and Deferred Outflows of Resources	\$ 1,446,080	\$ 726,935	\$ 2,173,015	\$ 48,028

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Net Position As of December 31, 2015 (In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 56,702	\$ 7,888	\$ 64,590	\$ 813
Accrued Liabilities	31,600	4,738	36,338	1,250
Accrued Interest Payable	3,765	1,602	5,367	10
Due to Other Governments	9,032	-	9,032	-
Unearned Revenues	1,195	14,254	15,449	2,273
Bonds and Notes Payable - General Obligation	60,411	2,886	63,297	200
Bonds and Notes Payable - Revenue	-	10,700	10,700	-
Pollution Remediation Costs	897	-	897	-
Landfill Postclosure Costs	2,707	-	2,707	-
Compensated Absences Payable	19,808	2,724	22,532	-
Risk Claims	11,576	5,423	16,999	-
Capital Leases	1,111	196	1,307	25
Other Current Liabilities	1,020	2,662	3,682	1,595
Total Current Liabilities	<u>199,824</u>	<u>53,073</u>	<u>252,897</u>	<u>6,166</u>
Noncurrent Liabilities:				
Bonds and Notes Payable - General Obligation	579,541	24,602	604,143	767
Bonds and Notes Payable - Revenue	-	197,286	197,286	-
Net Pension Liability	386,739	94,179	480,918	-
Unfunded Claims and Judgments	500	-	500	-
Landfill Postclosure Costs	3,725	-	3,725	-
Pollution Remediation Costs	12,926	-	12,926	-
Compensated Absences Payable	12,681	9,687	22,368	-
Risk Claims	7,402	3,646	11,048	-
Other Post Employment Benefits	326,880	17,554	344,434	-
Capital Leases	3,151	498	3,649	9
Other Noncurrent Liabilities	-	-	-	77
Accrued Pension and Postretirement Benefits	-	-	-	5,177
Total Noncurrent Liabilities	<u>1,333,545</u>	<u>347,452</u>	<u>1,680,997</u>	<u>6,030</u>
Total Liabilities	<u>1,533,369</u>	<u>400,525</u>	<u>1,933,894</u>	<u>12,196</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Tax Revenue	296,734	-	296,734	-
Deferred Inflow Related to Differences Between Actual and Expected Experience on Pension Investments	10,262	5,843	16,105	-
Total Deferred Inflows of Resources	<u>306,996</u>	<u>5,843</u>	<u>312,839</u>	<u>-</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Net Position
As of December 31, 2015
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	\$ 408,914	\$ 364,899	\$ 773,813	\$ 24,612
Restricted for:				
2017 Appropriations	5,000	-	5,000	-
2016 Appropriations	5,000	-	5,000	-
Debt Service	47,176	17,597	64,773	-
Commitments	14,826	3,812	18,638	-
Capital Project Commitments	50,512	-	50,512	-
Department of Family Care - State Restricted	12,231	-	12,231	-
Department of Family Care - Excess Reserves	19,460	-	19,460	-
Delinquent Property Tax	12,204	-	12,204	-
Capital Asset Needs	-	19,291	19,291	-
Airport - Passenger Facilities Charges and Debt	28,737	-	28,737	-
Behavioral Health Division	23,968	-	23,968	-
Fleet and Facilities Divisions	9,782	-	9,782	-
Administrative Services	7,016	-	7,016	-
Zoo	1,752	-	1,752	-
Parks	1,593	-	1,593	-
Persons with Disabilities	97	-	97	-
Museum	-	-	-	9,591
Other	-	-	-	619
Unrestricted (Deficit)	(1,042,553)	(85,032)	(1,127,585)	1,010
Total Net Position (Deficit)	<u>(394,285)</u>	<u>320,567</u>	<u>(73,718)</u>	<u>35,832</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,446,080</u>	<u>\$ 726,935</u>	<u>\$ 2,173,015</u>	<u>\$ 48,028</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Activities For the Year Ended December 31, 2015 (In Thousands)

Functions / Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
Legislative, Executive and Staff	\$ (51,469)	\$ 4,479	\$ 641	\$ -	\$ (46,349)	\$ -	\$ (46,349)	\$ -
Courts and Judiciary	(54,296)	3,695	25,802	-	(24,799)	-	(24,799)	-
General Governmental Services	(13,989)	4,650	52	-	(9,287)	-	(9,287)	-
Public Safety	(154,830)	12,002	14,283	-	(128,545)	-	(128,545)	-
Public Works and Highways	(82,848)	23,819	19,505	6,287	(33,237)	-	(33,237)	-
Human Services	(572,031)	368,906	139,378	-	(63,747)	-	(63,747)	-
Parks, Recreation and Culture	(87,639)	36,584	398	3,402	(47,255)	-	(47,255)	-
Interest and Other Charges	(22,439)	-	-	-	(22,439)	-	(22,439)	-
Total Governmental Activities	<u>(1,039,541)</u>	<u>454,135</u>	<u>200,059</u>	<u>9,689</u>	<u>(375,658)</u>	<u>-</u>	<u>(375,658)</u>	<u>-</u>
Business-type Activities:								
Airport	(94,951)	89,989	183	26,545	-	21,766	21,766	-
Transit	(161,761)	43,132	87,851	12,125	-	(18,653)	(18,653)	-
Total Business-type Activities	<u>(256,712)</u>	<u>133,121</u>	<u>88,034</u>	<u>38,670</u>	<u>-</u>	<u>3,113</u>	<u>3,113</u>	<u>-</u>
Total Primary Government	<u>\$ (1,296,253)</u>	<u>\$ 587,256</u>	<u>\$ 288,093</u>	<u>\$ 48,359</u>	<u>(375,658)</u>	<u>3,113</u>	<u>(372,545)</u>	<u>-</u>
Component Units:								
Milwaukee Public Museum	(13,807)	8,405	3,500	-	-	-	-	(1,902)
War Memorial	(1,605)	641	486	-	-	-	-	(478)
Marcus Center	(11,895)	9,670	1,088	-	-	-	-	(1,137)
Research Park Corporation	(1,216)	955	-	-	-	-	-	(261)
Total Component Units	<u>\$ (28,523)</u>	<u>\$ 19,671</u>	<u>\$ 5,074</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,778)</u>
General Revenues:								
Property Taxes					285,494	-	285,494	-
Sales Taxes					70,838	-	70,838	-
Intergovernmental Revenues Not Related to Specific Program					37,271	-	37,271	-
Investment Income					2,246	300	2,546	(333)
Gain (Loss) on Sale of Capital Assets					-	(86)	(86)	-
Other Revenue					40,212	6	40,218	476
Transfers					(17,040)	17,040	-	-
Total General Revenues and Transfers					<u>419,021</u>	<u>17,260</u>	<u>436,281</u>	<u>143</u>
Change in Net Position					43,363	20,373	63,736	(3,635)
Net Position -- Beginning (as Restated)					<u>(437,648)</u>	<u>300,194</u>	<u>(137,454)</u>	<u>39,467</u>
Net Position -- Ending					<u>\$ (394,285)</u>	<u>\$ 320,567</u>	<u>\$ (73,718)</u>	<u>\$ 35,832</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Balance Sheet Governmental Funds As of December 31, 2015 (In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 84,327	\$ 47,398	\$ 13,261	\$ 29,448	\$ 174,434
Cash and Investments - Restricted	11,482	-	38,964	28,737	79,183
Receivables:					
Accounts (Net of Allowances for Doubtful Accounts)	17,591	12	2,932	-	20,535
Property Taxes:					
Current Levy	287,796	-	-	-	287,796
Delinquent	15,840	-	-	-	15,840
Accrued Interest	8,173	-	-	-	8,173
Other	27,090	-	50	-	27,140
Due From Other Governments	31,166	70	4,626	-	35,862
Inventories	2,364	-	-	-	2,364
Prepaid Items	566	-	-	-	566
Insurance Deposits	3,564	-	-	-	3,564
Total Assets	<u>\$ 489,959</u>	<u>\$ 47,480</u>	<u>\$ 59,833</u>	<u>\$ 58,185</u>	<u>\$ 655,457</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 44,439	\$ 304	\$ 9,321	\$ 141	\$ 54,205
Accrued Liabilities	35,020	-	-	-	35,020
Other Liabilities	1,019	-	-	-	1,019
Due to Other Governments	9,032	-	-	-	9,032
Unearned Revenues	1,195	-	-	-	1,195
Total Liabilities	<u>90,705</u>	<u>304</u>	<u>9,321</u>	<u>141</u>	<u>100,471</u>
Deferred Inflows of Resources					
Deferred Tax Revenue	296,734	-	-	-	296,734
Unavailable Revenue	14,342	-	-	-	14,342
Total Deferred Inflows of Resources	<u>311,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311,076</u>
Fund Balances:					
Non-Spendable:					
Inventories	2,364	-	-	-	2,364
Restricted for:					
2017 Appropriations	5,000	-	-	-	5,000
2016 Appropriations	5,000	-	-	-	5,000
Debt Service	-	47,176	-	-	47,176
Commitments	14,081	-	50,512	-	64,593
Department of Family Care - State Restricted	12,231	-	-	-	12,231
Department of Family Care - Excess Reserves	19,460	-	-	-	19,460
Delinquent Property Tax	12,204	-	-	-	12,204
Airport - Passenger Facilities Charges and Debt	-	-	-	28,737	28,737
Administrative Services	-	-	-	7,016	7,016
Zoo	-	-	-	1,751	1,751
Parks	-	-	-	1,593	1,593
Persons with Disabilities	-	-	-	97	97
Behavioral Health Division	14,899	-	-	9,068	23,967
Fleet and Facilities Divisions	-	-	-	9,782	9,782
Committed:					
Economic Development	2,939	-	-	-	2,939
Total Fund Balances	<u>88,178</u>	<u>47,176</u>	<u>50,512</u>	<u>58,044</u>	<u>243,910</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance					
Balance	<u>\$ 489,959</u>	<u>\$ 47,480</u>	<u>\$ 59,833</u>	<u>\$ 58,185</u>	<u>\$ 655,457</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
As of December 31, 2015
(In Thousands)

Total Fund Balances for Governmental Funds as of 12/31/15 \$ 243,910

Total net position reported for governmental activities in the Statement of Net Position is different because of the following:

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

Land	59,311
Construction in Progress	73,236
Land Improvements	276,411
Buildings and Improvements	716,140
Infrastructure	195,526
Machinery, Vehicles and Equipment	155,745
Less: Accumulated Depreciation	(819,069)

Internal service funds are used by management to charge costs associated with risk management, data processing services and public works services. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

Internal service fund net position is: (1,648)

Deferred outflows and deferred inflows of resources do not relate to current resources and are not reported in the governmental funds.

Deferred Outflow for Pension Contributions Subsequent to the Measurement Date	36,468
Deferred Outflow Difference Between Expected and Actual Experience	35,722
Deferred Loss on Refunding of Debt	13,779
Deferred Inflow Related to Differences Between Actual and Expected Experience on Pension Investments	(10,105)

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

Bonds and Notes Payable	(625,145)
Capital Leases	(4,262)
Net Pension Liability	(380,865)
Unfunded Claims and Judgments	(500)
Landfill Postclosure Costs	(6,432)
Pollution Remediation Costs	(13,823)
Compensated Absences Payable	(28,153)
Other Post Employment Benefits	(321,259)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements: 14,342

Interest on long-term debt is not accrued in governmental funds; it is recognized as an expenditure when due. These liabilities are reported in the Statement of Net Position. (3,614)

Total Net Position of Governmental Activities as of 12/31/15 \$ (394,285)

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015
(In Thousands)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental	\$ 233,020	\$ 1,802	\$ 9,938	\$ -	\$ 244,760
Property Taxes	285,494	-	-	-	285,494
Sales Taxes	61,623	-	9,215	-	70,838
Charges for Services	429,379	-	-	14,232	443,611
Fines and Forfeits	1,734	-	-	-	1,734
Licenses and Permits	885	-	-	-	885
Investment Income and Rents	2,012	-	57	176	2,245
Other	27,825	10,080	918	208	39,031
Total Revenues	<u>1,041,972</u>	<u>11,882</u>	<u>20,128</u>	<u>14,616</u>	<u>1,088,598</u>
Expenditures:					
Current:					
Legislative, Executive and Staff	25,093	-	-	-	25,093
Courts and Judiciary	54,749	-	-	-	54,749
General Governmental Services	12,996	-	-	-	12,996
Public Safety	152,835	-	-	-	152,835
Public Works and Highways	47,433	-	-	12,104	59,537
Human Services	567,259	-	-	490	567,749
Parks, Recreation and Culture	70,570	-	-	394	70,964
Capital Outlay	-	-	75,123	-	75,123
Debt Service:					
Principal Retired	-	57,700	-	-	57,700
Interest and Other Charges	-	21,663	-	-	21,663
Principal Retired on Current Refunding	-	14,738	-	-	14,738
Total Expenditures	<u>930,935</u>	<u>94,101</u>	<u>75,123</u>	<u>12,988</u>	<u>1,113,147</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>111,037</u>	<u>(82,219)</u>	<u>(54,995)</u>	<u>1,628</u>	<u>(24,549)</u>
Other Financing Sources (Uses):					
General Obligation Bonds Issued	-	15,059	34,308	-	49,367
Premium on Debt Issued	-	1,570	-	-	1,570
Proceeds from Capital Leases	93	-	-	-	93
Transfers In	39,484	87,530	13,897	30	140,941
Transfers Out	(143,729)	(15,002)	(2,085)	-	(160,816)
Total Other Financing Sources (Uses)	<u>(104,152)</u>	<u>89,157</u>	<u>46,120</u>	<u>30</u>	<u>31,155</u>
Net Change in Fund Balances	6,885	6,938	(8,875)	1,658	6,606
Fund Balances -- Beginning	<u>81,293</u>	<u>40,238</u>	<u>59,387</u>	<u>56,386</u>	<u>237,304</u>
Fund Balances -- Ending	<u>\$ 88,178</u>	<u>\$ 47,176</u>	<u>\$ 50,512</u>	<u>\$ 58,044</u>	<u>\$ 243,910</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2015
(In Thousands)

Net Change in Fund Balances for Total Governmental Funds \$ 6,606

Amounts reported for governmental activities in the statement of activities are different because:

Governmental Funds report capital outlays as expenditures.

However, in the statement of activities, the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay reported as an expenditure in the Capital Project Fund	75,123
Items reported as capital outlay that were not capitalized	(6,103)
Items reported as capital from operations	4,577
Depreciation reported in the government-wide statements	(50,942)
Net book value of assets retired	(1,589)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 4,035

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(49,367)
Premium on debt issued	(1,570)
Principal repaid	57,700
Principal retired on current refunding	14,738
Capital lease paid	1,113
Capital lease issued	(93)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 1,775

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

Accrued Interest Payable	320
Amortization of Premiums, Discounts and Unamortized Losses on Refunding	(2,076)
Unfunded Claims and Judgments	750
Landfill Postclosure Costs	1,109
Pollution Remediation Costs	2,420
Compensated Absences Payable	2,671
Deferred Outflow for Pension Contributions Subsequent to the Measurement Date	18,601
Deferred Outflow Difference Between Projected and Actual Experience	35,722
Net Pension Liability	(47,097)
Deferred Inflow Related to Differences Between Actual and Expected Experience on Pension Investments	(10,105)
Other Postemployment Benefits	(14,955)

Change in Net Position of Governmental Activities \$ 43,363

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 General Fund
 For the Year Ended December 31, 2015
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 225,709	\$ 229,973	\$ 233,020	\$ 3,047
Property Taxes	286,485	286,485	285,494	(991)
Sales Tax	59,644	59,644	61,623	1,979
Charges for Services	411,581	428,289	429,379	1,090
Fines and Forfeits	2,516	2,516	1,734	(782)
Licenses and Permits	713	713	885	172
Investment Income	1,369	1,402	2,012	610
Other	23,228	30,008	27,825	(2,183)
Total Revenues	<u>1,011,245</u>	<u>1,039,030</u>	<u>1,041,972</u>	<u>2,942</u>
Expenditures:				
Current				
Legislative, Executive and Staff	28,257	34,735	28,653	6,082
Courts and Judiciary	56,480	57,915	55,594	2,321
General Governmental Services	12,469	13,992	13,334	658
Public Safety	155,815	158,608	155,917	2,691
Public Works and Highways	47,633	52,018	49,157	2,861
Human Services	552,625	570,772	570,684	88
Parks, Recreation and Culture	63,958	70,069	67,022	3,047
Total Expenditures	<u>917,237</u>	<u>958,109</u>	<u>940,361</u>	<u>17,748</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>94,008</u>	<u>80,921</u>	<u>101,611</u>	<u>20,690</u>
Other Financing Sources (Uses):				
Proceeds from Capital Leases	2	208	93	(115)
Transfers In	36,553	36,553	39,485	2,932
Transfers Out	(129,164)	(116,283)	(143,730)	(27,447)
Transfers To Component Units	(6,399)	(6,399)	(6,399)	-
Total Other Financing Sources (Uses)	<u>(99,008)</u>	<u>(85,921)</u>	<u>(110,551)</u>	<u>(24,630)</u>
Net Change in Fund Balance	(5,000)	(5,000)	(8,940)	(3,940)
Fund Balances - Beginning	81,293	81,293	81,293	-
Fund Balances - Ending	<u>\$ 76,293</u>	<u>\$ 76,293</u>	<u>\$ 72,353</u>	<u>\$ (3,940)</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Balance Sheet
Proprietary Funds
For the Year Ended December 31, 2015
(In Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	Airports	Transit System	Total	Internal Service Funds
<u>Assets</u>				
Current Assets:				
Cash and Investments	\$ 52,540	\$ 13,049	\$ 65,589	\$ 28,055
Cash and Investments -- Restricted	32,747	-	32,747	-
Receivables:				
Accounts (Net of Allowance for Doubtful Accounts)	8,353	-	8,353	1,576
Other	79	4,410	4,489	-
Due From Other Governments	13,868	11,860	25,728	59
Inventories	-	3,887	3,887	-
Prepaid Items	160	544	704	-
Other Assets	-	534	534	-
Total Current Assets	<u>107,747</u>	<u>34,284</u>	<u>142,031</u>	<u>29,690</u>
Noncurrent Assets:				
Capital Assets:				
Land	19,327	2,773	22,100	-
Construction in Progress	44,915	9,400	54,315	8,734
Land Improvements	204,490	6,603	211,093	3,131
Building and Improvements	376,504	68,074	444,578	6,795
Machinery, Vehicles and Equipment	27,160	189,276	216,436	24,117
Total Capital Assets	<u>672,396</u>	<u>276,126</u>	<u>948,522</u>	<u>42,777</u>
Less: Accumulated Depreciation	<u>(230,907)</u>	<u>(149,410)</u>	<u>(380,317)</u>	<u>(26,425)</u>
Total Capital Assets (Net)	<u>441,489</u>	<u>126,716</u>	<u>568,205</u>	<u>16,352</u>
Total Noncurrent Assets	<u>441,489</u>	<u>126,716</u>	<u>568,205</u>	<u>16,352</u>
Total Assets	<u>549,236</u>	<u>161,000</u>	<u>710,236</u>	<u>46,042</u>
<u>Deferred Outflows of Resources</u>				
Deferred Loss on Refunding of Debt	1	114	115	73
Deferred Outflow for Pension Contributions Subsequent to the Measurement Date	2,349	10,833	13,182	704
Deferred Outflow Difference Between Expected and Actual Experience	-	2,016	2,016	-
Deferred Outflows related to differences between Actual and Expected Experience on Pension Investment	1,386	-	1,386	535
Total Deferred Outflows of Resources	<u>3,736</u>	<u>12,963</u>	<u>16,699</u>	<u>1,312</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 552,972</u>	<u>\$ 173,963</u>	<u>\$ 726,935</u>	<u>\$ 47,354</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Balance Sheet
Proprietary Funds
For the Year Ended December 31, 2015
(In Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	Transit		Total	Internal
	Airports	System		Service Funds
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$ 3,997	\$ 3,891	\$ 7,888	\$ 2,499
Accrued Liabilities	1,593	3,145	4,738	153
Accrued Interest Payable	1,285	317	1,602	151
Unearned Revenues	11,108	3,146	14,254	-
Bonds and Notes Payable - General Obligation	36	2,850	2,886	2,065
Bonds and Notes Payable - Revenue	10,700	-	10,700	-
Compensated Absences	1,147	1,577	2,724	351
Risk Claims	-	5,423	5,423	11,576
Capital Leases	196	-	196	-
Other Liabilities	129	2,533	2,662	-
Total Current Liabilities	30,191	22,882	53,073	16,795
Long-Term Liabilities:				
Bonds and Notes Payable - General Obligation	36	24,566	24,602	12,742
Bonds and Notes Payable - Revenue	197,286	-	197,286	-
Compensated Absences	921	8,766	9,687	412
Net Pension Liability	15,863	78,316	94,179	5,874
Risk Claims	-	3,646	3,646	7,402
Other Postemployment Benefits	14,975	2,579	17,554	5,620
Capital Leases	498	-	498	-
Total Long-Term Liabilities	229,579	117,873	347,452	32,050
Total Liabilities	259,770	140,755	400,525	48,845
<u>Deferred Inflows of Resources</u>				
Deferred Inflow Related to Differences Between Actual and Expected Experience on Pension Investments	423	5,420	5,843	157
Total Deferred Inflows of Resources	423	5,420	5,843	157
<u>Net Position (Deficit)</u>				
Net Investment in Capital Assets	265,484	99,415	364,899	1,618
Restricted for:				
Operations and Debt Service	17,597	-	17,597	-
Capital Asset Needs	19,291	-	19,291	-
Commitments	3,471	341	3,812	745
Unrestricted (Deficit)	(13,064)	(71,968)	(85,032)	(4,011)
Total Net Position (Deficit)	292,779	27,788	320,567	(1,648)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 552,972	\$ 173,963	\$ 726,935	\$ 47,354

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended December 31, 2015 (In Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	Transit		Total	Internal Service Funds
	Airports	System		
Operating Revenues:				
Charges for Services	\$ 72,651	\$ 39	\$ 72,690	\$ 26,429
Admissions and Concessions	17,338	-	17,338	-
Transit Fares	-	38,952	38,952	-
Total Charges for Services	89,989	38,991	128,980	26,429
Other	6	4,141	4,147	2,431
Total Operating Revenues	<u>89,995</u>	<u>43,132</u>	<u>133,127</u>	<u>28,860</u>
Operating Expenses:				
Personnel Services	23,790	103,130	126,920	5,963
Contractual Services	20,960	20,786	41,746	12,105
Intra-County Services	10,632	1,217	11,849	736
Commodities	4,120	18,167	22,287	210
Depreciation and Amortization	24,883	14,188	39,071	1,248
Maintenance	907	337	1,244	150
Other	1	2,929	2,930	1,335
Insurance and Claims	-	-	-	8,952
Total Operating Expenses	<u>85,293</u>	<u>160,754</u>	<u>246,047</u>	<u>30,699</u>
Operating Income (Loss)	<u>4,702</u>	<u>(117,622)</u>	<u>(112,920)</u>	<u>(1,839)</u>
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	183	87,851	88,034	529
Investment Income	300	-	300	-
Gain (Loss) on Sale of Capital Assets	-	(86)	(86)	-
Interest Expense	(9,658)	(1,007)	(10,665)	(489)
Total Nonoperating Revenues (Expenses)	<u>(9,175)</u>	<u>86,758</u>	<u>77,583</u>	<u>40</u>
Income (Loss) Before Contributions and Transfers	(4,473)	(30,864)	(35,337)	(1,799)
Capital Contributions	26,545	12,125	38,670	739
Transfers In	4,499	33,297	37,796	4,476
Transfers Out	(6,544)	(14,212)	(20,756)	(1,641)
Change in Net Position	20,027	346	20,373	1,775
Net Position -- Beginning (as Restated)	<u>272,752</u>	<u>27,442</u>	<u>300,194</u>	<u>(3,423)</u>
Net Position -- Ending	<u>\$ 292,779</u>	<u>\$ 27,788</u>	<u>\$ 320,567</u>	<u>\$ (1,648)</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2015 (In Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	Transit		Total	Internal
	Airports	System		Service Funds
Cash Flows Provided (Used) by Operating Activities:				
Receipts from Customers and Users	\$ 84,590	\$ 34,446	\$ 119,036	\$ 4,843
Receipts from Interfund Services	-	-	-	23,614
Payments to Suppliers	(24,224)	(39,933)	(64,157)	(21,826)
Payments to Employees	(23,322)	(103,751)	(127,073)	(6,022)
Payments for Interfund Services Used	(10,632)	(1,217)	(11,849)	(736)
Net Cash Flows Provided (Used) by Operating Activities	<u>26,412</u>	<u>(110,455)</u>	<u>(84,043)</u>	<u>(127)</u>
Cash Flows Provided (Used) by Noncapital Financing Activities:				
Intergovernmental Revenues	183	87,851	88,034	529
Transfers From Other Funds	4,499	33,297	37,796	4,476
Transfers (To) Other Funds	(6,544)	(14,212)	(20,756)	(1,641)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>(1,862)</u>	<u>106,936</u>	<u>105,074</u>	<u>3,364</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities:				
Proceeds from Bonds	-	5,428	5,428	205
Capital Contributions	26,545	12,125	38,670	739
Principal Payments on Bonds	(10,786)	(2,388)	(13,174)	(2,084)
Principal Payment on Refunding Bonds	(1,020)	(442)	(1,462)	-
Premium on Bonds	-	27	27	-
Interest Paid on Bonds	(10,713)	(1,073)	(11,786)	(556)
Payments on Capital Lease	(239)	-	(239)	-
Acquisition of Capital Assets	(42,907)	(16,963)	(59,870)	(1,338)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(39,120)</u>	<u>(3,286)</u>	<u>(42,406)</u>	<u>(3,034)</u>
Cash Flows Provided (Used) by Investing Activities:				
Investment Income	300	-	300	-
Net Cash Flows Provided (Used) by Investing Activities	<u>300</u>	<u>-</u>	<u>300</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(14,270)	(6,805)	(21,075)	203
Cash and Cash Equivalents at Beginning of Year	99,557	19,854	119,411	27,852
Cash and Cash Equivalents at End of Year	<u>\$ 85,287</u>	<u>\$ 13,049</u>	<u>\$ 98,336</u>	<u>\$ 28,055</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015
(In Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	Transit		Total	Internal
	Airports	System		Service Funds
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Financed by Capital Leases	\$ 498	\$ -	\$ 498	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 4,702	\$ (117,622)	\$ (112,920)	\$ (1,839)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	24,883	14,188	39,071	1,248
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts Receivable	(3,633)	-	(3,633)	82
Other Receivables	-	(1,702)	(1,702)	-
Due from Other Governments	(3,569)	(6,658)	(10,227)	12
Inventories	-	697	697	-
Prepaid Items	(160)	236	76	-
Other Assets	-	(40)	(40)	-
Deferred Outflow Pension Contributions Subsequent to the Measurement Date	(2,349)	(10,777)	(13,126)	(704)
Deferred Outflow Difference Between Expected and Actual Experience	(1,386)	(2,016)	(3,402)	(535)
(Increase) Decrease in Liabilities and Deferred Inflows of Resources:				
Accounts Payable	1,924	1,410	3,334	914
Accrued Liabilities	130	380	510	(7)
Unearned Revenues	1,797	(286)	1,511	-
Compensated Absences	(162)	1,889	1,727	(234)
Net Pension Liability	2,799	5,871	8,670	1,018
Risk Claims	-	(3,967)	(3,967)	(485)
Other Post Employment Benefits	1,013	2,579	3,592	246
Other Liabilities	-	(57)	(57)	-
Deferred Inflow Related to Differences Between Actual and Expected Experience on Pension Investments	423	5,420	5,843	157
Total Adjustments	21,710	7,167	28,877	1,712
Net Cash Flows Provided (Used) by Operating Activities	\$ 26,412	\$ (110,455)	\$ (84,043)	\$ (127)

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Net Position
 Fiduciary Funds
 As of December 31, 2015
 (In Thousands)

	Pension Trust Fund	Agency Funds
<u>Assets</u>		
Cash and Investments:		
Domestic Common and Preferred Stocks	\$ 578,216	\$ -
Long / Short Hedge Funds	177,426	-
Fixed Income	291,782	-
International Common and Preferred Stocks	146,365	-
Real Estate Investments Trusts	198,100	-
Infrastructure	151,437	-
Private Equity	91,578	-
Deposits	75,932	16,361
Total Cash and Investments	1,710,836	16,361
Receivables:		
Accrued Interest and Dividends	1,681	-
Due from Sale of Investments	5,205	-
Other	1,480	917
Securities Lending	38,859	-
Other Assets	3,342	-
Total Assets	1,761,403	17,278
<u>Liabilities</u>		
Accounts Payable	3,835	2,588
Agency Deposits	-	14,690
Securities Lending	38,859	-
Other Liabilities	2,558	-
Total Liabilities	45,252	17,278
<u>Net Position</u>		
Restricted for Pension Benefits	\$ 1,716,151	\$ -

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

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Changes in Net Position
Pension Trust Fund
For the Year Ended December 31, 2015
(In Thousands)

	<u>Total</u>
Additions:	
Contributions:	
County of Milwaukee	\$ 39,081
Plan Participants	9,325
Total Contributions	<u>48,406</u>
Investment Income:	
Net Appreciation (Depreciation) in Fair Value	13,025
Interest and Dividends	15,170
Other Income	14,627
Total Investment Income	<u>42,822</u>
Security Lending Income	118
Security Lending Rebates (and Fees)	<u>(50)</u>
Net Security Lending Activity	<u>68</u>
Investment Expense	<u>(3,440)</u>
Net Investment Income (Loss)	<u>39,450</u>
Total Additions, Net of Losses	<u>87,856</u>
Deductions:	
Benefits Paid to Retirees and Beneficiaries	(187,512)
Administrative Expenses	(5,465)
Withdrawal of Membership Accounts	(1,307)
Total Deductions	<u>(194,284)</u>
Change In Plan Net Position	(106,428)
Net Position Restricted for Pension Benefits	
Beginning of Year	1,822,579
End of Year	<u>\$ 1,716,151</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Combining Balance Sheet Component Units As of December 31, 2015 (In Thousands)

	Milwaukee Public Museum	War Memorial	Marcus Center	Research Park Corporation	Total
<u>Assets</u>					
Current Assets:					
Cash and Investments	\$ 1,954	\$ 1,328	\$ 3,619	\$ 4,530	\$ 11,431
Accounts Receivable	1,166	7	255	88	1,516
Other Receivables	-	11	216	-	227
Inventories	39	-	27	-	66
Prepaid Items	80	17	110	12	219
Investment Property	-	-	-	395	395
Total Current Assets	<u>3,239</u>	<u>1,363</u>	<u>4,227</u>	<u>5,025</u>	<u>13,854</u>
Noncurrent Assets:					
Long-Term Investments	5,784	-	-	-	5,784
Accounts Receivable	2,129	11	-	-	2,140
Other	-	-	638	-	638
Capital Assets (Net):					
Construction in Progress	1,403	-	-	-	1,403
Building and Improvements	19,681	-	26,511	-	46,192
Machinery, Vehicles and Equipment	12,042	96	1,876	-	14,014
Less: Accumulated Depreciation	(18,163)	(75)	(17,759)	-	(35,997)
Total Capital Assets (Net)	<u>14,963</u>	<u>21</u>	<u>10,628</u>	<u>-</u>	<u>25,612</u>
Total Noncurrent Assets	<u>22,876</u>	<u>32</u>	<u>11,266</u>	<u>-</u>	<u>34,174</u>
Total Assets	<u>\$ 26,115</u>	<u>\$ 1,395</u>	<u>\$ 15,493</u>	<u>\$ 5,025</u>	<u>\$ 48,028</u>
<u>Liabilities</u>					
Current Liabilities:					
Accounts Payable	\$ 489	\$ 45	\$ 147	\$ 132	\$ 813
Accrued Liabilities	773	64	406	7	1,250
Accrued Interest Payable	10	-	-	-	10
Unearned Revenues	1,003	75	1,064	131	2,273
Bonds and Notes Payable	200	-	-	-	200
Capital Leases	25	-	-	-	25
Other Current Liabilities	1,400	-	67	-	1,467
Accrued Pension and Postretirement Benefits	125	-	-	3	128
Total Current Liabilities	<u>4,025</u>	<u>184</u>	<u>1,684</u>	<u>273</u>	<u>6,166</u>
Noncurrent Liabilities:					
Bonds and Notes Payable	767	-	-	-	767
Capital Leases	9	-	-	-	9
Other Noncurrent Liabilities	75	2	-	-	77
Accrued Pension and Postretirement Benefits	5,177	-	-	-	5,177
Total Noncurrent Liabilities	<u>6,028</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>6,030</u>
Total Liabilities	<u>10,053</u>	<u>186</u>	<u>1,684</u>	<u>273</u>	<u>12,196</u>
<u>Net Position</u>					
Net Investment in Capital Assets	13,962	21	10,629	-	24,612
Restricted	9,591	437	17	165	10,210
Unrestricted (Deficit)	(7,491)	751	3,163	4,587	1,010
Total Net Position	<u>16,062</u>	<u>1,209</u>	<u>13,809</u>	<u>4,752</u>	<u>35,832</u>
Total Liabilities and Net Position	<u>\$ 26,115</u>	<u>\$ 1,395</u>	<u>\$ 15,493</u>	<u>\$ 5,025</u>	<u>\$ 48,028</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

Combining Statement of Revenues, Expenses, and Changes in Net Position
Component Units
For the Year Ended December 31, 2015
(In Thousands)

	Milwaukee Public Museum	War Memorial	Marcus Center	Research Park Corporation	Total
Revenues:					
Charges for Services:					
Contributions and Memberships	\$ 5,727	\$ 220	\$ 324	\$ 63	\$ 6,334
Other	2,449	2	7,787	25	10,263
Rents	229	419	1,559	867	3,074
Other	607	566	1,353	781	3,307
Total Revenues	<u>9,012</u>	<u>1,207</u>	<u>11,023</u>	<u>1,736</u>	<u>22,978</u>
Operating Expenses:					
Parks, Recreation and Culture	<u>13,807</u>	<u>1,605</u>	<u>11,895</u>	<u>1,216</u>	<u>28,523</u>
Total Expenses	<u>13,807</u>	<u>1,605</u>	<u>11,895</u>	<u>1,216</u>	<u>28,523</u>
Operating Income (Loss)	<u>(4,795)</u>	<u>(398)</u>	<u>(872)</u>	<u>520</u>	<u>(5,545)</u>
Nonoperating Revenues (Expenses):					
County Program Support	3,500	486	1,088	-	5,074
Interest and Gains/(Losses) on Investments	(313)	-	-	(20)	(333)
Pension and Post-retirement benefit	(2,632)	-	-	-	(2,632)
Other	(199)	-	-	-	(199)
Total Nonoperating Revenues (Expenses)	<u>356</u>	<u>486</u>	<u>1,088</u>	<u>(20)</u>	<u>1,910</u>
Changes in Net Position	(4,439)	88	216	500	(3,635)
Net Position -- Beginning	<u>20,501</u>	<u>1,121</u>	<u>13,593</u>	<u>4,252</u>	<u>39,467</u>
Net Position -- Ending	<u>\$ 16,062</u>	<u>\$ 1,209</u>	<u>\$ 13,809</u>	<u>\$ 4,752</u>	<u>\$ 35,832</u>

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

COUNTY OF MILWAUKEE, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS

- 1 - Summary of Significant Accounting Policies
- 2 - Stewardship, Compliance and Accountability
- 3 - Deposits and Investments
- 4 - Receivables
- 5 - Capital Assets
- 6 - Interfund Transfers
- 7 - Leases
- 8 - Long-Term Liabilities
- 9 - Net Position
- 10 - Risk Management
- 11 - Related Party Transactions
- 12 - Subsequent Events
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- 15 - Employee Retirement System and Pension Plans
- 16 - Pending Governmental Accounting Standards

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies

The County of Milwaukee, Wisconsin ("County") incorporated in 1835, is a governmental entity established by laws of the State of Wisconsin and has the power of a body corporate, as defined by s.59.01 of the State of Wisconsin statutes.

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

A. The Reporting Entity

This report includes all of the funds of the County. The reporting entity for the County consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

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

Component Units

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

The County has no blended component units to report. The County has four major discretely presented component units, which are described below.

Milwaukee Public Museum, Inc. ("MPM") was organized on January 10, 1992 as a non-stock, non-profit corporation based in Wisconsin. Prior to March 31, 1992, the Milwaukee Public Museum was operated by the County. On March 31, 1992, MPM commenced operations as a corporation, separate and distinct from the County. MPM operates a natural history museum which focuses on exhibits, public programming, and research in the natural sciences, anthropology, and history. A forty-five member Board of Directors governs MPM. Nine members of the Board are appointed by the County Executive and are confirmed by the County Board of Supervisors.

MPM is reported as a discretely presented component unit of the County because the County owns the majority of the economic resources (the building and artifacts) available to MPM and provides annual appropriations. As a result, MPM has the ability to impose specific financial burdens on the County. MPM has a fiscal year ending August 31st.

Milwaukee County War Memorial, Inc. ("War Memorial") is a non-stock, non-profit corporation based in Wisconsin. The War Memorial is operated under the auspices of Milwaukee County. The original purpose of the War Memorial was to operate the War Memorial Center Facility/Milwaukee Art Museum, the Marcus Center for the Performing Arts, and the Charles Allis and Villa Terrace Art Museums. In 2006, the Marcus Center for the Performing Arts and in 2012, the Charles Allis and Villa Terrace Art Museums were granted separate Internal Revenue Service Section 501(c)(3) status and began operating as separate entities. In 2013, operation of a portion of the War Memorial Center Facility/Milwaukee Art Museum was ceded to the Milwaukee Art Museum. Beginning September 17, 2013, the sole purpose of the War Memorial is to operate the War Memorial Center.

A four member Board of Trustees ("Trustees") and an eleven member Board of Directors ("Board") govern the War Memorial. The four Trustees and two members of the Board are appointed by the County Executive and are confirmed by the County Board of Supervisors.

The War Memorial is reported as a discretely presented component unit of the County because the County appoints the voting majority of the Board of Trustees, owns the majority of the economic resources (the building) available to the War Memorial, and provides annual appropriations. As a result, the War Memorial has the ability to impose specific financial burdens on the County. The War Memorial has a fiscal year ending December 31st.

Marcus Center for the Performing Arts ("Marcus Center") is a non-stock, non-profit corporation based in Wisconsin that offers performance facilities, a parking structure and various services to a wide range of performing arts. The Marcus Center is home to the Milwaukee Symphony Orchestra, the Milwaukee Ballet Company, the Milwaukee Youth Symphony Orchestra, the Florentine Opera Company, First Stage Milwaukee, and other special arts groups, ethnic and cultural festivals and community concerts. The Marcus Center operates

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

as a separate reporting entity and has combined all of its related funds into one set of financial statements. A twenty-five member Board of Directors governs the Marcus Center. Seven members of the Board are appointed by the County Executive and are confirmed by the County Board of Supervisors.

On August 12, 2015, the State of Wisconsin passed Wisconsin Act 60; the legislation states that under Section 115 of Nonstatutory Provisions, the Marcus Center property can be transferred to the local exposition district ("Wisconsin Center District"). This transfer shall take effect upon adoption of a resolution by the Wisconsin Center District Board requesting the transfer, at which point a written proclamation of support from the County Executive would be needed to complete the transfer of the property. The Wisconsin Center District Board issued a statement in 2016 that it will not take up this issue until after the completion of the district-owned Milwaukee Bucks arena in 2018.

The Marcus Center is reported as a discretely presented component unit of the County because the County owns the majority of the economic resources (the building) available to the Marcus Center, provides annual appropriations, and has assisted in the past with the issuance of general obligation corporate purpose bonds to finance certain improvements. As a result, while the Marcus Center is fiscally dependent it has the ability to impose specific financial burdens on the County. Also, even though the County does not appoint the majority of the Board of Directors, excluding the Marcus Center would render the County's financial statements incomplete or misleading. The Marcus Center has a fiscal year ending December 31st.

Milwaukee County Research Park Corporation ("MCRPC") is a non-stock, non-profit quasi-public corporation based in Wisconsin that was formed in 1987 for the sole purpose of developing a park for research and technology businesses on the parts of the Milwaukee County Institution Grounds that are not required for medical or health institution purposes and are leased, conveyed or otherwise transferred to MCRPC; provided, however, that such development shall, in the judgment of MCRPC, advance the economic and social interests of the community. A fifteen member Board of Directors governs MCRPC. Five members of the Board are County Board Supervisors and ten members of the Board, including a representative of the City of Wauwatosa and the County Executive's personal representative, are appointed by the County Executive and are confirmed by the County Board of Supervisors.

On November 10, 2015, the MCRPC's board of directors approved a policy to liquidate MCRPC as of March 31, 2016. In December 2015, the Milwaukee County Board approved a transfer of control of MCRPC to Milwaukee Regional Innovation Center Inc. ("MRIC"). The MCRPC board of directors approved the transition in February 2016. On March 31, 2016, Milwaukee County sold MCRPC to Technology Innovation Center LLC ("TIC") for \$1. TIC is a subsidiary of MRIC.

MCRPC is reported as a discretely presented component unit of the County because the County appoints all of the members of the governing board and therefore has the ability to impose its will on MCRPC. The economic resources held by MCRPC are contributed to MCRPC through land sales and tenant rent, by agreement of the County, for the direct benefit of the County and its constituents. MCRPC has a fiscal year ending December 31st.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

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

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

Milwaukee County War Memorial, Inc.
750 North Lincoln Memorial Drive
Milwaukee, WI 53202

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

Milwaukee County Research Park Corp.
10437 Innovation Drive
Wauwatosa, WI 53226

Related Organizations

The Milwaukee County Federated Library System ("MCFLS") is a membership organization with its membership made up of the fifteen administratively autonomous and fiscally independent public libraries in Milwaukee County. MCFLS assumes a leadership role in facilitating cooperation among its member libraries, improving access to and encouraging sharing of resources, promoting the most effective use of local, county, state and federal funds and assisting member libraries in the utilization of current and evolving technologies to provide the highest possible level of library service to all County residents. The County Executive is responsible for appointing the seven-member board of MCFLS but the County's accountability for MCFLS does not extend beyond making the appointments. In accordance with State Statute s.43.19 (1) (a) at least one but not more than two County Board Supervisor(s) shall be members of the system board at any one time.

B. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government and its discretely presented component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue include 1) charges to

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used between the County's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

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

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

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

results could differ from those estimates.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Uncollected property taxes of municipalities within the County, except the City of Milwaukee, are purchased and then collected by the County. There is no recourse to the municipalities for the collection of these taxes. The County considers intergovernmental revenues to be available if they are collected within 90 days of the end of the current fiscal period. Property taxes, intergovernmental revenues, sales taxes, investment income, rents, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, fines and forfeitures and all other revenue items are considered to be measurable and available only when the county receives cash.

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

Proprietary Funds

The County's enterprise funds and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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

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

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

rather than as an expense.

Fiduciary Funds

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

C. Basis of Presentation

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- (a) Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures /expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- (b) The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- (c) In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

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

The County presents the following **major governmental funds**:

- **General Fund** is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those resources required to be accounted for in another fund.
- **Debt Service Fund** accounts for and reports the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt.
- **Capital Projects Fund** accounts for and reports the financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities and other capital assets.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

The County presents the following **major proprietary funds**:

- **Airports Fund** accounts for the operations of General Mitchell International and Timmerman Airports. Airport passenger facility charges and related capital expenditures are not accounted for in the airport's enterprise fund but are accounted for as a special revenue fund.
- **Transit System Fund** accounts for the activities of the Milwaukee County Transit System and the Paratransit System. The Transit System provides public transportation in the Milwaukee metropolitan area and is managed by Milwaukee Transport Services, Inc., a private non-profit corporation. The Paratransit System is also operated by Milwaukee Transport Services, Inc., to provide transportation, using private vendors, for passengers who meet the paratransit eligibility requirements.

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

- **Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The specific purpose of each fund is as follows:
 - ◇ **Zoo** - used for maintenance and repairs of the miniature passenger train and the zoomobile, conservation, maintaining and expanding the library, employee's travel, animal acquisitions and specimens for the Milwaukee County Zoo.
 - ◇ **Parks** - used for the repair, restoration and enhancement of the various parks throughout Milwaukee County.
 - ◇ **Persons with Disabilities** - used for special projects to help free disabled persons from environmental and attitudinal barriers.
 - ◇ **Behavioral Health Division** - used for mental health research, patient activities and special events, funding for youth and young adults with severe mental health needs and compensated absence payouts for Behavioral Health Division retirees.
 - ◇ **Airport** - Airport Passenger Facility Charge (PFC) is used for the collection of Federal Aviation Administration (FAA) approved passenger facility charges, which are to be used for capital projects at the Airport. A separate trust is maintained to secure a pledge by the County for repayment of certain debt of local airlines.
 - ◇ **Administrative Services** – used by Risk Management for employee health and safety issues. It also includes pension stabilization established with \$6,500 in 2009 with issuance of Pension Liability funds for County ERS, under state statute.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

- ◇ **Public Works** - used for compensated absence payouts for retirees from the Fleet Maintenance and Facilities Management divisions.
- **Internal Service Funds** account for the financing of goods and services provided by one department to other departments of the County, or to other governmental entities, on a cost- reimbursement basis. Information Management Services, Public Works Services, and Risk Management are the County's internal service funds.
- **The Pension Trust Fund** accounts for the activities of the Employees' Retirement System and OBRA 1990 Retirement System of the County of Milwaukee. This fund accumulates resources for pension benefit payments to qualified Milwaukee County employees. Substantially all full and part-time employees of the County participate in these single-employer defined benefit plans.
- **Agency Funds** are custodial in nature and are used to account for assets held by the County as an agent for individuals, private organizations and other governmental units. The significant agency fund within the County is the Civil Court-ordered Family Support Payments.

D. Assets / Deferred Outflows of Resources, Liabilities / Deferred Inflows of Resources and Net Position or Equity

1. Deposits and Investments

To facilitate cash management of the County's resources, cash and investments are pooled in common accounts. These pooled common accounts are considered cash equivalents for the purposes of the statements of cash flows. The cash and investment balance in each fund represents the equity in these pooled resources.

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

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

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

the Pension Trust Fund is authorized to invest in all types of investments deemed appropriate. All investments are stated at fair value, including investments in the Pension Trust Fund.

Additional information is provided in Note 3.

2. Receivables

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). The County has no "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

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

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

Delinquent property tax receivable is comprised of the unpaid property taxes the County purchases from other taxing authorities within the County, except the City of Milwaukee, to facilitate the collection of taxes. The purchases are a financing arrangement. The municipalities portion that is not collectable within sixty days of year-end is reflected as a reservation of fund balance at year-end for amounts considered unavailable. The County's portion of uncollected property taxes within the boundaries of the City of Milwaukee is sold to the City each year.

Interest is earned on investments and delinquent property taxes. The County's portion of delinquent property taxes, accrued interest and penalties that are not collectable within sixty days of year-end is reflected as unearned revenue in the governmental funds.

Additional information is provided in Note 4.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

3. Inventory, Prepaid Items and Insurance Deposits

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. As of December, 31, 2015, Milwaukee County has prepaid items totaling \$1,270.

Milwaukee County has self-funded health and prescription insurance plans administered by a third party. A requirement of the self-funded plans is that the County must maintain deposits with this third party manager; as of December 31, 2015 \$3,564 is on deposit.

4. Restricted Assets

Certain proceeds of the Deposits and Investments area are considered restricted as explained earlier in Note 1, section D, item 1. At the end of 2015, these restricted assets consisted of Capital Project reserves, Airport reserves and unspent revenue bond proceeds, Airport Passenger Facility Charge revenues, and Family Care reserves. Restricted assets are not available to the County to finance its operations.

Capital Projects: Bond proceeds of \$38,964 are held for various capital projects for the Courthouse and other governmental facilities, Parks and other recreational areas, and Highway and related transportation assets and infrastructure.

Airports: Certain proceeds of the Airports enterprise fund revenue bonds, as well as certain resources set aside for repayment are maintained in separate bank accounts and their use is limited by applicable bond covenants. At the end of 2015, the restricted asset balance of \$32,747 consists of \$19,915 of reserves under Airport Revenue Bond covenants and \$12,832 of 2006, 2009, 2010 and 2013 unspent revenue bond proceeds.

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

Airport Special Revenue Fund: Restricted Assets for the Airport Special Revenue Fund at the end of 2015 amount to \$28,737 which consists of \$23,273 for passenger facility charges allocated and \$5,464 for contributed assets. Passenger facility charges are collected by the Airport and are used for capital projects or repayment of bonds for approved capital projects. The passenger facility charges are accounted for in a separate Special Revenue Fund.

In addition, the County has restricted \$5,464 of contributed assets for a \$14,400 debt guarantee

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

made by the County on behalf of a local company. The County provided the guarantee in return for a mortgage on specific assets of the company plus \$4,900 of cash provided by the company and the State of Wisconsin. These funds act as a debt reserve, and are included in the Airport special revenue fund. During 2009, the company announced that another company was purchasing it and the County Board of Supervisors approved extensions of the agreement to August 15, 2015. There are no plans for the transfer of the agreements to the third party since the third-party continues to honor the agreement and make principal and interest payments in accordance with underlying agreements. The assets continue to be maintained by the third-party, and the third-party has been attempting to sell or lease the assets to pay down the debt.

Family Care: Under a contract agreement between the State of Wisconsin Department of Health and Family Services and the County's Department of Family Care, the County is required to restrict cash of \$11,482. Under the contract, the restricted cash is split between two reserves: working capital and restricted.

5. Capital Assets

Government-wide Statements

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized at cost when purchased or constructed and updated for the cost of additions and retirements during the year.

Property, plant, equipment, and infrastructure of the primary government and its component units are depreciated using the straight-line method over the following estimated useful lives: Buildings - 40 years, Building Improvements - 12-20 years, Furniture and Fixtures - 10 years, Infrastructure - 20-30 years, Machinery and Equipment - 5-15 years, and Vehicles and Related Equipment - 5-12 years.

The County owns a collection of zoo animals and a collection of museum historical artifacts which meet the definition of a capital asset and normally should be capitalized and reported in the financial statements. However, the requirement of capitalization is waived for collections meeting all of the following conditions: 1) the collection is held for reasons other than financial gain, 2) the collection is protected, kept unencumbered, cared for, and preserved, and 3) the collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections. The County has elected not to capitalize the collection of museum historical artifacts because these assets meet the criteria

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

stated above that qualify the collections for exemption from the capitalization requirement.

With regard to the collection of zoo animals and in accordance with industry practice, animal collections are recorded at the nominal amount of \$1 (one dollar), as there is no objective basis for establishing value. Additionally, animal collections have numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impracticable to assign value. Acquisitions are recorded as expenditures in the period of acquisition. In an ongoing commitment to enhance the worldwide reproduction and preservation of animals, the County shares animals with other organizations. Consistent with industry practice, the County does not record any asset or liability for such sharing arrangements, as generally these arrangements are without monetary consideration.

Fund Financial Statements

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

Additional information is provided in Note 5.

6. Compensated Absences

County employees are granted personal days, sick and annual vacation leave in varying amounts in accordance with administrative policies and union contracts. County employees are requested to use all accumulated vacation time earned each calendar year; however, a maximum of 56 (fifty six) vacation hours may be carried over to the subsequent calendar year. Sick leave is accrued to a maximum of 960 (nine hundred sixty) hours. In the event of termination or retirement, employees are paid for accumulated vacation, holiday, personal days, and overtime hours. Generally, accumulated sick pay is forfeited upon termination other than retirement. Depending on their prior bargaining unit affiliation and date of hire, a retiring employee may be entitled to either a full or partial cash payout or full credit for post-retirement health care costs of their applicable sick leave hours. The County eliminated the cash payout/health care credit at retirement for any sick leave hours accrued after June 24, 2012 for certain union and non-represented employees. Cash payouts to retirees for sick pay benefits are \$1,473 and health care credits to retirees for sick pay benefits are \$72 in 2015.

Vacation, sick pay, holiday and overtime amounts earned and vested by active employees are accrued in the government-wide and proprietary fund financial statements. The short-term portions of compensated absences are classified as current liabilities; for the governmental activities and the business-type activities, the portion is \$19,808 and \$2,724, respectively. The long-term portions of compensated absences, primarily for sick leave payable upon retirement, is classified as compensated absences. For the governmental activities and the business-type activities, the portion is \$12,681 and \$9,687, respectively. \$3,573 paid to employees in the governmental fund types within 60 days of year-end is recorded as a liability and as an expense in the governmental funds.

Additional information is provided in Note 8.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

Additional information is provided in Note 8.

8. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and therefore will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred loss on refunding arises from a refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund statements.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity Classifications

Government-wide Statements

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

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

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

- **Restricted Net Position** – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** - All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

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

Fund Statements

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

- **Nonspendable Fund Balance** – amounts that are not in a spendable form (such as inventory).
- **Restricted Fund Balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government).
- **Committed Fund Balance** – amounts constrained to specific purposes as approved or rescinded in a Board Resolution, and in compliance with State Statute.
- **Assigned Fund Balance** – amounts constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the legislative, executive branch or an official of the County to which the governing body has assigned this authority. As adopted May 17, 2012 on Board Resolution 12-418, generally, final intent is authorized through the County resolution approved by the County Board and County Executive. The Comptroller shall ensure that there are adequate funds in the department prior to the encumbering of any funds. The County has restrictions against, and does not presently have, any Assigned Fund Balance.
- **Unassigned Fund Balance** – amounts included in the residual classification for the General Fund that have not been restricted, committed, or assigned to specific purposes. The County has restrictions against, and does not presently have, any Unassigned Fund Balance.

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

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

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

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

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

11. Allowance for Doubtful Accounts

The County's Behavioral Health Division ("BHD") provides an allowance for all third-party payers such as Medicare, Medicaid, HMO's, and other types of health insurance. The County's Department of Family Care ("Family Care"), provides an allowance for amounts due from the State in the event a client is not eligible for service reimbursement and for client service co-payments. The County's Department of Health and Human Services ("DHHS") provides an allowance for amounts due from recipients of housing loans provided to low-income homeowners. The County's Department of Public Works ("DPW") provides an allowance for Private Fire Protection charges that are in dispute.

BHD, Family Care, DHHS, and DPW adjust revenue in the current year of operations for the difference between amounts billed (or loans made) and expected reimbursement. In as much as the adjustment is an estimate, any difference between the amount accrued and the amount settled is recorded in operations in the year of settlement. As of December 31, 2015, the total allowance for BHD, Family Care, DHHS, and DPW is \$18,828. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectable as reported at December 31, 2015. All allowances are netted against receivables for financial statement presentation.

Additional information is provided in Note 4.

12. Capitalization of Interest

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting debt interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested, unspent debt proceeds over the same period. During 2015, the net amount of capitalized interest is \$438.

13. Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the "revenue reduction" approach in accounting for rebateable arbitrage. This approach treats excess earnings as a reduction of revenue. There is no liability for rebateable arbitrage as of December 31, 2015.

14. Landfill Post-Closure Costs

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

Additional information is provided in Note 8.

15. Pollution Remediation Costs

The County has been designated as the responsible party to cleanup petroleum contamination located on County property, to inspect manholes in the Parks System to ensure that clear water does not go into the sanitary or stormwater sewers, to repair stream banks after contaminated sediment is removed, and repair and monitor underground storage tanks used by MCTS. The County has recorded short-term and long-term obligations for these pollution remediation costs. These costs are recognized in the governmental activities.

Additional information is provided in Note 8

16. Capital Contributions

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

17. Unearned and Unavailable Revenues

Unearned revenues reported in the government-wide and proprietary financial statements represent amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows. In governmental fund financial statements, amounts owed to the County which are not available are recorded as receivables and unavailable revenues.

18. Net Pension Liability (Asset)

Pension expenditures of governmental fund types are recognized on the modified accrual basis which means that the amount of pension expense recognized is equal to the amount contributed to the plan or expected to be liquidated with expendable available financial resources. In the government-wide and proprietary financial statements, pension expense is the

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

annual change in the net pension liability (asset) adjusted for certain other changes in the net pension liability (asset) which are amortized over the average expected remaining service lives of plan participants or five years.

Additional information is provided in Note 15.

19. Encumbrances

Encumbrance accounting is employed in governmental, proprietary and internal service funds. Encumbrances of purchase orders, contracts and other commitments for the expenditure of funds are recorded as restriction of fund balance. As of year-end, encumbrances are not reflected as expenditures but as restriction of fund balance and are liquidated in subsequent years when the services or materials are received. Every appropriation lapses, except for capital projects, at December 31 to the extent that it has not been expended or encumbered.

The 2015 encumbrance, carryover and commitment balances by fund are:

	<u>Encumbrances</u>	<u>Carryovers</u>	<u>Total Commitments</u>
General Fund	\$ 13,395	\$ 686	\$ 14,081
Capital Projects	34,152	16,360	50,512
Internal Service Funds	745	-	745
Airports	3,471	-	3,471
Transit	341	-	341
Totals	<u>\$ 52,104</u>	<u>\$ 17,046</u>	<u>\$ 69,150</u>

20. Claims and Judgments

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

Additional information is provided in Note 8.

21. Other Post Employment Benefit Obligations

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

Additional information is provided in Note 14.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 1 - Summary of Significant Accounting Policies (cont.)

E. Governmental Accounting Standards for 2015

In fiscal year 2015, the County implemented the following GASB's:

- **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions***, was implemented by the County, effective January 1, 2015. This statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.
- **GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68***, was implemented by the County, effective January 1, 2015. The objective of this Statement is to address an issue regarding the application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

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

All adopted budgets for the governmental funds are prepared in accordance with the modified accrual basis of accounting, except for the treatment of the fund balance restriction for 2015 appropriations and encumbrances. For budget purposes, encumbrances are recorded as expenditures as opposed to a restriction of fund balance.

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

Once the budget is adopted, transfers of appropriations among departments require approval by the Board of Supervisors and are permitted only during the last three months of the year. Supplemental appropriations for the purpose of public emergencies may be made from unanticipated revenues received or surplus earned, as defined by resolution adopted by a vote of two-thirds of the members of the board of supervisors. Supplemental appropriations from the

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 2 - Stewardship, Compliance and Accountability (cont.)

issuance of tax anticipation notes require an affirmative vote of three-fourths of the members of the board of supervisors. No supplemental appropriations were approved during 2015 for emergencies or utilizing tax anticipation notes.

Budgetary Basis of Accounting

The “Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Budgetary Basis) - General Fund” is prepared on a basis consistent with the legally adopted budget. Under this method, encumbrances outstanding are charged to budgetary appropriations and considered as expenditures of the current period. In the Non-GAAP Budgetary Basis statements, principal and interest payments on pension liability bonds are considered a departmental personnel service appropriation and are reflected as an expenditure, instead of a debt service fund operating transfer under other financing sources (uses). The “Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds” is prepared on a basis consistent with GAAP. Under this method, encumbrances are considered a restriction of fund balance and charged to expenditures in the period in which goods or services are received.

The reconciliation of the General Fund is as follows:

	Revenues	Expenditures	Other Financing Sources (Uses)
GAAP Basis	\$ 1,041,972	\$ 930,935	\$ (104,152)
Encumbrances	-	13,395	-
Pension/Other	-	2,430	-
Transfers to Component Units	-	(6,399)	(6,399)
Non-GAAP Budgetary Basis	\$ 1,041,972	\$ 940,361	\$ (110,551)

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

County Tax Rate Limit

Wisconsin State Statute (s.59.605) imposes a limit on the property tax rate that the County can impose upon its citizens. Wisconsin State Statute (s.66.0602), 2011 Wisconsin Act 32, changed the local levy limit to the greater of the percentage change in the political subdivision’s January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent. For the 2015 Budget, the levy limit consists of net new construction which is 0.89%. The limit also contains adjustments for levy for debt service payments and terminated tax increment districts.

Note 3 - Deposits and Investments

The majority of the deposits and investments of the Primary Government, excluding the Pension Trust Fund, are maintained in a pool of cash and investments in which each fund participates on a dollar equivalent basis. Interest is distributed monthly to certain trusts and funds, which have been designated as interest earning funds. The remaining investment earnings are provided as an offset to costs for the government as a whole. A “zero balance account” mechanism provides

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont.)

for the sweep of deposits made to bank accounts and the payment for checks presented against accounts. The Primary Government, excluding the Pension Trust, then makes a decision to either transfer funds to an investment manager(s) for the purchase of government securities, or to maintain the funds in the financial institution. Funds sent to the investment manager(s) are used to purchase investments that meet the County's investment policy and State Statute requirements. The net funds maintained at the County's primary financial institution will earn a guaranteed rate of return set to the current market LIBOR rates. The funds maintained at the County's primary financial institution are secured by collateral in the County's name at a Federal Reserve Bank. The County maintains other bank accounts for convenience of deposit. These accounts may be transferred to the primary account as warranted.

The following information presents the deposits and investments of the Primary Government and the Pension Trust Fund. The information has been split into two sections: Primary Government (excluding Pension Trust Fund) and Pension Trust Fund.

Statement of Net Position	
Cash and Investments	\$ 268,079
Cash and Investments - Restricted	111,929
Subtotal	380,008
Statement of Fiduciary Net Position:	
Cash and Investments:	
Pension Trust Fund	1,710,836
Agency Fund	16,361
Subtotal	1,727,197
Total	\$ 2,107,205
Deposits-County/Agency	\$ 101,226
Investments-County/Agency	295,143
Pension Deposits	75,932
Pension Investments	1,634,904
Total	\$ 2,107,205

Primary Government - County and Agency

Cash Deposits

The carrying amount of the County's deposits at December 31, 2015 is \$101,226 and the bank balance is \$111,573. The difference between the carrying value and bank balances are due to outstanding checks and deposits not yet processed by the banks.

Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to cover collateral securities that are in the possession of an outside entity. All time and savings deposits (includes NOW accounts and money market deposits) held in an insured depository institution

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont.)

within the State of Wisconsin are added together and insured, by FDIC, up to \$250. Separately, all demand deposit accounts (includes interest-bearing and noninterest-bearing deposits) held in an insured depository institution within the State of Wisconsin are added together and insured, by FDIC, up to \$250. In addition, if the depository institution is outside of the State of Wisconsin, both time and savings deposits and demand deposits are added together and insured up to \$250. The State Deposit Guarantee Fund insures deposits up to a total of \$400 per entity, not per banking institution. Of the \$111,573 of deposits with financial institutions, \$7,073 is covered by Federal depository insurance and State governmental insurance, subject to availability of funds in the State's Deposit Guarantee Fund, \$103,170 is collateralized with government securities held in a separate financial institution in the County's name, and \$1,330 is uninsured, uncollateralized, or exposed to custodial credit risk.

Investments

On August 12, 2014 the County modified its Statement of Investment Policy ("investment policy"). The primary objectives of the modified investment policy are safety, liquidity, return and local interests. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The goal will be to mitigate credit risk and interest rate risk. The investment portfolio will remain sufficiently liquid to enable the County to meet all operating requirements that may be reasonably anticipated. The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and liquidity needs. The County will support investment in local financial institutions to the maximum extent possible, consistent with all other investment objectives and will employ mechanisms to control risk and diversify its investments with respect to specific security types or individual security issuers.

Consistent with the Government Finance Officers Association Policy Statement on local laws concerning investment practices, the following investments will be permitted by the County's investment policy and are those defined by Wisconsin State Statute (s.66.0603) and Milwaukee County ordinances, where applicable. If additional types of securities are approved for investment of public funds by Wisconsin State Statutes, they will not be eligible for investment by Milwaukee County until the investment policy has been amended and the amended version adopted by the governing body.

- Time and other money market deposits of banks, trust companies, savings and loans, and credit unions.
 - ◊ Deposits over the Federal Deposit Insurance Corporation ("FDIC") insured amount are to be fully collateralized with an acceptable form of collateral, surety, or other guarantee assuring the principal repayment to Milwaukee County.
 - ◊ CDARS – Certificates of Deposit Account Registry Service, a placement service in which a member institution uses CDARS to place funds into Certificate of Deposits ("CD") issued by banks that are members of the Network. This occurs in increments below the standard FDIC insurance coverage maximum, allowing for coverage of principal and interest.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont.)

- ◇ ADM – American Deposit Management, CD placement service and other depository placement services.
- U.S. Treasury obligations, government agency securities, and Government Sponsored Enterprise (“GSE”).
- Municipal Securities including general obligation bonds, essential service bonds rated AA or higher, or securities of any county, city, drainage district, vocational, technical and adult education district, village, town or school district of the State of Wisconsin.
- State of Wisconsin Investment Board’s Local Government Investment Pool.
- Repurchase Agreements (“Repos”). Investment agreements pursuant to which a federal or state credit union, federal or state savings and loans association, state bank, savings and trust company, mutual savings bank, or national bank in the State of Wisconsin agrees to repay funds advanced to it by the issuer, plus interest. Repos are to be secured by investments securities fully guaranteed by the U.S. government.
- Corporate securities. Issued by private corporations, these securities must be rated in the highest or second highest rating category assigned by Standard and Poor’s Corporation (“S&P”), Moody’s Investor Service (“Moody’s”), some other Nationally Recognized Statistical Rate Organization (“NRSRO”), or senior to or on parity with a security of the same issuer which has such a rating.
- Commercial Paper which may be tendered for purchase at the option of the holder within not more than two hundred seventy (270) days of the date acquired as permitted by Wisconsin State Statutes. These securities must be rated in the highest or second highest rating category assigned by S&P, Moody’s, NRSRO, or senior to or on parity with a security of the same issuer which has such a rating.
- Money Market Funds. Open-ended Money Market funds restricted to investments permitted in Wisconsin State Statute (s.66.0603 (1) (m)), limited to a maximum average maturity of sixty (60) days or less.

The following restrictions will apply to any investments made by Milwaukee County: no leveraged investments and no securities in foreign currencies. All other investments not listed above are prohibited from consideration of investment. At any time, the Milwaukee County Treasurer may desire to be more conservative in its investments and may limit or restrict certain of the investments listed above.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont.)

As of December 31, 2015, the County and Agency investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
CDARS	\$ 2,000
Certificates of Deposit	7,109
Commercial Paper	2,997
Corporate Bonds	3,160
Corporate Government Guaranteed	11,047
Corporate Securities	11,204
F F C B	4,966
F F C B Deb	9,975
F H L B	8,496
F H L B Deb	18,336
F H L M C	18,218
F H L M C M	17,685
F H L M C Deb	4,468
F N M A	30,063
F N M A M T	5,937
F N M A Deb	3,431
F N M A Gtd	2,286
Futures Hedge	3,473
G N M A I I	23,230
G N M A Gtd	3,527
Local Government Investment Pool	640
Money Market Funds	36,739
Municipal Securities	11,078
S B A Gtd Ln	14,062
U S Treasury	41,016
Total	<u>\$ 295,143</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont.)

The County has one contract for hedging derivative instruments with a single counterparty. In its normal course of operations, the Transit System enters into futures contracts for heating oil as a hedge for its diesel fuel purchases. The collateral held with the counterparty at December 31, 2015 is \$3,473. The maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted is \$486. The aggregate fair value of these hedging derivative instruments at December 31, 2015 is \$2,987, resulting in no credit risk to the County. This counterparty is not rated. The County is exposed to basis risk on the hedging derivative instruments because the expected commodity purchase being hedged will price based on a pricing point different than the pricing point at which the futures contract is expected to settle.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of investment securities that are in the possession of an outside party. The County's investment policy states that all investment institution must enter into a "depository agreement" requiring the depository to pledge collateral to secure amounts over and above FDIC guaranteed amounts. All securities serving as collateral will be specifically pledged to the County and placed in a custodial account at a Federal Reserve Bank, the trust department of a commercial bank, or through another financial institution. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution.

Amounts in excess of FDIC guaranteed amounts must be fully collateralized and held by a third party or fully insured by an insurance company with an A rating or better by A.M. Best. Acceptable collateral includes the following: Securities of the U.S. Treasury and/or Agency or GSE securities as long as they are fully guaranteed.

All securities purchased will be properly designated as an asset of Milwaukee County and will be evidenced by safekeeping receipts in Milwaukee County's name and held in safekeeping by a third-party custodial bank or other third-party custodial institution designated by Milwaukee County, and chartered by the U.S. Government or the State of Wisconsin. No withdrawal of such securities, in whole or in part, will be made from safekeeping except by the Milwaukee County Treasurer or a designee. All trades of marketable securities will be executed on a delivery versus payment basis to ensure that the securities are deposited in Milwaukee County's safekeeping institution prior to the release of funds.

The County does not have any investments exposed to custodial credit risk.

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the County's investment policy, the County attempts to match its investments with anticipated cash flow requirements to the extent possible. Unless matched to a specific cash flow requirement, the County will not directly invest in securities maturing more than ten (10) years from the date of purchase. For adjustable rate securities, the time to coupon reset will be used as the effective maturity date.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont.)

As of December 31, 2015, the County and Agency have the following investments and maturities subject to interest rate risk:

Investment Type	Fair Value	Years			
		Less than 1	1 - 5	6 - 10	More than 10
CDARS	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -
Certificates of Deposit	7,109	7,109	-	-	-
Commercial Paper	2,997	2,997	-	-	-
Corporate Bonds	3,160	922	2,238	-	-
Corporate Government Guaranteed	11,047	-	11,047	-	-
Corporate Securities	11,204	2,669	8,535	-	-
F F C B	4,966	-	4,966	-	-
F F C B Deb	9,975	-	9,975	-	-
F H L B	8,496	2,495	6,001	-	-
F H L B Deb	18,336	1,379	16,957	-	-
F H L M C	18,218	-	1,737	2,782	13,699
F H L M C M	17,685	-	17,685	-	-
F H L M C Deb	4,468	-	4,468	-	-
F N M A	30,063	-	19,098	21	10,944
F N M A M T	5,937	1,186	4,751	-	-
F N M A Deb	3,431	2,936	495	-	-
F N M A Gtd	2,286	-	559	1,564	163
Futures Hedge	3,473	3,473	-	-	-
G N M A I I	23,230	-	-	823	22,407
G N M A Gtd	3,527	-	-	51	3,476
Money Market Funds	36,739	36,739	-	-	-
Municipal Securities	11,078	6,544	2,688	1,088	758
S B A Gtd Ln	14,062	-	1,180	3,299	9,583
U S Treasury	41,016	10,410	30,606	-	-
Total	\$ 294,503	\$ 80,859	\$ 142,986	\$ 9,628	\$ 61,030

Note: Local Government Investment Pool is not subject to interest rate risk.

Credit Risk - Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit quality rating of a security (rated by Standard & Poor's or Moody's Investor Service) gives an indication of the degree of credit risk for that security. In accordance with the County's investment policy, the County will mitigate the credit risk using the following strategies: diversification, liquidity, investment rating downgrade and market risk.

As of December 31, 2015, the County and Agency investments credit quality ratings are as follows:

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont.)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's</u>	<u>Moody's Investor Service</u>
CDARS	\$ 2,000	N/R	N/R
Certificates of Deposit	7,109	N/R	N/R
Commercial Paper	2,997	N/A	N/A
Corporate Bonds	502	A+	AA2
Corporate Bonds	1,139	A+	AA3
Corporate Bonds	1,098	AA-	AA1
Corporate Bonds	420	AA-	AA2
Corporate Government Guaranteed	4,677	AA+	AAA
Corporate Government Guaranteed	6,370	AA+	N/A
Corporate Securities	1,751	A	A1
Corporate Securities	667	A+	A1
Corporate Securities	1,090	AA	AA1
Corporate Securities	1,065	AA	AA2
Corporate Securities	954	AA-	A1
Corporate Securities	2,001	AA-	AA3
Corporate Securities	1,271	AA+	A1
Corporate Securities	828	AA+	AA1
Corporate Securities	1,578	AAA	AAA
F F C B	4,966	AA+	AAA
F F C B Deb	9,975	AA+	AAA
F H L B	8,496	AA+	AAA
F H L B Deb	18,336	AA+	AAA
F H L M C	535	AA+	N/A
F H L M C	17,683	N/A	N/A
F H L M C M	17,685	AA+	AAA
F H L M C Deb	4,468	AA+	AAA
F N M A	19,071	AA+	AAA
F N M A	10,992	N/A	N/A
F N M A M T	5,937	AA+	AAA
F N M A Deb	3,431	AA+	AAA
F N M A Gtd	2,286	N/A	N/A
Futures Hedge	3,473	N/A	N/A
G N M A I I	23,230	N/A	N/A
G N M A Gtd	3,527	N/A	N/A
Local Government Investment Pool	640	N/R	N/R
Money Market Funds	36,739	N/R	N/R
Municipal Securities	181	A+	N/R
Municipal Securities	439	AA	A1
Municipal Securities	204	AA	A2
Municipal Securities	101	AA	AA1
Municipal Securities	447	AA	AA2
Municipal Securities	691	AA	AA3
Municipal Securities	440	AA	N/R
Municipal Securities	307	AA-	AA1
Municipal Securities	563	AA-	AA2
Municipal Securities	156	AA-	AA3
Municipal Securities	1,075	AA-	N/R
Municipal Securities	154	AA+	A2
Municipal Securities	221	AA+	AA2
Municipal Securities	106	AA+	AAA
Municipal Securities	485	AA+	N/R
Municipal Securities	306	AAA	AAA
Municipal Securities	1,101	N/R	AA2
Municipal Securities	873	N/R	AA3
Municipal Securities	2,084	N/R	AAA
Municipal Securities	1,144	N/R	N/R
S B A Gtd Ln	14,062	N/A	N/A
U S Treasury	41,016	N/A	AAA
Total	<u>\$ 295,143</u>		

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont.)

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County's investment policy states that to mitigate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities, assets in all of the County's funds will be diversified by maturity, issuer, and class of security. Diversification strategies will be determined, and revised periodically, by the Milwaukee County Treasurer.

As of December 31, 2015, the County is not exposed to a concentration of credit risk.

Pension Trust Fund

Cash Deposits

The carrying amount of Pension Trust Fund deposits at December 31, 2015 is \$75,932 and the bank balance is \$76,543. The carrying amount consists of \$2,998 of cash held in deposit at banks and \$72,934 of cash equivalents held by investment managers.

Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pension Trust Fund will not be able to recover deposits or will not be able to cover collateral securities that are in the possession of an outside entity. All time and savings deposits (includes NOW accounts and money market deposits) held in an insured depository institution within the State of Wisconsin are added together and insured, by FDIC, up to \$250. Separately, all demand deposit accounts (includes interest-bearing and noninterest-bearing deposits) held in an insured depository institution within the State of Wisconsin are added together and insured, by FDIC, up to \$250. In addition, if the depository institution is outside of the State of Wisconsin, both time and savings deposits and demand deposits are added together and insured up to \$250. The State Deposit Guarantee Fund insures deposits up to a total of \$400 per entity, not per banking institution. Of the \$2,998 of deposits with financial institutions, \$2,998 is covered by Federal depository insurance and State governmental insurance, subject to availability of funds in the State's Deposit Guarantee Fund, and there is no balance that is uninsured, uncollateralized, or exposed to custodial credit risk. All assets of the Pension Trust Fund are held in its name.

Investments

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

The ERS Board has adopted a Statement of Investment policy to formally document investment objectives and responsibilities. This policy establishes guidelines for permissible investments of the Retirement System. Investments, primarily stocks, bonds, certain government loans and

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont.)

mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximates fair value. Investments in venture capital partnerships, real estate, long/short hedge and infrastructure are valued at estimated fair value, as provided by the Retirement System's investment managers. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method. Unrealized gains and losses in the fair value of investments represent the net change in the fair value of the investments held during the period.

As of December 31, 2015 the Pension Trust Fund has the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
Domestic Common and Preferred Stocks	\$ 578,216
Long / Short Hedge Funds	177,426
Fixed Income	291,782
International Common and Preferred Stocks	146,365
Real Estate and REIT'S	198,100
Infrastructure	151,437
Private Equity	91,578
Total	<u>\$ 1,634,904</u>

Custodial Credit Risk – Investments

Custodial credit risk is the risk that, in the event a financial institution or counterparty fails, the Retirement System will not be able to recover the value of its deposits, investments or securities. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Retirement System's name and are held by the counterparty. No formal policy exists on custodial risk. However, substantially all assets of the Retirement System are held in its name. The Retirement System did not own any repurchase agreements as of December 31, 2015. As of December 31, 2015, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration for a security is the percentage price sensitivity to interest rate changes of 100 basis points (or 1.0%). For example, an Option-Adjusted Duration of 5.20 means that the price of the security should fall approximately 5.20% for a 1.0% rise in the level of interest rates. Conversely, the price of a security should rise approximately 5.20% for a 1.00% fall in the level of interest rates. Interest rate changes will affect securities with negative durations in the opposite direction. The Option-Adjusted Duration method of measuring duration takes into effect the embedded options on cash flows.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont.)

The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

As of December 31, 2015, the Retirement System has the following Option-Adjusted Durations for the fixed income investments:

<u>Fixed Income Sector</u>	<u>Fair Value</u>	<u>Option Adjusted Duration (In Years)</u>
ABS-Car Loan	\$ 1,611	0.90
ABS-Credit Cards	1,535	2.23
ABS-Home Equity	235	0.02
Aerospace & Defense	59	9.66
Agency for Int'l. Devel. Backed Debt	339	8.90
Automobiles & Components	356	6.96
Banking & Finance	14,211	4.34
Canadian Government Bonds	630	4.00
Capital Goods	892	8.22
Chemicals	1,156	7.46
CMBS - Conduit	4,061	0.89
Commercial Services & Supp.	121	5.66
Communications	2,497	7.31
FHLMC Multiclass	17,501	2.28
FHLMC Pools	7,424	2.22
FNMA Pools	38,941	3.64
FNMA REMIC	25,181	1.31
Food Beverage & Tobacco	418	4.63
Food Products	633	7.18
GNMA Multi Family Pools	756	2.39
GNMA REMIC	7,529	2.07
GNMA Single Family Pools	1,642	3.07
Health Care	1,683	9.11
Household Products	76	2.46
Industrial	454	3.47
Insurance	1,069	7.28
Mining	511	4.41
Non-US Corporate Bonds	799	7.59
Oil & Gas	5,241	6.22
Principal Only US Agencies	5,283	5.00
Private Placements - MBS	1,454	3.25
Pvt Placements - More than 1 year	5,466	5.82
Pvt Placements - Interest Only	386	2.35
REITS	1,023	4.72
Retail	901	9.33
Supranational Issues	186	0.04

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont.)

<u>Fixed Income Sector</u>	<u>Fair Value</u>	<u>Option Adjusted Duration (In Years)</u>
Taxable Municipals	\$ 881	15.31
Technology	1,483	4.94
Transportation	1,697	7.46
U.S. Agencies	917	14.00
U.S. Governments Interest Only	32,737	5.83
U.S. Governments	32,877	6.56
Utility-Electric	4,660	6.23
Utility-Gas	633	3.80
Utility-Telephone	3,241	9.81
Whole Loan - CMO	6,850	2.70
Whole Loan - Re-securitization	359	0.01
Yankee Bonds	1,258	7.81
Other*	<u>51,929</u>	
Total	<u>\$ 291,782</u>	

* For 2015, this represents \$50,340 units of participation, \$207 in FHLMC Multiclass, \$289 in Private Placements, \$258 in Transportation, and \$835 in Utility - Electric.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Retirement System's investment in a single issuer, generally investments in any one issuer that represent five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this definition. The Retirement System has no investments in one issuer other than the U.S. Government securities and mutual funds that exceed five (5) percent of the total investments.

Foreign Currency Risk Investment

Foreign currency is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit. As of December 31, 2015 the Retirement System directly owned less than \$0.4, in investments denominated in foreign currencies.

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

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 3 - Deposits and Investments (cont.)

Credit Risk – Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Services ("Moody's"), Standard and Poor's ("S & P") and Fitch Ratings ("Fitch's"). With the exception of the Mellon Capital Management Aggregate Bond portfolio, bonds purchased and owned in each portfolio must have a minimum quality rating of "Baa3" (Moody's) or "BBB-" (S & P or Fitch's). The average quality of each portfolio must be "A" or better. The fixed income securities for the Mellon Capital Management Aggregate Bond portfolio should have a minimum quality rating of "A", with the exception of 15% of the portfolio which may have a minimum quality rating of "BBB". Of the \$7.2 million not rated by Moody's as of December 31, 2015, \$72.0 was cash or cash equivalent, and \$5.9 million is rated by S & P as investment grade ("BBB-" or higher). Moody's quality rating of "BAA3" or above is considered investment grade. As of December 31, 2015, \$1.1 million was not rated by S & P or Moody's. Of the \$9.1 million not rated by Moody's as of December 31, 2014, \$6.7 million was rated by S & P as investment grade. \$1.9 million was also not rated by S & P as of December 31, 2014.

The credit quality ratings of investments in fixed income securities by Moody's, a nationally recognized statistical rating agency, as of December 31, 2015 are as follows:

<u>Moody's Quality Ratings</u>	<u>Fair Value</u>	<u>Moody's Quality Ratings</u>	<u>Fair Value</u>
AAA	\$ 108,043	BA2	\$ 845
AA1	1,265	BA3	359
AA2	3,592	B1	786
AA3	2,429	B2	686
A1	5,798	B3	170
A2	7,562	CAA1	49
A3	9,535	CAA2	150
BAA1	11,287	CAA3	135
BAA2	7,994	CA	322
BAA3	4,260	NR	7,195
BA1	509		
Subtotal	<u>\$ 162,274</u>	Subtotal	<u>\$ 10,697</u>
Total Credit Risk Fixed Income Securities			172,971
U.S. Government and Agencies			66,882
Units of Participation (Not Rated)			51,929
Total Investment in Fixed Income			<u>\$ 291,782</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 4 - Receivables

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables:				
Accounts	\$ 33,784	\$ 12	\$ 2,932	\$ 36,728
Taxes:				
Current Levy	287,796	-	-	287,796
Delinquent	15,840	-	-	15,840
Interest	8,173	-	-	8,173
Other	27,090	-	50	27,140
Due from Other Governments	31,166	70	4,626	35,862
Gross Receivables	<u>403,849</u>	<u>82</u>	<u>7,608</u>	<u>411,539</u>
Less: Allowance for Uncollectibles	(16,193)	-	-	(16,193)
Net Total Receivables	<u>\$ 387,656</u>	<u>\$ 82</u>	<u>\$ 7,608</u>	<u>\$ 395,346</u>

\$5,784 of the \$15,840 delinquent taxes receivable is not expected to be collected within one year.

Receivables as of the year-end for the Proprietary Funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Business-type Activities</u>		<u>Governmental Activities</u>
	<u>Airports</u>	<u>Transit System</u>	<u>Internal Service Funds</u>
Receivables:			
Accounts	\$ 8,353	\$ -	\$ 4,211
Other	79	4,410	-
Due from Other Governments	13,868	11,860	59
Gross Receivables	<u>22,300</u>	<u>16,270</u>	<u>4,270</u>
Less: Allowance for Uncollectibles	-	-	(2,635)
Net Total Receivables	<u>\$ 22,300</u>	<u>\$ 16,270</u>	<u>\$ 1,635</u>

All amounts are expected to be collected within one year.

Governmental funds report unearned and deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of December 31, 2015, the various components of unearned revenue and deferred inflows of resources reported in the governmental funds are as follows:

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 4 - Receivables (cont.)

	Unearned Revenue	Deferred Tax Revenue	Unavailable Other Revenue	Total
Property Taxes Receivable for Subsequent Year	\$ -	\$ 286,985	\$ -	\$ 286,985
Delinquent Tax Receivables	-	9,323	-	9,323
Federal and State Receivables	-	-	7,104	7,104
Housing Loan Receivables	-	-	7,238	7,238
Other Receivables	1,195	426	-	1,621
Totals	\$ 1,195	\$ 296,734	\$ 14,342	\$ 312,271
Liabilities:				
Unearned Revenues Included in Liabilities	\$ 1,195			
Deferred Inflows:				
Deferred Tax Revenues	296,734			
Unavailable Other Revenues	14,342			
Totals	\$ 312,271			

Enterprise funds also defer revenue recognition in connection with resources received, but not yet earned. As of December 31, 2015, the unearned revenue balances for the Airports and Transit System are \$11,108 and \$3,146, respectively.

Note 5 - Capital Assets

Primary Government

The following is a summary of changes in capital assets for governmental activities for the year ended December 31, 2015.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 59,311	\$ -	\$ -	\$ 59,311
Construction in progress	75,139	53,396	(46,565)	81,970
Total Capital Assets, not being depreciated	134,450	53,396	(46,565)	141,281
Capital Assets, being depreciated				
Land Improvements	260,811	20,332	(1,601)	279,542
Buildings	644,134	24,441	(5,004)	663,571
Fixed Equipment Buildings	57,712	2,831	(1,179)	59,364
Infrastructure	193,956	7,493	(5,923)	195,526
Machinery and Equipment	90,478	9,080	(8,106)	91,452
Vehicles and Related Equipment	80,253	2,576	(1,034)	81,795
Furniture and Fixtures	6,747	13	(146)	6,614
Total Capital Assets, being depreciated	1,334,091	66,766	(22,993)	1,377,864
Less: Accumulated Depreciation				
Land Improvements	(165,002)	(8,486)	1,296	(172,192)
Buildings	(402,916)	(17,543)	4,074	(416,385)
Fixed Equipment Buildings	(38,186)	(2,896)	1,008	(40,074)
Infrastructure	(93,316)	(9,776)	5,923	(97,169)
Machinery and Equipment	(72,961)	(6,077)	8,022	(71,016)
Vehicles and Related Equipment	(39,992)	(6,961)	958	(45,995)
Furniture and Fixtures	(2,324)	(462)	123	(2,663)
Total Accumulated Depreciation	(814,697)	(52,201)	21,404	(845,494)
Net Capital Assets being depreciated	519,394	14,565	(1,589)	532,370
Governmental Activities Capital Assets-Net	\$ 653,844	\$ 67,961	\$ (48,154)	\$ 673,651

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

Governmental activities capital assets, net of accumulated depreciation, as of December 31, 2015 are comprised of the following:

General Capital Assets, Net	\$ 657,299
Internal Service Fund Capital Assets, Net	16,352
Total Capital Assets, Net	\$ 673,651

Depreciation is charged to governmental functions as follows:

Legislative, Executive and Staff	\$ 2,669
Courts and Judiciary	109
General Governmental Services	1,332
Public Safety	6,913
Public Works and Highways	19,324
Human Services	3,882
Parks, Recreation and Culture	17,972
Total	\$ 52,201

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2015.

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 22,100	\$ -	\$ -	\$ 22,100
Construction in progress	75,496	45,311	(66,492)	54,315
Total Capital Assets, not being depreciated	97,596	45,311	(66,492)	76,415
Capital Assets, being depreciated				
Land Improvements	196,634	14,459	-	211,093
Buildings	144,999	4,822	-	149,821
Fixed Equipment Buildings	254,281	40,476	-	294,757
Machinery and Equipment	24,068	4,534	(124)	28,478
Vehicles and Related Equipment	181,591	17,258	(17,544)	181,305
Furniture and Fixtures	6,916	-	(263)	6,653
Total Capital Assets, being depreciated	808,489	81,549	(17,931)	872,107
Less: Accumulated Depreciation				
Land Improvements	(88,508)	(8,391)	-	(96,899)
Buildings	(68,982)	(5,082)	-	(74,064)
Fixed Equipment Buildings	(82,734)	(11,348)	-	(94,082)
Machinery and Equipment	(17,360)	(2,276)	115	(19,521)
Vehicles and Related Equipment	(97,718)	(11,583)	17,468	(91,833)
Furniture and Fixtures	(3,790)	(391)	263	(3,918)
Total Accumulated Depreciation	(359,092)	(39,071)	17,846	(380,317)
Net Capital Assets, being depreciated	449,397	42,478	(85)	491,790
Business-type Activities Capital Assets-Net	\$ 546,993	\$ 87,789	\$ (66,577)	\$ 568,205

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

Depreciation is charged to business-type activities as follows:

Airports	\$	24,883
Transit System		14,188
Total	\$	39,071

Discretely Presented Component Units

Of the County's four component units, three have reportable capital assets.

The capital assets of the **Milwaukee Public Museum, Inc.** consist of the following:

Construction in progress	\$	1,403
Building additions and improvements		19,681
Furniture, equipment and exhibits improvements		12,042
Less: Accumulated Depreciation		(18,163)
Capital Assets, Net	\$	14,963

The capital assets of the **Milwaukee County War Memorial, Inc.** consist of the following:

Machinery, Vehicles and Equipment	\$	96
Less: Accumulated Depreciation		(75)
Capital Assets, Net	\$	21

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

Building and Improvements	\$	26,511
Machinery, Vehicles and Equipment		1,876
Less: Accumulated Depreciation		(17,759)
Capital Assets, Net	\$	10,628

Construction Commitments

Following is a list of **capital projects approved** by the Milwaukee County Board of Supervisors per the 2015 Adopted Capital Improvements Budget. These reflect projects for both governmental and proprietary funds.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

Project Number	Project Description	2015 Appropriations	2015 Expenditures & Encumbrances
<u>Airports (WA)</u>			
WA042	GMIA Bag Claim Remodeling	\$ -	* \$ 9,768
WA044	GMIA - In-Line Baggage Screening	-	* 983
WA064	Phase II Mitigation Program	-	* 3,173
WA096	Parking Structure Relighting	-	*** 3,506
WA112	GMIA Taxiway R & R3 Reconstruct	-	* 5
WA122	GMIA Airfield Pavement Rehab	-	* 143
WA123	GMIA Runway Safety Improvement	-	* 172
WA125	Security & Wildlife Deter Perimeter	303	*** 245
WA130	Part 150 Noise Barrier Study	-	* 105
WA139	GMIA - Redundant Main Electric	-	* 244
WA141	GMIA Training Facility	-	* 218
WA148	Fleet Maintenance Expansion	-	* 176
WA158	GMIA - Deicer Pads	-	*** 12,582
WA161	GMIA Terminal Roadway Signage	-	* 30
WA162	GMIA Cessna Serv Apron Reconstruct	-	* 32
WA163	Perimeter Rd Bridge-Howard Ave	-	* 920
WA167	GMIA Terminal Escalator Replace	-	* 773
WA169	LJT Runway and Taxiway Lights	-	* 12
WA172	GMIA Sanitary Sewer Upgrade	-	* 592
WA173	GMIA Fuel Farm Electrical Serv	-	* 108
WA176	GMIA Master Plan Agis/Ealp	-	* 227
WA177	GMIA Parking Structure Repairs	-	* 27
WA178	GMIA Parking Gar Rental Car Area	-	* 53
WA180	GMIA Runway 7L-25R Resurface	-	* 14
WA181	LJT Runway 4L-22R Resurface	-	* 1,235
WA182	GMIA Snow Melter	-	* 68
WA185	GMIA Surveillance System	-	* 1,941
WA186	HVAC Retrocommisioning	-	*** 658
WA187	GMIA 13-31 Pavement Resurface	2,600	** 1,850
WA189	LJT Airfield Pavement Rehab 2015	225	** -
WA190	LJT Perimeter Security Fence	225	** 179
WA191	GMIA Pavement Rehab 2015	1,120	** 845
WA192	GMIA Airfield Safety Impr 2015	500	** 231
WA193	GMIA Gates D54 & D55 Improvements	1,365	** 1,327
WA201	GMIA Terminal Exp Center Checkup	-	* 69
WA203	GMIA Gre Apron Panel Replacement	612	** 486
WA206	Expand Taxicab Parking/Staging	-	* 79
<u>Courthouse Complex (WC)</u>			
WC013	Criminal Justice Center Deputy	-	* 131
WC023	CH Complex Automation & Access	-	*** 93
WC027	Courthouse Light Court Window	-	*** 82
WC050	Courtroom PA System Replace	-	*** 68

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

Project Number	Project Description	2015 Appropriations		2015 Expenditures & Encumbrances
WC071	DA Security Card System	\$ -	*	\$ 41
WC075	Courthouse Masonry Improvement	-	*	1
WC081	Safety Bldg Cooling Tower Replacement	-	***	150
WC089	Courthouse Elevator Renovation Ph 1	231	**	222
WC093	Courthouse Penthouse Masonry	640	**	-
WC094	Courthouse Ext Duct Repairs	126	**	-
WC095	Courthouse Basement Masonry	-	*	46
WC096	Courthouse Tuck pointing	177	**	52
WC102	Courthouse Cooling Tower	-	*	23
WC103	CJF Cooling Tower	-	***	602
WC112	City Campus Complex Demolition	3,800	**	2,500
WC114	Safety Building Generator	-	***	68
<u>Behavioral Health (WE)</u>				
WE050	BHD Panic Alarm System	206	**	93
WE054	BHD Essential Elec Sys Improvements	398	**	398
WE056	Acute/Children's Whiteboard Un	-	**	9
<u>County Grounds (WG)</u>				
WG017	VPJJC Fire Protection Mon Sys	-	***	343
WG018	Res Park Fire Protection Mon Sys	-	***	175
WG019	CATC Fire Protection Mon Sys	-	***	332
WG020	Vel Philips Emergency Generator	190	**	138
WG026	Child Court Parking Lot /Access	-	*	170
WG027	CATC Parking Lot Replacement	-	*	667
<u>Highways (WH)</u>				
WH001	West Hampton 60th to N. 124th	2,097	***	244
WH002	Inter-Jurisdictional Traffic S	108	***	144
WH010	Mill Rd. Red St. to Sydney Pl	2,468	***	1,945
WH020	College Avenue - 13th to 20th	3,775	***	4,294
WH022	N. 107th St. Brown Deer to NCL	-	*	1
WH030	Bridge Reconstruction Program	528	***	15
WH080	Bridge Rehab Program	-	*	26
WH083	W. Silver Spring Drive-N 124th	-	*	2
WH087	Rawson Avenue Culvert Pipes	170	***	287
WH090	W Ryan Rd Cth H 96th to 112th	90	**	-
WH091	Short Term Cth Rehab-Maint Prj	400	**	401
WH092	S 76th & W Layton Adapt Sig Sy	99	**	-
WH093	Resurface N. 43rd and W. Bradley	-	**	25
WH234	Highway Billing System	-	*	551
WH236	Green Infrastructure	-	*	42
WH238	W Layton W of 99th St Bridge	150	**	119
WH239	North Shop P Lot & Fence Replace	177	**	34

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

Project Number	Project Description	2015 Appropriations		2015 Expenditures & Encumbrances
<u>House of Correction (WJ)</u>				
WJ021	Acc HVAC System	\$ -	*	\$ 194
WJ022	Upgrade Fire Alarms	450	**	285
WJ063	Hoc Roof Repairs	-	*	311
WJ064	Upgrade Cells Security Doors	535	**	409
WJ066	Upgrade Hoc Power Plant	312	**	305
<u>Museum (WM)</u>				
WM003	Electrical Distribution Replace	719	***	68
WM005	Museum Air Handling and Piping	-	-	16
WM010	MP Elevator/Escalator Modern	835	***	82
WM015	Museum Exterior Window Replace	-	***	321
WM016	MP Façade Repair	-	***	1,047
WM019	MP Waterproof & Caulk- Gar/PI	399	**	66
WM023	MP Steam Convertor & Inst Che	101	**	19
WM024	MP Chilled Water Upgrades	202	**	89
WM563	Security/Fire/Life Safety Sys	221	**	-
<u>Other Agencies (WO)</u>				
WO038	Marcus Center HVAC Upgrade	500	***	181
WO048	Wow Grant Rec Central Boiler Replace	-	-	5
WO060	Countywide Roadways	-	*	78
WO064	Wil-O-Way Rec Center Entrance	-	*	93
WO086	Milwaukee River Parkway Recons	3,024	***	2,858
WO103	Fleet Mgmt Cent Garage Roof Rep	174	**	26
WO112	Fleet Replacement Program	794	***	2,358
WO113	Fleet Mgmt Stormwater Reconfigure	1,477	**	117
WO114	Countywide Infrastructure Improvements	-	*	1,170
WO115	Conversion to Indepdnt Chiller	-	***	38
WO116	Vogel Hall Renovation	2,566	**	1,329
WO118	Historical Society Ext Renovate	-	*	21
WO130	Wow Underwood Interior Improvement	-	*	2
WO131	Wow Underwood Single Stall Rr	-	*	12
WO132	Wow Underwood HVAC Replacement	-	**	1
WO136	Trimborn Farm Stone Barn Roof	-	**	1
WO141	Zoo Interchange	-	*	377
WO143	Fleet/Vel Philips Ind Heating	-	*	74
WO150	Courthouse Fire Project	-	***	1,054
WO205	Fiscal Automation Program	150	***	322
WO215	Storage Expansion	-	*	5
WO217	Phone and Voicemail Replacement	-	*	41
WO218	Technical Infrastructure Replace	250	***	195
WO221	Data Center Equipment & Construction	-	**	(7)
WO223	Research Park Entrance Relocate	-	*	8

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

<u>Project Number</u>	<u>Project Description</u>	<u>2015 Appropriations</u>	<u>2015 Expenditures & Encumbrances</u>
WO224	Zoo Inter Utilities Relocation	\$ -	\$ 298
WO226	Charles Allis Boiler Replacement	113	51
WO229	Warehouse Facility Replacement	-	931
WO230	Fleet/Highways Bldg Modification	-	4,106
WO236	Data Consulting/Call Center	-	550
WO240	Project Management Software	-	2
WO424	Jail Management System	-	932
WO433	Glass Barrier At CJF	-	202
WO445	911 Answering System	-	487
WO447	Cefco Camera System 2015	667	1
WO450	Iris Scan Enrollment & Reading	118	-
WO454	In Squad Camera System 34 Units	311	291
WO462	Bullpen Camera System	602	1
WO506	Charles Allis Roof & Drain Repair	267	63
WO507	Charles Allis Ext Facade Repair	371	67
WO514	Wm Window Replacement & Repair	-	38
WO515	Wm Window Ledge Leak Repair	-	15
WO517	War Memorial Improvements	4,225	8,648
WO602	Mainframe Applications Migration	300	297
WO606	Countywide Wire/Wireless Infra	252	5
WO614	Build Out Ten Sites to Digital	2,009	6,132
WO619	Critical Data Protection and Backup	650	432
WO621	Windows Migration	1,192	1,655
WO626	Computer Replacements	-	234
WO630	Marcus Center Elec Switch Gear	-	62
WO631	Election Machines	1,845	1,858
WO870	County Special Assessments	-	167
WO888	Uihlein Elevators	625	422
WO895	Cnty Wide Revolving Engr Acct	-	9
WO948	Master Real Prop Ind	-	108
WO949	Inventory & Assess Cnty Bldgs.	-	322
WO952	AODA Housing	-	500
<u>Parks (WP)</u>			
WP063	Estabrook Dam Rehab	-	107
WP069	Countywide Play Area Redevelopments	-	4
WP070	Lindberg Park Wading Pool Roof	-	11
WP090	Pool Improvements	-	24
WP129	Athletic Fields	-	235
WP131	Oak Leaf Trails	-	3,300
WP143	Mitchell Park Greenhouse	-	140
WP167	Pavilion Improvements	-	147
WP172	Parks Roofs	-	95
WP191	Moody Park Renovation	-	2,298

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

Project Number	Project Description	2015 Appropriations	2015 Expenditures & Encumbrances
WP192	Feme Related Repairs	\$ -	*** \$ 1,341
WP202	Milk Jr. Community Center HVAC	-	*** 101
WP203	Kosciuszko Cc HVAC	-	*** 127
WP208	Kosci Comm Cnt Fire Alarm Upgrade	-	*** 1
WP214	Honey Creek Parkway Lighting	500	** 385
WP221	Lincoln Golf Course Irrigation	-	*** 109
WP225	Oakwood G Cart Paths	-	** 1,009
WP248	Sports Complex Security System	-	*** 8
WP251	Parks Maintenance Shop Roof	-	*** 34
WP255	Sherman Park B&G HVAC Replace	250	** 109
WP260	Holler Park Pool Sand Filt Sys	-	*** 104
WP262	Brown Deer Clubhouse Kitchen	-	** 59
WP264	Estabrook Dam Impd Sed Remediation.	-	* 2,000
WP269	Wehr Nature Center Improvement	-	* 2
WP271	Johnson Park Pavilion	-	*** 380
WP272	Noyes Pool Roof Replacement	-	*** 353
WP273	Grobschmidt Park Pool Rehab	-	*** 143
WP275	Menomonee River Parkway Wetlands	-	*** 192
WP279	Parks Walkways	-	* 601
WP280	Menomonee River Parkway Recon	3,825	*** 9,523
WP284	Clarke Square Park Improvement	-	*** 10
WP287	Greenfield G Irrigation	1,300	*** 1,318
WP288	Hales Corners Bathhouse Roof	250	** 37
WP289	Hoyt Park Suspension Bridge	550	** 46
WP296	Smith Park Electrical Svcs Rep	-	*** 9
WP297	Olt Sheridan Park Lunham/Pulaski	830	*** 1,193
WP298	South Shore Improvements	-	*** 186
WP304	Hales Corners Pool Rehab	275	** 102
WP311	Jackson Park Electrical Service	-	** 27
WP330	Cool Waters Slide	-	** 1
WP332	Currie Park Electrical Service	-	** 314
WP368	Parks Roofs	-	** 138
WP383	Mitchell Domes Electrical	-	** 24
WP395	Parks Furnaces	-	* 5
WP397	Kern Park Playground	-	* 3
WP399	Pool Improvements	-	* 1,337
WP461	McGovern Park Basketball Court	-	* 245
WP462	Dineen Park Tennis Courts Replace	-	*** 58
WP463	Tiefenthaler Park Play Area Re	-	*** 13
WP464	Lincoln Mem Drive Lighting Ret	-	* 18
WP465	Tennis Courts Lighting Retros	-	* 539
WP481	Parks Infrastructure Improvement	9,154	** -
WP482	Sherman Park Tennis Courts Imp	100	** 75
WP483	Manitoba Playground Improvement	250	** 191

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

<u>Project Number</u>	<u>Project Description</u>	<u>2015 Appropriations</u>	<u>2015 Expenditures & Encumbrances</u>
WP484	Lake Park Ravine Bridge	\$ -	** \$ 64
WP485	Whitnall G Clubhouse HVAC	-	** 34
WP487	McGovern Park Restrooms/Pavilion	-	** 38
WP488	Kern Park Restrooms/Pavilion	-	** 40
WP489	Doctors Park Restrooms/Pavilion	-	** 31
WP490	Mitchell Domes Plan/Net	-	** 32
WP496	Beech St. Pedestrian Bridge	-	** 189
WP497	Whitnall Clubhouse Furn./Maint	-	** 1
WP516	McKinley Marina Maintenance	-	** 121
WP602	Humboldt Park Pavilion Maint.	-	** 10
WP604	South Shore Pavilion Maint	-	** 48
WP605	Greenfield Pavilion Bldg Rep	-	** 87
WP607	System wide- Painting	-	** 360
WP608	System wide- Demolitions	-	** 105
<u>Human Services (WS)</u>			
WS034	Washington Park Sr Ctr - Roof Replace	-	* 36
WS035	Coggs Roof Replacement	-	*** 4
WS040	McGovern Main Kitchen Replace	-	*** 1
WS042	Senior Center Exterior Doors	-	*** 47
WS044	Washington SC Restroom Renovations	-	*** 9
WS049	Senior Centers Windows Renovations	161	** 13
WS058	McGovern SC Chiller Replacement	246	** 117
WS071	Wilson Park Senior Center Boiler	-	** 38
<u>Transit (WT)</u>			
WT026	Bus Replacement Program	13,200	** 13,050
WT027	Fare Box Renovation	-	* 2,045
WT049	Bus Vacuum Sys At KK Garage	-	*** 263
WT052	Fire Alarm Sys At FDL Garage	-	* 2
WT053	Bus Vacuum Sys Fiebrantz Gar	-	*** 193
WT054	Bus Wash Sys At KK Garage	-	*** 13
WT055	FDL Garage Concrete Yard Replace	1,200	** 844
WT057	Replace FDL Bus Wash System	-	*** 23
WT066	Bus Wash Sys Fiebrantz Garage	-	*** 5
WT067	Roof Flashing-MCTS Fleet Maint	-	* 36
WT075	On-Bus Video System	5,000	** 4,985
<u>Environmental (WV)</u>			
WV009	Countywide Sanitary Sewer Rep	150	*** 44
WV012	Pond and Lagoon Demonstration	-	*** 2
WV018	Underground Storage Tanks	-	*** 86
WV022	Landfill Infrastructure	661	*** 186
WV024	College Ave Storm Water Pond	-	* 76

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

<u>Project Number</u>	<u>Project Description</u>	<u>2015 Appropriations</u>	<u>2015 Expenditures & Encumbrances</u>
WV025	Rawson Avenue Pump Station	\$ -	* \$ 10
WV027	Warnimont Park Remediation	379	** 77
WV029	Grant Park Lift Station	-	*** 166
<u>Zoo (WZ)</u>			
WZ014	Zoo Infrastructure	-	* 5
WZ038	Peck Center HVAC Replacement	-	* 5
WZ040	Polar Bear & Seal Exhibit Structure	-	*** 111
WZ041	Aviary Fire & Smoke Detection	-	*** 2
WZ045	AHC Electrical Serv Extension	-	*** 15
WZ057	Zoo Aviary Roof Replacement	-	*** 1,785
WZ063	Winter Quarters Main Roof Replace	-	* 326
WZ073	Zoo South End Service Garage	-	*** 90
WZ083	Zoo Pavement and Lighting	-	* 18
WZ089	Zoo South End Hay Barn Roof	-	*** 21
WZ101	Apes Bldg Boiler Replacement	-	* 243
WZ107	Bear Service Area Improvements	584	*** 86
WZ112	Pachyderm Building Tunnel Rein	-	* 75
WZ114	Zoo Life Support Emergency Gen	590	** 2
WZ115	Great Apes Mekhi Room Roof Replace	-	*** 116
WZ119	African Plains Exhibit	800	** 14
WZ128	Peck Roof Replacement	307	** 276
WZ132	Zoo-Wide Deck Walkway Replace	276	** 1
WZ133	Flamingo Building AC Replacement	229	** 24
WZ150	Zoo Interchange	-	* 3,852
WZ600	Zoo Master Plan	-	* (32)
	Totals	<u>\$ 90,103</u>	<u>\$ 159,464</u>

* Project has funding appropriations carryovers from 2014.

** Project has additional funding appropriatins in 2015.

*** Project has both funding carryovers from 2014 and additional funding in 2015.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

<u>Project Number</u>	<u>Project Description</u>	<u>2015 Transfers</u>	<u>2015 Expenditures & Encumbrances</u>
<u>Airports (WA)</u>			
WA096	Parking Structure Relighting	\$ 3,948	*** \$ 3,506
WA108	Terminal HVAC Replacements	335	** -
WA158	GMIA - Deicer Pads	1,560	*** 12,582
WA186	HVAC Retrocommissioning	220	*** 658
WA189	LJT Airfield Pavement Rehab 2015	150	** -
WA206	Expand Taxicab Parking/Staging	269	* 79
<u>Courthouse Complex (WC)</u>			
WC013	Criminal Justice Center Deputy	1	* 131
WC023	CH Complex Automation & Access	4	*** 93
WC027	Courthouse Light Court Window	27	*** 82
WC050	Courtroom PA System Replace	4	*** 68
WC081	Safety Bldg Cooling Tower Replace	2	*** 149
WC093	Courthouse Penthouse Masonry	(445)	** -
WC102	Courthouse Cooling Tower	(410)	* 23
WC103	CJF Cooling Tower	413	*** 602
WC114	Safety Building Generator	1	*** 68
<u>Behavioral Health (WE)</u>			
WE050	BHD Panic Alarm System	-	** 93
WE054	BHD Essential Elec Sys Improvements	1	** 398
WE056	Acute/Children's Whiteboard Un	145	** 9
<u>County Grounds (WG)</u>			
WG017	VPJJC Fire Protection Mon Sys	44	*** 343
WG018	Res Park Fire Protection Mon Sys	8	*** 175
WG019	CATC Fire Protection Monitoring System	105	*** 332
WG020	Vel Philips Emergency Generator	-	** 138
<u>Highways (WH)</u>			
WH001	West Hampton 60th to N 124th	5	*** 244
WH002	Inter-Jurisdictional Traffic S	(33)	*** 144
WH010	Mill Rd. 43rd St. to Sydney Pl	(1,078)	*** 1,945
WH020	College Avenue -13th to 20th	1,684	*** 4,294
WH022	N. 107th Brown Deer to NCL	(445)	* 1
WH030	Bridge Reconstruction Program	12	*** 15
WH080	Bridge Rehab Program	(7)	* 26
WH083	W. Silver Spring Drive-N 124th	2	* 2
WH087	Rawson Avenue Culvert Pipes	77	*** 287

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

<u>Project Number</u>	<u>Project Description</u>	<u>2015 Transfers</u>		<u>2015 Expenditures & Encumbrances</u>
WH093	Resurface N. 43rd and W. Bradley	\$ 40	**	\$ 25
WH094	W. Rawson Int W/10th and 6th	165	**	-
WH105	E North Oakland Bridge Joint	105	**	-
WH236	Green Infrastructure	(35)	*	42
<u>House of Correction (WJ)</u>				
WJ022	Upgrade Fire Alarms	1	**	285
WJ063	HOC Roof Repairs	(92)	*	312
WJ064	Upgrade Cells Security Doors	1	**	409
WJ066	Upgrade HOC Power Plant	-	**	305
<u>Museum (WM)</u>				
WM003	Electrical Distribution Replace	1	***	68
WM010	MPM Elevator/Escalator Modern	2	***	82
WM015	Museum Exterior Window Replace	14	***	321
WM016	MPM Fascade Repair	339	***	1,047
WM019	MPM Waterproof & Caulk- Gar/PI	1	**	66
WM023	MPM Steam Convertor & Inst Che	-	**	19
WM024	MPM Chilled Water Upgrades	1	**	89
WM563	Security/Fire/Life Safety Sys	1	**	1
<u>Other Agencies (WO)</u>				
WO086	Milwaukee River Parkway Recons	4	***	2,858
WO112	Fleet Replacement Program	-	***	2,358
WO113	Fleet Mgmt Stormwater Reconfigure	3	**	117
WO114	Countywide Infrastructure Improvements	1	*	1,170
WO115	Conversion To Indepdnt Chiller	68	***	39
WO132	WOW Underwood HVAC Replacement	1	**	1
WO136	Trimborn Farm Stone Barn Roof	1	**	1
WO143	Fleet/Vel Philips Ind Heating	(58)	*	74
WO150	Courthouse Fire Project	1,000	***	1,054
WO205	Fiscal Automation Program	70	***	322
WO215	Storage Expansion	(120)	*	5
WO218	Technical Infrastructure Replace	-	***	195
WO221	Data Center Equipment & Construction	-	**	(7)
WO226	Charles Allis Boiler Replacement	-	***	51
WO230	Fleet/Highways Bldg Modification	294	***	4,106
WO433	Glass Barrier At CJF	93	***	202
WO445	911 Answering System	14	***	487
WO447	CCFC Camera System 2015	1	**	1
WO454	In Squad Camera System 34 Units	-	**	291
WO462	Bullpen Camera System	1	**	1
WO517	War Memorial Improvements	1,413	***	8,648
WO606	Countywide Wire/Wireless Infra	1	***	5

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

Project Number	Project Description	2015 Transfers		2015 Expenditures & Encumbrances
WO614	Build Out Ten Sites To Digital	\$ 309	***	\$ 6,132
WO619	Critical Data Protection and Backup	125	***	432
WO631	Election Machines	158	**	1,858
<u>Parks (WP)</u>				
WP063	Estabrook Dam Rehab	1,381	***	107
WP070	Lindberg Park Wading Pool Roof	-	***	11
WP090	Pool Improvements	1	*	24
WP129	Athletic Fields	2	***	234
WP131	Oak Leak Trails	1,766	***	3,300
WP167	Pavilion Improvements	1	*	147
WP172	Parks Roofs	3	***	95
WP191	Moody Park Renovation	220	***	2,298
WP192	FEMA Related Repairs	812	***	1,341
WP202	MLK Jr. Community Center HVAC	59	***	101
WP203	Kosciuszko CC HVAC	4	***	127
WP208	Kosci Comm Center Fire Alarm Upgrade	133	***	1
WP214	Honey Creek Parkway Lighting	1	**	385
WP221	Lincoln Golf Course Irrigation	3	***	109
WP225	Oakwood GC Cart Paths	1,101	**	1,009
WP248	Sports Complex Security System	-	***	8
WP251	Parks Maintenance Shop Roof	1	***	34
WP255	Sherman Park B&G HVAC Replace	1	**	109
WP260	Holler Park Pool Sand Filt Sys	1	***	104
WP262	Brown Deer Clubhouse Kitchen	419	**	59
WP271	Johnson Park Pavilion	207	***	380
WP272	Noyes Pool Roof Replacement	333	***	353
WP273	Grobschmidt Park Pool Rehab	37	***	143
WP275	Menomonee River Parkway Wetlands	40	***	192
WP279	Parks Walkways	(80)	*	601
WP280	Menomonee River Parkway Recon	2,555	***	9,523
WP284	Clarke Square Park Improvement	5	***	10
WP287	Greenfield GC Irrigation	1	***	1,318
WP288	Hales Corners Boathouse Roof	38	**	37
WP296	Smith Park Electrical Svcs Rep	-	***	9
WP297	Olt Sheridan Park Lunham/Pulaski	140	***	1,193
WP298	South Shore Improvements	1,606	***	186
WP304	Hales Corners Pool Rehab	(73)	**	102
WP311	Jackson Park Electrical Service	577	**	27
WP330	Cool Waters Slide	1,500	**	1
WP332	Currie Park Electrical Service	629	**	314
WP368	Parks Roofs	797	**	138
WP383	Mitchell Domes Electrical	391	**	24
WP397	Kern Park Playground	(111)	*	3

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

Project Number	Project Description	2015 Transfers		2015 Expenditures & Encumbrances
WP399	Pool Improvements	\$ (122)	*	\$ 1,337
WP462	Dineen Park Tennis Courts Replace	1	***	58
WP463	Tiefenthaler Park Play Area Re	1	***	13
WP481	Parks Infrastructure Improvement	(9,154)	**	-
WP483	Manitoba Playground Improvement	-	**	191
WP484	Lake Park Ravine Bridge	401	**	64
WP485	Whitnall GC Clubhouse HVAC	63	**	34
WP487	McGovern Park Restrooms/Pavilion	870	**	38
WP488	Kern Park Restrooms/Pavilion	565	**	40
WP489	Doctors Park Restrooms/Pavilion	565	**	31
WP490	Mitchell Domes Plan/Net	500	**	32
WP496	Beech St. Pedestrian Bridge	200	**	189
WP497	Whitnall Clubhouse Furnance./Maint	321	**	1
WP516	McKinley Marina Maintenance	121	**	121
WP601	Brown Deer Clubhouse Maint	300	**	-
WP602	Humboldt Park Pavilion Maint.	77	**	10
WP603	Smith Pavilion Wall Imp/Main	200	**	-
WP604	South Shore Pavilion Maint	488	**	48
WP605	Greenfield Pavilion Bldg Rep	87	**	87
WP606	Sytstemwide- Hard Surfaces	225	**	-
WP607	Systemwide- Painting	330	**	360
WP608	Systemwide- Demolitions	104	**	105
<u>Human Services (WS)</u>				
WS034	Washington Park Sr Center - Roof Replace	(34)	*	36
WS035	Coggs Roof Replacement	-	***	4
WS040	McGovern Main Kitchen Replace	1	***	1
WS042	Senior Center Exterior Doors	2	***	47
WS044	Washington SC Restroom Renovation	3	***	8
WS058	McGovern SC Chiller Replacement	-	**	117
WS071	Wilson Park Senior Center Boiler	38	**	38
<u>Transit (WT)</u>				
WT026	Bus Replacement Program	-	**	13,050
WT049	Bus Vacuum Sys at KK Garage	1	***	263
WT053	Bus Vacuum Sys Fiebrantz Gar	2	***	192
WT054	Bus Wash Sys at KK Garage	3	***	13
WT055	FDL Garage Concrete Yard Replace	1	**	844
WT057	Replace FDL Bus Wash System	5	***	23
WT066	Bus Wash Sys Fiebrantz Garage	1	***	5
WT081	WI Ave Corridor Transit Signal	1,500	**	-

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

<u>Project Number</u>	<u>Project Description</u>	<u>2015 Transfers</u>	<u>2015 Expenditures & Encumbrances</u>
<u>Environmental (WV)</u>			
WV012	Pond and Lagoon Demonstration	\$ -	*** \$ 2
WV016	NR216 Stormwater TSS Controls	1	*** 1
WV018	Underground Storage Tanks	1	*** 85
WV022	Landfill Infrastructure	26	*** 185
WV029	Grant Park Lift Station	4	*** 166
<u>Zoo (WZ)</u>			
WZ040	Polar Bear & Seal Exhibit Structure	143	*** 110
WZ041	Aviary Fire & Smoke Detection	-	*** 2
WZ045	AHC Electrical Service Extension	1	*** 14
WZ057	Zoo Aviary Roof Replacement	42	*** 1,785
WZ063	Winter Quarters Main Roof Replace	(11)	* 326
WZ073	Zoo South End Service Garage	3	*** 90
WZ083	Zoo Pavement and Lighting	(10)	* 18
WZ089	Zoo South End Hay Barn Roof	1	*** 21
WZ101	Apes Bldg Boiler Replacement	(6)	* 243
WZ107	Bear Service Area Improvements	(53)	*** 86
WZ112	Pachyderm Building Tunnel Rein	(1)	* 75
WZ114	Zoo Like Support Emergency Gen	1	** 2
WZ115	Great Apes Mechanical Room Roof Replace	-	*** 116
WZ128	Peck Roof Replacement	(25)	** 276
WZ132	Zoo-Wide Deck Walkway Replace	1	** 1
	Totals	<u>\$ 22,807</u>	<u>\$ 105,120</u>

* Project has funding appropriations carryovers from 2014.

** Project has additional funding appropriatins in 2015.

*** Project has both funding carryovers from 2014 and additional funding in 2015.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 5 - Capital Assets (cont.)

Capital outlays are reported as expenditures in the governmental funds and bond proceeds are reflected as revenue for projects built on behalf of the governmental funds. However, in the statement of activities, the cost of capital assets built for the governmental funds is allocated over their useful lives as depreciation expense, and the bond proceeds are no longer a revenue but an increase in the long-term liabilities. Similarly, the governmental funds also report the expenditures and associated revenues of building proprietary fund assets. However, in the statement of activities, the cost of building proprietary fund assets is reclassified as transfers between governmental and business-type activities.

2015 Funding Total

Encumbrances and Carryovers from 2014	\$ 170,198
2015 Appropriations	90,104
2015 Transfers	22,807
Total	<u>\$ 283,109</u>

2015 Appropriations - Funding Source

Bonds	\$ 51,736
Miscellaneous Revenue	45
PFC Revenue / Airport Reserve	2,075
Private Contributions	1,501
Property Tax Levy	476
Reimbursement Revenue	24,944
Sales Tax Revenue	9,326
Total	<u>\$ 90,103</u>

2015 Transfers - Funding Source

Appropriation for Contingency	\$ 1,770
Bonds	2,479
Contribution from Reserves	10,554
Earnings - Bonds	59
Gifts / Donations / Private Funding	212
Insurance Proceeds / Recoveries	1,000
Miscellaneous Revenue / Sale of Asset	374
PFC Revenue / Airport Reserve	1,009
Reimbursement Revenue	5,350
Total	<u>\$ 22,807</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 6 - Interfund Transfers

The composition of interfund transfers as of December 31, 2015 is as follows:

Transfers In:	Transfers Out:	Purpose	Total
General Fund	Debt Service Fund	Debt Service	\$ (15,002)
General Fund	Capital Projects Fund	Capital Projects	(2,084)
General Fund	Airports	Operating Transfer	(6,544)
General Fund	Transit	Operating Transfer	(14,212)
General Fund	Internal Service Fund - Info Mgmt Svcs	Operating Transfer	(1,401)
General Fund	Internal Service Fund - Public Works Service	Operating Transfer	(183)
General Fund	Internal Service Fund - Risk Management	Operating Transfer	(57)
Debt Service Fund	General Fund	Debt Service	87,530
Capital Projects Fund	General Fund	Capital Projects	13,897
Airports	General Fund	Operating Transfer	4,499
Transit	General Fund	Operating Transfer	33,297
Special Revenue Fund - Zoo	General Fund	Operating Transfer	13
Special Revenue Fund - Parks	General Fund	Operating Transfer	17
Internal Service Fund - Info Mgmt Svcs	General Fund	Operating Transfer	1,846
Internal Service Fund - Public Works Service	General Fund	Operating Transfer	1,794
Internal Service Fund - Risk Management	General Fund	Operating Transfer	836
Subtotal - Fund Financial Statements			\$ 104,246
Less: Fund eliminations			(87,206)
Total Transfers - Government-wide Statement of Activities			\$ 17,040

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

Note 7 - Leases

Capital Leases - Primary Government

In 2007 and 2008, the County entered into Capital Lease Agreements in the amounts of \$3,332 and \$1,510, respectively, with Chase Bank to improve the County's energy efficiency and promote environmental sustainability. The County has expended all acquisition funds associated with these leases. In 2010, the County entered into a Capital Lease Agreement in the amount of \$7,515 with Banc of America to improve the County's energy efficiency and promote environmental sustainability. The County has expended \$6,385 under this commitment as of October 23, 2015. No additional expenditures will be incurred; the unexpended balance of \$1,130 was used to reduce the principal balance and the payment schedule was revised.

All equipment acquired through the Capital Lease Agreements will transfer to the County at the end of the lease terms. The County is making lease payments over a period of 10 years and is required to make semi-annual payments during the term. Final payments are as follows: 2007 – December 1, 2017, 2008 – June 1, 2018, and 2010 – December 1, 2020. The gross amount of these assets under capital leases is \$11,227 and is presented in the capital assets in the

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 7 - Leases (cont.)

governmental activities.

In current and prior years, the County entered into capital lease agreements for various Airport vehicles and equipment. At the end of the capital lease term, ownership of the equipment will transfer to the County. In 2015, the Airport began to depreciate two leases using the useful life of the assets (10 years) versus the capital lease term (5 years). This results in less accumulated depreciation being reflected in the Asset balance versus the future minimum lease payments balance. The difference is reflected in the Present Value of Future minimum Lease Payments schedule until the assets are fully depreciated.

The gross amount of these assets under capital leases is \$2,959 and is presented in the capital assets in the business-type activities. The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Assets:		
Machinery & Equipment	\$ 11,227	\$ -
Vehicles and Related Equipment	-	2,959
Less: Accumulated Depreciation	(6,965)	(2,174)
Total	\$ 4,262	\$ 785

The future minimum lease payments and the net present value on these minimum lease payments as of December 31, 2015, are as follows:

Year Ending December 31	Governmental Activities	Business-type Activities
2016	\$ 1,257	\$ 222
2017	1,258	222
2018	768	203
2019	680	107
2020	680	-
Subtotals	4,643	754
Less: Amount representing interest	(381)	(60)
Present Value of Future minimum Lease Payments	\$ 4,262	\$ 694

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 7 - Leases (cont.)

Operating Leases - Primary Government

The County leases facilities, office equipment, and vehicles. Total costs for such leases are \$1,183 for the year ended December 31, 2015.

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

<u>Year Ending December 31</u>	<u>Amount</u>
2016	\$ 758
2017	512
2018	462
2019	367
2020	312
2021 and beyond	260
Total	<u>\$ 2,671</u>

Note 8 - Long-Term Liabilities

Changes in Long-Term Liabilities

Governmental Long-Term Liability activity for the year ended December 31, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 660,252	\$ 49,367	\$ (74,523)	\$ 635,096	\$ 60,411
Add (Subtract) Deferred Amounts for:					
Premium	5,184	1,570	(1,804)	4,950	-
Discount	(123)	-	29	(94)	-
Subtotal Bonds Payable	<u>665,313</u>	<u>50,937</u>	<u>(76,298)</u>	<u>639,952</u>	<u>60,411</u>
Other Liabilities:					
Unfunded Claims and Judgments	1,250	50	(800)	500	-
Landfill Post-Closure Costs	7,541	45	(1,154)	6,432	2,707
Pollution Remediation Costs	16,243	-	(2,420)	13,823	897
Compensated Absences	35,393	20,056	(22,960)	32,489	19,808
Risk Claims	19,463	7,230	(7,715)	18,978	11,576
Net Pension Liability	338,918	66,422	(18,601)	386,739	-
Other Post Employment Benefits	311,679	60,174	(44,973)	326,880	-
Capital Leases	5,282	93	(1,113)	4,262	1,111
Subtotal Other Liabilities	<u>735,769</u>	<u>154,070</u>	<u>(99,736)</u>	<u>790,103</u>	<u>36,099</u>
Total Governmental Activities - (Non-current Liabilities)	<u>\$ 1,401,082</u>	<u>\$ 205,007</u>	<u>\$ (176,034)</u>	<u>\$ 1,430,055</u>	<u>\$ 96,510</u>

Governmental Compensated Absences consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental Activities:					
Retirement sick pay payout	\$ 14,951	\$ -	\$ (2,518)	\$ 12,433	\$ 1,472
Vacation time earned	16,241	15,743	(16,241)	15,743	14,348
Overtime earned	1,845	2,049	(1,845)	2,049	1,895
Holiday Pay	2,356	2,264	(2,356)	2,264	2,093
Total Compensated Absences	<u>\$ 35,393</u>	<u>\$ 20,056</u>	<u>\$ (22,960)</u>	<u>\$ 32,489</u>	<u>\$ 19,808</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont.)

Business-type Long-Term Liability activity for the year ended December 31, 2015 is as follows:

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Bonds Payable:					
General Obligation Bonds	\$ 24,762	\$ 5,428	\$ (2,867)	\$ 27,323	\$ 2,886
Revenue Bonds	213,670	-	(11,770)	201,900	10,700
Add (Subtract) Deferred Amounts for:					
Premium	9,221	26	(1,171)	8,076	-
Discount	(1,616)	(446)	237	(1,825)	-
Subtotal Bonds Payable	<u>246,037</u>	<u>5,008</u>	<u>(15,571)</u>	<u>235,474</u>	<u>13,586</u>
Other Liabilities:					
Compensated Absences	10,684	7,314	(5,587)	12,411	2,724
Risk Claims	13,036	1,223	(5,190)	9,069	5,423
Net Pension Liability - Transit	83,533	5,871	(11,088)	78,316	-
Net Pension Liability - Airports	13,909	2,798	(844)	15,863	-
Other Post Employment Benefits - Transit	-	11,890	(9,311)	2,579	-
Other Post Employment Benefits - Airports	13,962	3,753	(2,740)	14,975	-
Capital Leases	436	390	(132)	694	196
Subtotal Other Liabilities	<u>135,560</u>	<u>33,239</u>	<u>(34,892)</u>	<u>133,907</u>	<u>8,343</u>
Total Business-type Activities - (Non-current Liabilities)	\$ 381,597	\$ 38,247	\$ (50,463)	\$ 369,381	\$ 21,929

Business-type Compensated Absences consist of the following:

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Retirement sick pay payout	\$ 5,939	\$ 2,656	\$ (842)	\$ 7,753	\$ 1,666
Vacation time earned	4,501	4,478	(4,501)	4,478	896
Overtime earned	126	98	(126)	98	89
Holiday pay	118	82	(118)	82	73
Total Compensated Absences	\$ 10,684	\$ 7,314	\$ (5,587)	\$ 12,411	\$ 2,724

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the governmental activities. At year-end, \$46,042 of internal service funds long-term liabilities is included in the above figures. As claims and judgments expenditures are incurred, the general fund is used to liquidate the costs. Adjustments to short and long-term liabilities are made at year end based on a detailed reevaluation of the accounts.

Unfunded claims and judgments include estimated costs for outstanding medical, environmental, and other claims. As of December 31, 2015, the outstanding amount of claims and judgments due within one year totaled \$0 (zero) and the long-term liability is \$500.

In accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs*, the County has recorded a long-term liability for its estimated maintenance and monitoring costs for closed landfill sites. As of December 31, 2015, the estimated liability for costs due within one year totaled \$2,707 and the long-term liability is \$3,725. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the County has recorded a long-term liability for its estimated pollution

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont.)

remediation costs. As of December 31, 2015, the estimated liability for costs due within one year totaled \$897 and the long-term liability is \$12,926. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Risk claims include accruals for workers compensation and other insurance claims of the Risk Management Fund and Transit System. As of December 31, 2015, the outstanding amount of risk claims due within one year totaled \$16,999 and the long-term liability is \$11,048.

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

Additional OPEB liability information is provided in Note 14. Additional Pension liability information is provided in Note 15.

Governmental Activities

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

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

The ratio of the aggregate indebtedness of all taxing authorities located within the County to equalized value of the taxable property is approximately 6.24% including 1.13% related to direct County indebtedness at December 31, 2015.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont.)

Bond Issue	Date of Bond	Final Maturity Date	Average Interest Rate	Original Indebtedness	Principal Outstanding 12/31/2015	Interest to Maturity
General Obligation Refunding Bonds, Series 2003A	07/01/03	08/01/17	3.48 %	\$ 93,515	\$ 12,467	\$ 723
General Obligation Corporate Purpose Bonds, Series 2007A	06/01/07	12/01/22	4.12 %	32,406	19,711	3,242
General Obligation Corporate Purpose Bonds, Series 2008A	06/01/08	12/01/23	3.93 %	30,656	21,457	3,933
Taxable Pension Obligation Bonds, Series 2009A	04/02/09	12/01/28	6.36 %	265,000	129,499	80,758
General Obligation Corporate Purpose Bonds, Series 2009C	08/01/09	10/01/24	5.04 %	24,139	24,139	7,034
General Obligation Promissory Notes, Series 2009D	08/01/09	10/01/16	2.00 %	7,205	2,435	64
Taxable General Obligation Corporate Purpose Bonds Series 2009E	11/15/09	08/01/24	4.87 %	24,051	21,520	6,318
General Obligation Promissory Notes, Series 2009F	11/15/09	08/01/19	2.55 %	15,610	4,970	367
Taxable General Obligation Corporate Purpose Bonds, Series 2010A	05/01/10	10/01/25	4.60 %	19,979	18,634	4,919
General Obligation Promissory Notes, Series 2010B	05/01/10	10/01/18	2.37 %	12,325	5,000	286
General Obligation Corporate Purpose Bonds, Series 2010C	12/21/10	10/01/26	4.90 %	27,207	24,213	8,533
General Obligation Promissory Notes, Series 2010D	12/21/10	10/01/20	2.82 %	9,770	5,780	720
General Obligation Refunding Bonds, Series 2011A	03/15/11	10/01/18	5.04 %	28,737	10,660	857

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont.)

Bond Issue	Date of Bond	Final Maturity Date	Average Interest Rate	Original Indebtedness	Principal Outstanding 12/31/2015	Interest to Maturity
General Obligation Refunding Bonds, Series 2012A	12/20/12	12/01/20	1.00 %	\$ 21,804	\$ 16,793	\$ 1,884
Taxable Pension Oblig Replacement Bonds, Series 2013A	02/12/13	12/01/30	3.28 %	138,730	128,695	45,700
Taxable Pension Oblig Tender Refund Bonds, Series 2013B	06/27/13	12/01/23	2.76 %	99,300	80,860	11,203
General Obligation Corporate Purpose Bonds, Series 2013A	08/14/13	09/01/23	2.43 %	26,935	22,306	2,924
General Obligation Corporate Purpose Bonds, Series 2014A	11/06/14	12/01/29	2.60 %	39,209	36,590	8,054
General Obligation Corporate Purpose Bonds, Series 2015A	11/12/15	10/01/30	2.73 %	31,415	31,415	7,341
General Obligation Refunding Bonds, Series 2015B	11/12/15	10/01/21	2.70 %	14,252	14,252	1,281
General Obligation Corporate Purpose Bonds, Series 2015C	11/12/15	10/01/19	1.85 %	3,600	3,600	159
General Obligation Corporate Purpose QECB Bonds, Series 2015D	11/12/15	10/01/25	2.30 %	100	<u>100</u>	<u>12</u>
Total Governmental Activities - General Obligation Debt					\$ 635,096	<u>\$ 196,312</u>
Premium					4,950	
Discount					<u>(94)</u>	
Total Governmental Activities - General Obligation Debt, Net					<u>\$ 639,952</u>	
Bonds and Notes Payable - General Obligation (Current Liabilities)					\$ 60,411	
Bonds and Notes Payable - General Obligation (Non-current Liabilities)					<u>579,541</u>	
Total Debt per Statement of Net Position - Governmental Activities					<u>\$ 639,952</u>	

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont.)

Wisconsin Statutes limit the County's direct general obligation borrowing to an amount equivalent to 5% of the equalized value of taxable property. As of December 31, 2015 under Wisconsin Statutes, the County could borrow an additional \$2,265,240.

At December 31, 2015, the Governmental Activities weighted average interest rate of general obligation bonds and notes outstanding is 4.42%.

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

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2016	\$ 60,411	\$ 25,313	\$ 85,724
2017	59,074	23,684	82,758
2018	51,563	21,835	73,398
2019	49,965	20,170	70,135
2020	48,776	18,461	67,237
2021-2025	203,317	65,320	268,637
2026-2030	161,990	21,529	183,519
Total Debt Service	<u>\$ 635,096</u>	<u>\$ 196,312</u>	<u>\$ 831,408</u>

On November 12, 2015, the County issued \$31,655 of General Obligation Corporate Purpose Bonds, Series 2015A. Total proceeds of \$32,436 (par amount of bond issue of \$31,655, plus net premium and underwriters' discount of \$781) were used to purchase direct obligations of the United States of America or held in cash. The proceeds will be used to finance capital projects for general County purposes pursuant to the County's 2015 Adopted Capital Improvement Budget. The bonds of \$31,655 are recorded in Governmental Activities and the Business-type Activities on the Statements of Net Position.

The bonds have semi-annual interest payments on April 1 and October 1 through 2030. The interest rate is 2.0% for 2016 to 2023, and 3.0% from 2024 to 2030.

On November 12, 2015, the County issued \$14,680 of 2015 General Obligation Refunding Bonds Series 2015B to current refund \$15,180 of outstanding 2006 General Obligation Corporate Purpose Bonds Series 2006A, which were callable as of October 1, 2015. Net Proceeds of \$14,680 (par amount of bonds) along with \$706 of premium funds were used to prepay the 2006 General Obligation Corporate Purpose Bonds Series 2006A on October 1, 2015.

The 2015B Refunding Bonds have semi-annual interest payments on April 1 and October 1 through 2021. The interest rate is 2.0% for 2015 to 2018 and 3.0% from 2019 to 2021.

The cash flow requirements on the refunded bonds prior to the current refunding is \$17,840 from 2016 to 2021. The cash flow requirements on the refunding bonds are \$15,999, a savings of \$1,840. The current refunding resulted in an economic gain (difference between the present values of the debt service payment of the old and new debt) of \$1,774.

On November 12, 2015, the County issued \$3,600 of General Obligation Corporate Purpose Bonds, Series 2015C. Total proceeds of \$3,682 (par amount of bond issue of \$3,600, plus net

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont.)

premium and underwriters' discount of \$82) were used to purchase direct obligations of the United States of America or held in cash. The proceeds will be used to finance capital projects for general County purposes pursuant to the County's 2015 Adopted Capital Improvement Budget. The bonds of \$3,600 are recorded in Governmental Activities on the Statement of Net Position.

The bonds have semi-annual interest payments on April 1 and October 1 through 2019. The interest rate is 1.5% for 2016 to 2017 and 2.0% from 2018 to 2019.

On November 12, 2015, the County issued \$4,860 of Taxable General Obligation Mass Transit QCEB's, Series 2015D. Total proceeds of \$4,860 (par amount of bond issue of \$4,860) were used to purchase direct obligations of the United States of America or held in cash. The proceeds will be used to finance capital projects for general County mass transit purposes pursuant to the County's 2015 Adopted Capital Improvement Budget. The bonds of \$4,860 are recorded in Governmental Activities and the Business-type Activities on the Statements of Net Position.

The bonds have semi-annual interest payments on April 1 and October 1 through 2025. The interest rate ranges from 0.5% in 2016 to 2.9% in 2025.

On July 28, 2016, the County issued a \$7,660 Taxable General Obligation Promissory Note ("Note") to a local bank. The proceeds from the note along with the funds held in trust shall be used to reimburse a local bank under an agreement related to outstanding debt for Midwest Airlines, Inc. hangars at General Mitchell Airport. The County's agreement called for reimbursement of the local bank if Midwest Airlines, Inc. was unable to pay. Midwest Airlines, Inc. and its parent declared bankruptcy in February 2016. The total payment to the local bank, under the agreement, will be \$11,561. The Note plus funds from a supporting trust will liquidate the obligation. The Note will be due on August 1, 2018, but may be prepaid in \$100 units. The interest is due semiannually on February 1st and August 1st at a rate of 1.45%.

Business-type Activities

The County has pledged future airport revenues generated from the ownership and operation of General Mitchell International Airport and Lawrence J. Timmerman Airport, net of specified operating expenses, to repay \$201,900 of revenue bonds issued in previous years. Proceeds from the revenue bonds provided financing for capital improvements. The bonds are payable solely from net revenues and deposits made to the Coverage Fund, and are payable through December 1, 2038. The Coverage Fund is equal to 25% of the highest annual revenue bond debt service amount. Net revenues plus Coverage Fund assets are required to cover a minimum of 125% of annual debt service for the revenue bonds. Principal and interest paid for the current year and net revenues plus Coverage Fund assets are \$21,251 and \$34,511 respectively, resulting in net revenues plus Coverage Fund assets of 162% of annual debt service for 2015. The principal and interest payment of \$21,251 represents 24% of operating revenues. The total principal and interest remaining to be paid on the revenue bonds is \$300,092.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont.)

Bond Issue	Date of Bond	Final Maturity Date	Average Interest Rate	Original Indebtedness	Principal Outstanding 12/31/2015	Interest to Maturity
General Obligation Refunding Bonds, Series 2003A	07/01/03	08/01/17	3.48 %	\$ 6,510	\$ 868	\$ 50
General Airport Revenue Bonds, Series 2005A	12/22/05	12/01/30	4.90 %	29,010	26,850	11,859
General Airport Revenue Bonds, Series 2006A	11/16/06	12/01/31	4.60 %	25,665	19,940	9,486
General Obligation Corporate Purpose Bonds, Series 2007A	06/01/07	12/01/22	4.12 %	219	134	22
General Airport Revenue Bonds, Series 2007A	11/15/07	12/01/32	4.60 %	13,445	10,715	5,156
General Obligation Corporate Purpose Bonds, Series 2008A	06/01/08	12/01/23	3.93 %	204	143	26
General Obligation Corporate Purpose Bonds, Series 2009C	08/01/09	10/01/24	5.04 %	636	636	185
Taxable General Obligation Corporate Purpose Bonds Series 2009E	11/15/09	08/01/24	4.87 %	6,314	5,650	1,659
General Airport Revenue Bonds, Series 2009A	12/21/09	12/01/32	4.90 %	12,690	11,180	5,107
Taxable General Obligation Corporate Purpose Bonds, Series 2010A	05/01/10	10/01/25	4.60 %	2,746	2,561	676
General Obligation Corporate Purpose Bonds, Series 2010C	12/21/10	10/01/26	4.90 %	10,958	9,752	3,437
General Airport Revenue Refunding Bonds, Series 2010B	10/14/10	12/01/23	3.75 %	51,590	31,440	6,783
General Airport Revenue Bonds, Series 2010A	10/14/10	12/01/34	4.30 %	31,570	30,555	16,151
General Obligation Refunding Bonds, Series 2011A	03/15/11	10/01/18	5.04 %	3,020	1,120	90
General Obligation Refunding Bonds, Series 2012A	12/20/12	12/01/20	1.00 %	1,301	1,002	112
General Airport Revenue Bonds, Series 2013A	08/14/13	12/01/38	4.88 %	47,095	46,050	33,963
General Airport Revenue Refunding Bonds, Series 2013B	08/14/13	12/01/22	2.81 %	3,330	2,550	316
General Airport Revenue Refunding Bonds, Series 2014A	11/06/14	12/01/29	3.10 %	23,655	22,619	9,372

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont.)

Bond Issue	Date of Bond	Final Maturity Date	Average Interest Rate	Original Indebtedness	Principal Outstanding 12/31/2015	Interest to Maturity
Taxable General Obligation Corporate Purpose Bonds, Series 2014A	11/06/14	12/01/29	2.60 %	\$ 31	\$ 30	\$ 7
General Obligation Corporate Purpose Bonds, Series 2015A	11/12/15	10/01/30	2.73 %	240	240	56
General Obligation Refunding Bonds, Series 2015B	11/12/15	10/01/21	2.70 %	428	428	38
Taxable General Obligation Mass Transit QECB Bonds, Series 2015D	11/12/15	10/01/25	2.30 %	4,760	<u>4,760</u>	<u>588</u>
Total Business-type - General Obligation and Revenue Bond Debt					\$ 229,223	<u>\$ 105,139</u>
Premium					8,076	
Discount					<u>(1,825)</u>	
Total Business-type - General Obligation and Revenue Bond Debt					<u>\$ 235,474</u>	
Bonds and Notes Payable - General Obligation (Current Liabilities)					\$ 2,886	
Bonds and Notes Payable - Revenue (Current Liabilities)					10,700	
Bonds and Notes Payable - General Obligation (Non-current Liabilities)					24,602	
Bonds and Notes Payable - Revenue (Non-current Liabilities)					<u>197,286</u>	
Total Debt per Statement of Net Position - Business-type Activities					<u>\$ 235,474</u>	

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 8 - Long-Term Liabilities (cont.)

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

December 31	Principal	Interest	Total Debt Service Requirements
2016	\$ 13,586	\$ 11,021	\$ 24,607
2017	13,920	10,431	24,351
2018	13,753	9,788	23,541
2019	13,632	9,149	22,781
2020	14,081	8,507	22,588
2021-2025	69,686	32,205	101,891
2026-2030	55,119	17,099	72,218
2031-2035	26,015	5,932	31,947
2036-2038	9,431	1,007	10,438
Total Debt Service	\$ 229,223	\$ 105,139	\$ 334,362

An airport capital project funded with General Airport Revenue Bonds, Series 2009A, of the 2032 maturity was partially refunded for \$1,020. The partially refunded amount is callable on December 1, 2019 and will be held in escrow until that time.

Debt Issued on Behalf of Other Entities / Conduit Debt

Midwest Airlines, Inc. In 2003, the County guaranteed \$14,400 of loans for a local corporation. The loans are secured by mortgages and a cash trust of \$5,502 on certain buildings. Midwest Airlines is now a subsidiary of another airline. The parent corporation is making principal payments on the debt, which has a balance of \$11,795 as of December 31, 2015. In February 2016, Midwest Airlines, Inc. and the airline who owns the stock of Midwest Airlines, Inc. declared bankruptcy. As a result, the outstanding debt will come due in August 2016, and the County's guarantee will be exercised. To reimburse a local bank for our guarantee of the outstanding debt, the County will use the cash trust and issue a Taxable General Obligation Promissory Note ("Note"). The Note is discussed earlier in this footnote.

City of Wauwatosa Redevelopment Authority. In order to develop the Milwaukee County Research Park, the City of Wauwatosa created the Tax Incremental District #2 (TID) in 1994. In 1997, the Wauwatosa Redevelopment Authority issued redevelopment lease revenue bonds of \$8,860 to fund infrastructure development costs in TID #2. In 2004, the Wauwatosa Redevelopment Authority issued lease revenue bonds of \$24,500 for construction of facilities at the Milwaukee County Research Park located in TID #2. The 2004 lease revenue bonds were retired in May 2015. The TID #2 was terminated in May 2015.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 9 - Net Position

At the end of the current fiscal year, the various components of Restricted Net Position reported in the governmental and proprietary funds are as follows:

Governmental Activities	2015
2017 Appropriations	\$ 5,000
2016 Appropriations	5,000
Debt Service	47,176
Commitments	14,826
Capital Project Commitments	50,512
Department of Family Care - State Restricted	12,231
Department of Family Care - Excess Reserves	19,460
Delinquent Property Tax	12,204
Airports - PFC and Debt	28,737
Behavioral Health Division	23,968
Fleet and Facilities Divisions	9,782
Administrative Services	7,016
Zoo	1,752
Parks	1,593
Persons with Disabilities	97
Total Net Position - Restricted - Governmental Activities	\$ 239,354

Business-type Activities	2015
Debt Service	\$ 17,597
Commitments	3,812
Capital Asset Needs	19,291
Total Net Position - Restricted - Business-type Activities	\$ 40,700

Discretely Presented Component Units

The Restricted Net Position of the **Milwaukee Public Museum, Inc.** consists of the following:

Temporarily Restricted:	2015
Capital Campaign - Debt	\$ 4,600
Educational Lecture Costs	90
Endowment Fund:	
Internship Programs	63
Purchase and Maintenance of Collections	330
Exhibits and Museum Renovations	22
Purchase and maintenance of Collections	295
Restricted for Time	330
Total Temporarily Restricted Net Position	\$ 5,730
Permanently Restricted:	
Operations	\$ 2,548
Special Exhibits	1,238
Starr Adventure and Internship	75
Total Permanently Restricted Net Position	\$ 3,861

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 9 - Net Position (cont.)

The Restricted Net Position of the **Milwaukee County War Memorial, Inc.** consists of the following:

<u>Temporarily Restricted:</u>	<u>2015</u>
9/11 Memorial Fund	\$ 4
Congressional Medal of Honor Fund	1
Education Program	19
Purple Heart Memorial Fund	4
Veteran's Courtyard Project Fund	395
Vietnam Veterans Memorial	14
Total Temporarily Restricted Net Position	\$ 437

The Restricted Net Position of the **Marcus Center for the Performing Arts** consists of the following:

<u>Temporarily Restricted:</u>	<u>2015</u>
Programming Events	\$ 17

The Restricted Net Position of the **Milwaukee County Research Park Corp.** consists of the following:

<u>Temporarily Restricted:</u>	<u>2015</u>
Research Development Fund	\$ 165

Restatement of Net Position

Net Position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset/liability, related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	<u>Governmental</u>	<u>Business-type</u>	<u>Airports</u>	<u>Transit</u>	<u>Internal</u>
	<u>Activities</u>	<u>Activities</u>			<u>Service</u>
Net Position - December 31, 2014 (as reported)	\$ 312,741	\$ 385,703	\$ 285,816	\$ 99,887	\$ 1,433
Less: Net Pension asset	(429,632)	-	-	-	-
Add: Deferred outflows related to pensions	18,161	11,932	845	11,088	294
Less: Net Pension liability	(338,918)	(97,441)	(13,909)	(83,533)	(5,150)
Net Position (Deficit) - December 31, 2014 (as restated)	<u>\$ (437,648)</u>	<u>\$ 300,194</u>	<u>\$ 272,752</u>	<u>\$ 27,442</u>	<u>\$ (3,423)</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 10 - Risk Management

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

All funds of the County, except for the Transit System, participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a claims reserve. In accordance with Governmental Accounting Standards Board Statement No. 10, a liability for claims is reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

The County has recognized \$18,978 of claims liabilities in the Risk Management Fund. The short-term portion is \$11,576 and is classified as a current liability.

Changes in the balances of claim liabilities during the past two years are as follows:

	Year Ended 12/31/2015	Year Ended 12/31/2014
Beginning of Year Liability	\$ 19,463	\$ 17,948
Current Year Claims and Changes in Estimates	7,230	12,234
Claims Payments	(7,715)	(10,719)
End of Year Liability	<u>\$ 18,978</u>	<u>\$ 19,463</u>

The Transit System has recognized \$9,069 of claims liabilities in the Transit System Fund. The short-term portion is \$5,423 and is classified as a current liability.

Changes in the Transit System balances of the claims liability for the past two years are as follows:

	Year Ended 12/31/2015	Year Ended 12/31/2014
Beginning of Year Liability	\$ 13,036	\$ 14,875
Current Year Claims and Changes in Estimates	3,124	8,089
Claims Payments	(7,091)	(9,928)
End of Year Liability	<u>\$ 9,069</u>	<u>\$ 13,036</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 11 - Related Party Transactions

Milwaukee Public Museum, Inc.

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

On August 15, 2013, Milwaukee County and MPM entered into a new Lease and Management Agreement ("New Agreement") to replace and supersede the original agreement and all subsequent amendments. The New Agreement provides for a \$3,000 County contribution to the MPM Pension Plan for former County employees that was paid by August 31, 2013, extends annual MPM funding support to 2022, and provides additional capital spending up to \$4,000 on the facility through December 2017. MPM is required to raise additional funds to eliminate its existing outstanding term debt and raise \$5,000 by December 2017 to support additional capital needs for the facility. At August 31, 2015, MPM and the Milwaukee Public Museum Endowment Fund had raised \$3,116 towards the \$5,000 capital funding requirement.

MPM received \$3,500 in annual support from the County, based upon MPM's fiscal year ending August 31, 2015.

Milwaukee County War Memorial, Inc.

Milwaukee County has a lease agreement with the Milwaukee County War Memorial, Inc. ("War Memorial") for the spaces occupied in County owned buildings located at the War Memorial Center Facility. The War Memorial is responsible for all operational functions of their occupied space and receives \$486 in support annually from the County which will continue through 2023. There is no rent payable to the County under the terms of the lease agreement.

In addition, there is a development agreement which addresses structural repairs and improvements to the War Memorial Center Facility. Planned repairs and improvements to the existing space are estimated at \$10,000 with construction having started in the fall of 2014. The County has appropriated \$4,225 to be applied to the construction and renovation costs and has appropriated additional funds of \$1,975 for 2016.

Under the terms of the agreements, the County retains ownership of the War Memorial Center Facility and existing improvements. Ownership of any additional leasehold improvements located upon or within the premises is determined by mutual agreement of the County and the Memorial at the time the War Memorial seeks County approval for construction. All expenditures for repairs, maintenance, improvements and betterments that materially prolong the useful lives of assets, which are not specifically identified by Milwaukee County as to be owned by the War Memorial, are expensed as incurred.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 11 - Related Party Transactions (cont.)

Marcus Center for the Performing Arts

Milwaukee County has legal title to the Marcus Center for the Performing Arts' ("Marcus Center") building. The Marcus Center capitalizes building improvements when the Marcus Center is obligated to pay for those capital items. These costs are amortized over their anticipated useful lives.

The County provided \$1,088 for the operation of the Marcus Center for the year ended December 31, 2015.

Milwaukee County Research Park Corporation

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

The County and MCRPC entered into a lease to manage and sublease the Technology Innovation Center, originally through September 30, 2013 and since extended to September 30, 2018 by exercising an additional five-year extension option. The rentable space now comprises most of the basement and the entire first through fifth floors of the building. The rent due to the County is based on space actually occupied by tenants and requires MCRPC to charge annual base rentals of not less than \$7.50 (seven dollars and 50 cents) per tenant occupied foot space, payable monthly. Discounts to the base rental amount require approval by Milwaukee County. As occupancy occurs, the MCRPC pays the County 66-2/3% of the base rent collected..

Note 12 - Subsequent Events

My Choice Family Care ("MCFC") Department separating from Milwaukee County

An IHA is an entity certified by the State Department of Health Services ("DHS") to provide long term care services (Group Homes, Transportation, etc.) as well as acute and primary health services (Hospitalization, Physician visits, etc.) Because they will be providing acute and primary health services, an IHA must have an HMO license from the State Office of the Commissioner of Insurance.

The State of Wisconsin's biennial budget, which is now Act 55, calls for an IHA entity certified by DHS to provide long-term care services as well as acute and primary health services. No mechanism exists under state law for a unit of County government to obtain an HMO license. As such, MCFC must instead be organized as a non-governmental entity that is eligible for a HMO license.

MCFC received approval from the Milwaukee County Board of Supervisors and the County Executive to separate from Milwaukee County. MCFC is currently working with DHS to identify any other steps necessary for the transition. The anticipated separation date is late summer/early fall of 2016.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 12 - Subsequent Events (cont.)

Pension actuarial assumed rate of return changed

In May 2016, the Pension Board revised the implementation of the reduction of the actuarial assumed rate of return to gradually phase it in, reducing the rate to 7.75% by January 1, 2018 and to 7.5% by January 1, 2020.

Creation of new Department

In May 2016, the Milwaukee County Board ("Board") approved the creation of an independent department, the Office on African American Affairs. In June 2016, the Board released \$300 from a contingency fund. The purpose of the department is to reduce racial inequalities in education, housing, jobs, health and imprisonment.

Component Unit Changes

- **Marcus Center for the Performing Arts ("Marcus Center")** - The Wisconsin Center District Board ("WC District Board") issued a statement in 2016 that it will not take up the issue that the Marcus Center property can be transferred to the WC District Board until after the Milwaukee Bucks arena is completed in 2018.
- **Milwaukee County Research Park Corporation ("MCRPC")** - MCRPC sold to Technology Innovation Center in March 2016.

See Note 1 for additional information regarding both changes.

Note 13 - Commitments and Contingencies

Claims and Other Legal Proceedings

The County is subject to numerous claims and other legal proceedings incidental to the ordinary course of its operations. For claims and other legal proceedings that are open at the end of 2015 but resolved in early 2016, a current liability was established in the general fund. For the remaining open items, although the outcome of these claims and legal proceedings is not presently determinable, in the opinion of the County's Corporate Counsel the resolution of these matters will not have a materially adverse effect on the financial condition of the County.

Environmental

The County has sanitary sewer and storm sewer systems that it is responsible for on County land. The State Attorney General issued an order that requires monitoring, maintenance, and repair of these systems. The purpose of this order is to ensure that the metropolitan areas sanitary sewer systems receive only sanitary system flow, and not storm water, from the County. The order will require future capital and operating commitments. For 2016, the commitment is \$634.

The County has various environmental commitments that will require future capital and operating commitments that are not specifically court mandated. The 2016 commitments include: Landfills: \$2,707, Underground storage tank management: \$256 and Oil leak cleanup of \$7.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 13 - Commitments and Contingencies (cont.)

Intergovernmental Awards

Intergovernmental awards are subject to audit and adjustment by the funding agency or their representatives. If grant revenues are received for expenditures, which are subsequently disallowed, the County may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, would not be material to the accompanying government-wide and fund financial statements at December 31, 2015.

Note 14 - Other Post-Employment Benefits

Countywide Programs (excluding Transit System)

Description and Provisions

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

The retiree healthcare and life insurance plans do not issue separate financial reports.

The retiree healthcare benefits are authorized by County Ordinance, Section 17.14. The retirement health insurance premium is non-contributory for retirees with 15 or more years of service who were hired before January 1, 1994, except for certain union groups which have a later cutoff date for this benefit. Retirees with non-contributory health insurance premiums also receive reimbursement of the Medicare Part B premium for themselves and their covered spouses. Employees eligible for postretirement healthcare benefits who retire after December 31, 2011, except nurses, which is December 31, 2012, will not be eligible for Medicare Part B reimbursement.

Retirees with less than 15 years of service and/or hired on and after January 1, 1994 are responsible for the full cost of the health insurance premiums upon retirement and are not eligible for Medicare Part B premium reimbursement. For those retirees, any unused eligible sick leave at retirement would not be paid out in cash, but would be credited for the purchase of retiree health insurance. The credit is capped as of June 23, 2012 to the unused balance at that date, less any subsequent sick leave usage. See Note 1, section D and item 1 for information regarding the County's accrued sick leave liability as of December 31, 2015.

Retiree life insurance benefits are authorized by County Ordinance, Section 62.02. The life insurance benefit is equal to the retiree's annual salary at the time of retirement, rounded to the next highest \$1. Milwaukee County provides the first \$25 (\$20 for select bargaining units) for retirees under age 65. The retiree is responsible for the cost of additional coverage at the rate of \$0.34 per thousand. At age 65, the plan becomes non-contributory and the original life insurance benefit reduces by 8% per year beginning at age 65 to 25% at age 70 and over.

Funding Policy

The health insurance and life insurance benefits for retirees are financed with current tax levy funds through the General Fund. The County pays for retiree's health and life insurance

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 14 - Other Post-Employment Benefits (cont.)

premiums on a pay-as-you-go basis and therefore, contributes only the annual cost incurred, net of retiree contributions.

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

Annual OPEB Cost and Net OPEB Obligation

The following schedules provide the components of the County's 2015, 2014, and 2013 OPEB costs:

Schedule of Annual OPEB Costs For the Year Ended December 31

	2015	2014	2013
Normal Cost	\$ 782	\$ 782	\$ 2,228
Amortization of Unfunded Actuarial Accrued Liability	69,856	69,857	85,680
Annual Required Contribution (ARC)	70,638	70,639	87,908
Interest on Net OPEB Obligation	16,282	15,502	17,080
Adjustment to the ARC	(22,993)	(21,891)	(21,013)
Annual OPEB Cost	\$ 63,927	\$ 64,250	\$ 83,975

Schedule of Employer Contributions For the Year Ended December 31

	2015	2014	2013
Premiums Paid on Behalf of Retirees	\$ 41,523	\$ 42,761	\$ 52,455
Medicare Reimbursement	7,150	7,071	6,955
Less: Retiree Contributions	(961)	(1,185)	(796)
Net Employer Contribution	\$ 47,712	\$ 48,647	\$ 58,614

Percent of Annual OPEB Cost Contributed by Employer	74.6 %	75.7 %	69.8 %
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Schedule of Net OPEB Obligation For the Year Ended December 31

	2015	2014	2013
Net OPEB Obligation - January 1,	\$ 325,641	\$ 310,038	\$ 284,677
Annual OPEB Cost	63,927	64,250	83,975
Less: Net Employer Contributions	(47,712)	(48,647)	(58,614)
Net OPEB Obligation - December 31	\$ 341,856	\$ 325,641	\$ 310,038

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 14 - Other Post-Employment Benefits (cont.)

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the County's OPEB plan is not funded. The actuarial accrued liability for benefits was \$973,014, and there is no actuarial value of assets, resulting in an unfunded actuarial accrued liability ("UAAL") of \$973,014. The annual payroll of active employees covered by the plan is \$47,291, and the ratio of UAAL to covered payroll is 20.6 to 1.

The schedule of funding progress, also presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, also presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The 2015 ARC was determined as part of the January 1, 2014 actuarial valuation using the Unit Credit Actuarial Cost Method with unfunded Actuarial Accrued liability amortized as a level dollar amount over 23 years on a closed basis. Significant actuarial assumptions used in the valuation include:

Investment rate of return	5.0%
Projected salary increases	Varies from 3.0% to 10.0% based upon current age and employment category
Post-Retirement benefit increases	N/A
Healthcare cost trend	9.0% decreasing by 1.0% annually to 5.0%
Mortality	RP-2014 Mortality Fully Generational Projected using Projection Scale MP-2014
Disability rate	Current age
Retirement age	Current age and employment category
Withdrawal	Current age, years of service, and employment category
Inflation rate	3.0%

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 14 - Other Post-Employment Benefits (cont.)

Changes in Plan Provisions or Actuarial Assumption since Prior Year: None.

Contributions Required and Contributions Made

As of December 31, 2015, the County has 6,207 retirees enrolled in a health plan. The 2015 expenditures for retiree healthcare costs are \$40,495. The County's 2015 expenditures also includes reimbursement of Medicare Part B premiums for eligible health plan retirees of \$7,150. The total health plan expenditures are offset by \$586 in contributions from retirees who are responsible for the partial or full health benefit premium cost.

As of December 31, 2015, the County has 5,136 retirees enrolled in the group life insurance plan. The 2015 expenditures for the group life insurance plan are \$1,028. The total life insurance expenditures are offset by \$375 in contributions from retirees who are responsible for the partial or full life insurance premium cost.

Transit System Program

Description and Provisions

Milwaukee Transport Services, Inc. (the "Company") provides single-employer defined benefit healthcare and life insurance benefits for eligible retired employees and eligible surviving spouses. The retiree healthcare and life insurance benefits are provided pursuant to the general labor agreement between the Company and the Amalgamated Transit Union Local 998 and the Office and Professional Employees International Union Local 35. The same benefits are provided to non-represented employees and retirees.

Active employees with 14 years of service are eligible provided they satisfy one of the following conditions: 100% vested in retirement program at early retirement age of 57, reach age 62, rule of 85 (combined age and years of service equal 85), attain 25 years of service or become disabled. Employees hired after July 16, 2007 are not eligible for retiree healthcare benefits.

The Plan offers two choices for medical: an HMO and a PPO. Employees who retired on or before April 1, 2007 and live more than 30 miles from an approved HMO provider may elect the PPO plan and pay the monthly PPO premium contribution. Employees who retired after April 1, 2007 and elect the PPO plan will pay the PPO monthly premium contribution plus the difference in cost between the PPO and HMO premium. The PPO premium contribution is 12% of the premium for the applicable rate class. Effective January 1, 2012, any employee whose combined age and years of service equal less than 75 will pay an additional 20% for coverage. Those whose combined age and years of service equal greater than or equal to 75, but less than 80, will pay an additional 12% for coverage.

Effective January 1, 2012, for surviving spouses not eligible for Medicare and dependent children, the Company will pay one-half (½) of the health insurance premium until the spouse becomes eligible for Medicare or remarries, provided the employee has completed at least fourteen years of service.

The Company pays the full premiums on a term life insurance policy for all eligible retired employees at the face value in effect at the time of retirement. The face value of life insurance for employees who retired before April 1, 2001 range from \$500 to \$16,500, who retired

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 14 - Other Post-Employment Benefits (cont.)

between April 1, 2001 and March 31, 2007 is \$8,500, and retired after April 1, 2007 is \$9,000.

Funding Policy

The health insurance and life insurance benefits for retirees are recognized under the accrual method of accounting. Under this method retiree healthcare and life insurance benefits are recognized when the benefits are earned by employees. In addition, the Company recognizes a portion of the unfunded actuarial accrual liability ("UAAL") for the past service costs of its employees and retirees. The UAAL is amortized over thirty (30) years under the level percent method. Under the level percent method, the UAAL is paid off by contributing a fixed percentage of payrolls each year. Under this method, the payments are smaller in the initial years and increase over time, as the payroll increases. It is assumed that the active group of employees' size remains constant and that the payroll increases 3 percent per year. It is the Company's intent to contribute the amount of the ARC each year into a trust. The Company does not issue a publicly available report that includes the financial statements for the trust on OPEB.

Annual OPEB Cost and Net OPEB Obligation

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

The following schedule provides the components of the Company's 2015, 2014, and 2013 OPEB costs:

Schedule of Annual OPEB Costs For the Year Ended December 31

	2015	2014	2013
Normal Cost	\$ 3,020	\$ 3,639	\$ 3,325
Amortization of Unfunded Actuarial Accrued Liability	8,871	11,872	12,157
Annual Required Contribution (ARC)	11,891	15,511	15,482
Interest on Net OPEB Obligation	(4)	(1)	(1)
Adjustment to the ARC	3	1	1
Annual OPEB Cost	\$ 11,890	\$ 15,511	\$ 15,482

Schedule of Employer Contributions For the Year Ended December 31

	2015	2014	2013
Premiums Paid on Behalf of Retirees	\$ 10,229	\$ 12,991	\$ 10,857
Contribution to OPEB Trust	1,008	2,500	6,000
Less: Retiree and Survivor Contribution	(1,982)	(1,879)	(1,693)
Net Employer Contribution	\$ 9,255	\$ 13,612	\$ 15,164

Percent of Annual OPEB Cost Contributed by Employer	77.8 %	87.8 %	97.9 %
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COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 14 - Other Post-Employment Benefits (cont.)

Schedule of Net OPEB Obligation For the Year Ended December 31

	2015	2014	2013
Net OPEB Obligation (Asset) - January 1,	\$ (56)	\$ (1,955)	\$ (2,273)
Annual OPEB Cost	11,890	15,511	15,482
Less: Net Employer Contributions	(9,255)	(13,612)	(15,164)
Net OPEB Obligation (Asset) - December 31	\$ 2,579	\$ (56)	\$ (1,955)

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the Company's OPEB plan is partially funded. The actuarial accrued liability for benefits is \$214,272, and the actuarial value of assets is \$72,640, resulting in an unfunded actuarial accrued liability (UAAL) of \$141,632. The annual payroll of active employees covered by the plan is \$31,586, and the ratio of UAAL to the covered payroll is 4.48 to 1.

The schedule of funding progress, also presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, also presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The 2015 ARC was determined as part of the January 1, 2015 actuarial valuation using the Unit Credit Actuarial Cost Method with unfunded Actuarial Accrued liability amortized as a level percent over 30 years on an open basis. Significant actuarial assumptions used in the valuation

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 14 - Other Post-Employment Benefits (cont.)

include:

Investment rate of return	7.25%
Projected salary increases	3.0%
Healthcare cost trend	8.0% decreasing by 0.5% annually to 5.0%
Mortality	RP-2014 Mortality for Blue Collar Workers Fully Generational using Projection Scale AA
Retirement age	Estimates vary based upon historical experience
Withdrawal	Graduated rates based upon current age
Inflation rate	3.0%

Changes in Plan Provisions or Actuarial Assumptions since Prior Year:

- Employee census has been updated to reflect the current population.
- The mortality assumption has been updated from 1983 Group Annuity Mortality Table.

Contributions Required and Contributions Made

The Company's policy is to fully fund its OPEB plan. The Company funds its annual OPEB cost with operating revenues and tax levy support from Milwaukee County and the State of Wisconsin. As of December 31, 2015, the Company has 1,009 retirees and survivors enrolled in the HMO and PPO healthcare plans. The 2015 expenditures for the HMO and PPO healthcare plans are \$9,975, plus a contribution to the OPEB plan trust of \$1,008. The total HMO and PPO expenditures are offset by \$1,982 in retiree contributions from retirees and survivors who are responsible for the partial or full health benefit premium cost.

As of December 31, 2015, the Company has 1,009 retirees enrolled in the life insurance plan. The 2015 expenditures for the life insurance plan are \$253. There are no retiree contributions towards the life insurance plan.

Note 15 - Employee Retirement System and Pension Plans

Countywide Program (excluding Transit System)

Plan Description and Provisions

The description of the provisions of the Employees' Retirement System of the County of Milwaukee ("ERS" or the "Retirement System"), has been extracted from the Annual Report of the Retirement System. Additional narrative has been added to the plan descriptions and provisions section. The Board of Trustees of ERS ("the Board") has the responsibility for the overall performance of the Retirement System. The Board is the fiduciary of the Retirement System and is responsible for carrying out the investment functions solely in the interest of the members and benefit recipients. Requests for ERS financial information should be sent to: Milwaukee County ERS, 901 N. 9th Street, Room 210C, Milwaukee, WI 53233.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

The Retirement System is a single-employer defined benefit plan that was created to encourage qualified personnel to enter and remain in the service of the County of Milwaukee (the "County") by providing for a system of retirement, disability and death benefits to or on behalf of its employees. Under Chapter 201 of the Laws of Wisconsin for 1937, the County was mandated to create the Retirement System as a separate legal entity. The County did so by passing Section 201.24 of the General Ordinances of Milwaukee County. The authority to manage and control the Retirement System is vested in the Pension Board. The assets of the Retirement System are legally available to pay benefits of either the ERS or OBRA plans and all assets have been commingled. The Retirement System and OBRA are considered a single plan for financial reporting purposes.

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

The Pension Board, with the assistance of its actuarial professionals, determines and recommends how much the County should contribute to ERS based on what the Pension Board believes is necessary to properly fund the current and future payment of benefits. The Pension Board oversees the tax qualifications of ERS and oversees the administration of ERS in accordance with adopted County Ordinances (the "Ordinances"), any amendments to the Ordinances, and ERS Rules. The Pension Board oversees the benefit payment process from ERS to determine whether these payments are made in accordance with the Ordinances and ERS Rules.

Contributions

The Retirement System had been substantially noncontributory. However, starting in 2011, members began making mandatory contributions. Most full-time, regularly-appointed employees were required to make contributions starting in 2012. In 2015, the employee contribution percentages range from 5.0% to 5.3% of compensation. In 2016, the employee contribution percentages will range from 6.5% to 7.4% of compensation. These percentages may change from year to year based on an analysis performed by the Retirement System's actuary.

Employees who terminate County employment and are not eligible for an immediate pension payment may request a refund of all accumulated contributions made, with simple interest at 5% annum. Effective December 19, 2013, employees who terminate employment with the County must request a refund of accumulated contributions within one hundred eighty (180) days of terminating County employment. Prior to December 19, 2013, terminated employees had sixty (60) days to request a refund of their contributions. The Retirement System will send an employee who terminates a written notice of the refund option. Any employee receiving this

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

refund will forfeit his or her service credit and will no longer be a member of ERS.

Contributions due from the County to the Retirement System consist of actuarially determined amounts sufficient to fund the annual normal cost and interest on and amortization of the unfunded or overfunded actuarial accrued liability. A substantial portion of the current year's contribution is paid to the Retirement System in the following year.

In 2012, the Retirement System started receiving contributions from the State of Wisconsin ("the State") for members who were transferred from Milwaukee County to the State of Wisconsin for future service. As a result of the agreement between the State and the County, non-vested members of the Retirement System are able to continue to accrue pension benefits with the ERS, while they were employed with the State. Once the member is vested, they are transferred to the State retirement plan. The State employees were required to contribute 5.1% of their wages to ERS in 2015 and 2014, and the State contributes the same percentages to the County for 2015 and 2014.

The County makes contributions to the Retirement System based upon the Annual Required Contribution ("ARC") and legal requirements, at the discretion of the County Board. An actuary hired by the Pension Board establishes the ARC. Data used in the determination of the ARC is based upon the prior fiscal year's demographics. The actual contribution made to the pension plan is set during the County's budget process and may differ from the ARC as a result of changes in plan provisions implemented subsequent to establishment of the ARC and budgetary restraints. During the year, the Retirement System accrues those contributions that the County has included in its current year's budget. The County contribution recorded by the Retirement System was \$9,448 less than and \$508 less than, the Actuarially Determined Contribution in 2015 and 2014, respectively.

Employee's Retirement System ("ERS")

ERS Pension Plan membership, which is open to new members, consists of the following:

	As of December 31	
	2015	2014
Retiree and beneficiaries currently receiving benefits	7,979	7,940
Vested and terminated employees not yet receiving benefits	1,370	1,411
Current employees	3,680	3,911
Total participants	13,029	13,262

Membership data above is as of January 1, 2015 and 2014, respectively, the date of the actuary report used to determine the total pension liability for each year and reasonably approximates membership data through December 31, 2015 and 2014, respectively.

The normal retirement benefit is a monthly pension for the life of the member beginning at normal retirement age. The pension amount is determined by the following formula: Multiplier x Creditable Service x Final Average Salary.

For most members, the normal retirement age is either 60 or 64 depending on ERS enrollment date and collective bargaining agreement. County Ordinance and several labor agreements

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

require a minimum of 5 years creditable service in addition to the age requirement. For deputy sheriff members, the normal retirement age is 57 or age 55 with 15 years of creditable service. Depending on enrollment date and collective bargaining agreement, some active members are eligible to retire when their age added to their years of creditable service equals 75 (the "Rule of 75"). The multiplier is determined by Ordinance, collective bargaining agreement and ERS enrollment date. At this time, the multiplier percentage can be 1.5%, 1.6%, 2.0% or 2.5%. A member's three or five consecutive years of highest earnings are used to calculate their final average salary as defined by the Ordinance and labor agreement. Annually after retirement, the monthly benefit is increased by 2% of the benefit paid for the first full month of retirement, subject to IRS limits. By Ordinance, the maximum benefit (excluding post-retirement increases) payable to a member cannot exceed the sum of 80% of the member's final average monthly salary.

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

In 2012, the County Board passed an ordinance limiting the amount of backdrop benefit for most eligible employees who choose a backdrop date after April 1, 2013. If a member chooses a backdrop date after April 1, 2013, the monthly backdrop benefit is calculated using the member's final average salary, service credit, and applicable multiplier as of April 1, 2013. This plan change does not apply to Elected Officials, Building and Trades, Machinists, Federated Nurses, and Firefighters.

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

Most members are immediately vested upon attaining age 60 or 64. A vested member is eligible for a deferred pension beginning as of the member's normal retirement date. A member who is 55 years of age and has 15 years of credited service may elect to receive early reduced retirement benefits. The member would be entitled to a benefit equal to the normal retirement benefit with a lifetime reduction of 5% for each year prior to the normal retirement date.

Upon the death of a member (generally after 1 year of service and depending on collective bargaining agreements), a spouse with a dependent child as defined by Ordinance will receive 40% of the deceased member's salary, reduced by Social Security benefits payable to the spouse. An additional 10% of salary, reduced by Social Security benefits, is paid for each dependent child. Generally, the total benefit, including Social Security benefits, cannot exceed 90% of the prior salary level of the member. At age 60, the spouse will receive 50% of the

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

normal retirement benefit based on the member's projected service to age 60. If there is no spouse or child, the death benefit payable to a designated beneficiary is equal to 50% of the deceased member's final average salary, but not to exceed \$2,000 (two thousand dollars).

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

Members may choose among several benefit payment options when retiring. Currently there are eight options with different payouts depending upon if the member wants payments to cease upon member's death or if payments should continue to the member's beneficiary at different levels.

OBRA 1990 Retirement System of the County of Milwaukee ("OBRA")

The County established the OBRA 1990 Retirement System of the County of Milwaukee ("OBRA") to cover seasonal and certain temporary employees who are not enrolled in the Retirement System. Assets of the OBRA plan are commingled for investment purposes with the assets of the Retirement System.

OBRA Pension Plan membership, which is open to new members, consists of the following:

	As of December 31	
	2015	2014
Retiree and beneficiaries currently receiving benefits	47	39
Vested and terminated employees not yet receiving benefits	4,783	4,434
Current employees	394	326
Total participants	5,224	4,799

Membership data above is as of January 1, 2015 and 2014, respectively, the date of the actuary report used to determine the total pension liability for each year and reasonably approximates membership data through December 31, 2015 and 2014, respectively.

Net position identified for OBRA benefits as of December 31, 2015 are as follows:

Statement of Fiduciary Net Position	2015
Assets	
Cash	\$ 15
Assets held for Retirement System	1,292
Other Assets	8
Total Assets	1,315
Liabilities	
Taxes Payable	5
Net Position restricted for Pension Benefits	\$ 1,310

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

Changes in plan net position available for benefits for OBRA for the year ended December 31, 2015 are as follows:

<u>Statement of Changes in Fiduciary Net Position</u>	<u>2015</u>
Contributions from the County	\$ 440
Investment Income	37
Investment and administrative expenses	(521)
Benefits Paid	<u>(206)</u>
Net decrease in net position restricted for pension benefits	<u>\$ (250)</u>

Summary of Significant Accounting Policies

Basis of Accounting – The ERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses are recorded when the corresponding liabilities are incurred. Benefits payments to members are recognized in the period in which the payment was due to the member.

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

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

Software Development Costs – Capitalized software developments costs represent direct costs related to the development and implementation of software programs utilized in the Retirement System. The amounts are being amortized over ten years using the straight-line method. Amortization expense is included in Administrative Expenses.

Expenses – Administrative expenses incurred by the County related to the Retirement System are payable by the Retirement System to the County. Such expenses total \$1,204 in 2015 and \$1,329 in 2014.

Income Taxes - Management has submitted to the Internal Revenue Service, as part of a Voluntary Compliance Program, any compliance issues that have been discovered through a self-administered review where the provisions contained in the Internal Revenue Code, the County Pension Ordinances or Pension Rules differ from actual practice. Management is

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

waiting for a response from the Internal Revenue Service regarding what action will be required to bring the pension system into compliance in all of its practices in order to maintain its tax-qualified status.

Deposit and Investment Risk Disclosure

Security Lending - Section 201.24 (9.1) of the General Ordinances of Milwaukee County and Board policies permit ERS to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. ERS participates in such a security-lending program through its custodian, the Bank of New York Mellon, acting as ERS's securities lending agent. ERS requires collateral from the borrower in the form of cash or securities. Collateral for domestic issues is set at 102% of the fair value of the securities loaned at the time of the initial transaction. If the value falls to 100% of the fair value of the securities loaned, additional collateral is obtained to reestablish collateral at 102% of the fair value of securities loaned. Collateral for international securities is maintained at a level of 105% of the fair value of securities loaned at all times. The securities lending program guidelines attempt to preserve capital while earning a moderate rate of return. Earnings from securities lending, after all fees are paid, are split on a percentage basis with the custodian. For 2015 and 2014, the net investment income realized from security lending is \$68 and \$78, respectively.

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

Securities loaned and the collateral held as of December 31, 2015 are as follows

Fair Value of Securities Loaned	\$	44,790
Fair Value of Collateral	\$	45,795
Percent Collateral to Securities Loaned		102.24 %

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

The collateral received from securities lending transactions includes cash of \$38,859 and U.S. Treasury securities, domestic stocks and REIT's of \$6,936 for the year ended December 31, 2015. Under the terms of the securities lending agreement, the Retirement System has the right to sell or pledge the cash collateral.

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

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

distributions by the securities' issuers while the securities are on loan.

Financial Instruments with Off-Balance Sheet Risks

A currency forward is a contractual agreement between two parties to pay or receive amounts of foreign currency at a future date in exchange for another currency at an agreed-upon exchange rate. Forward commitments are entered into with the foreign exchange department of a bank located in a major money market. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuations. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the Retirement System records the amount receivable or payable at fair value, with the unrealized gain or loss reported as a component of net appreciation in fair value. All contracts are short-term in duration and mature within 90 days. The Retirement System did not hold any financial instruments with off-balance sheet risk as of December 31, 2015.

ERS invests in financial futures contracts in order to improve the performance of the fund. The Retirement System purchases contracts that approximate the amount of cash held by U.S. equity investment managers and cash used to pay benefits and expenses. Financial futures contracts are agreements to buy or sell a specified amount at a specified delivery or maturity date for an agreed upon price.

The market values of the futures contracts vary from the original contract price. A gain or loss is recognized and paid to or received from the clearinghouse. Financial futures represent an off balance sheet obligation, as there are no balance sheet assets or liabilities associated with those contracts. The cash or securities to meet these obligations are held in the investment portfolio. All contracts are short-term in duration and mature within 90 days.

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

	<u>12/31/2015</u>
Cash Held:	
US Equity Investment Managers	\$ 19,797
Cash Used to Pay Benefits and Expenses	52,419
Total Cash Held	<u>72,216</u>
Futures Purchased:	
S&P 500 (US Equity)	33,787
Barclays AGG (Fixed Income)	20,309
MSCI EAFE (International Equity)	10,274
Total Futures Purchased	<u>64,370</u>
Futures Above/(Below) Cash	<u>\$ (7,846)</u>
Market Value	\$ 159

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

Contributions Required and Contributions Made

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

County contributions to ERS totaling \$39,081 and \$19,005 are recorded in 2015 and 2014, respectively. The 2015 and 2014 contributions are \$(9,448) and \$(508) (below)/above the Funding Contribution amount ("FCA"), respectively. Member contributions are \$9,325 and \$10,052 for the years ended December 31, 2015 and 2014, respectively. The decrease was caused by a reduction of pay periods - 2014 had twenty-seven (27) pay periods instead of the usual twenty-six (26) pay periods. The decrease was offset slightly by the increase in the employee contribution percentages of pensionable compensation from 5.1% in 2014 to 5.3% in 2015. See the Schedule of Employer and Other Contributions presented as required supplementary information (RSI) immediately following the notes to the financial statements.

County contributions to OBRA totaling \$440 and \$440 are recorded in 2015 and 2014, respectively. The 2015 and 2014 contributions are \$(326) and \$67 (below)/above the Funding Contribution amount ("FCA"), respectively. There are no member contributions for OBRA.

The 2015 contributions reflected in the Retirement System's financial statements are actuarially determined as of January 1, 2014. These amounts are included in the County's 2015 budget. The 2015 contributions were paid in 2015, thus a contribution receivable is not recorded on the Retirement System's financial reports.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8.0% (includes 3.0% inflation), compounded annually, (b) projected payroll growth increases per year, averaging 3.5% for ERS and 4.5% for OBRA compounded annually, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases, per year, of 2.0% for ERS and 3.0% for OBRA.

Mortality rates for healthy pensioners are based on the sex distinct UP-1994 Mortality Table with Projection scale AA to 2012 and fully generational thereafter using scale AA. Active member's mortality rates are 70% of the rates applicable to healthy pensioners.

The actuarial assumptions used for ERS are based on the results of an actuarial experience study for the period January 1, 2007 through December 31, 2011. The actual assumptions

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

used for OBRA are based on the results of an actuarial experience study for the period January 1, 2006 through December 31, 2011.

The long-term expected rate of return on pension plan investments is determined by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of position plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Policy</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	22.0%	2.5%
Domestic common and preferred stocks	25.0%	7.1%
International common and preferred stocks	20.0%	7.8%
Long/Short hedge funds	10.0%	5.7%
Infrastructure	8.5%	8.0%
Real Estate and REIT's	8.5%	8.5%
Private Equity	6.0%	13.5%
Cash and cash equivalents	0.0%	0.0%
Estimated by ERS financial advisors	100.0%	

Discount rate – The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes that the Retirement System's contributions will continue to follow the current funding policy. Based on those assumptions, the Retirement System's fiduciary net position is projected to be available to make all projected future benefit payments of current plan members.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

Changes in the Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
ERS			
Balances as of 12/31/2014	\$ 2,229,978	\$ 1,879,234	\$ 350,744
Charges for the year:			
Service Cost	15,299		15,299
Interest	172,040		172,040
Differences between expected and actual experience	(17,331)		(17,331)
Contributions:			
Employer		19,005	(19,005)
Employee		10,052	(10,052)
Projected earnings on Pension Investments		143,775	(143,775)
Differences between expected and actual experience		(47,054)	47,054
Benefit payments, including refunds of employee contributions	(177,366)	(177,366)	-
Administrative expense		(5,067)	5,067
Other changes			
Net changes	<u>(7,358)</u>	<u>(56,655)</u>	<u>49,297</u>
Balances as of 12/31/2015	<u>\$ 2,222,620</u>	<u>\$ 1,822,579</u>	<u>\$ 400,041</u>
OBRA			
Balances as of 12/31/2014	\$ 3,686	\$ 1,603	\$ 2,083
Charges for the year:			
Service Cost	97		97
Interest	298		298
Differences between expected and actual experience	(233)		(233)
Contributions:			
Employer		440	(440)
Employee			-
Projected earnings on Pension Investments			
Differences between expected and actual experience		99	(99)
Benefit payments, including refunds of employee contributions	(127)	(127)	-
Administrative expense		(855)	855
Other changes			
Net changes	<u>35</u>	<u>(443)</u>	<u>478</u>
Balances as of 12/31/2015	<u>\$ 3,721</u>	<u>\$ 1,160</u>	<u>\$ 2,561</u>

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

Sensitivity of the Net Pension Liability to changes in the discount rate – The following presents the net pension liability of the ERS and OBRA retirement systems, calculated using the discount rate of 8.0%, as well as what the ERS and OBRA's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount (8.0%)	1% Increase (9.0%)
ERS' net pension liability	\$ 619,184	\$ 400,041	\$ 213,728
OBRA's net pension liability	2,970	2,561	1,558

Pension Plan Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the County recognizes pension expense of \$41,325 for ERS pension plan and \$498 for OBRA pension plan. At December 31, 2015, the County is reporting deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
ERS		
Differences between expected and actual experience	\$ -	\$ 10,665
Net Difference between projected and actual earnings on pension plan investments	37,643	
Employer pension contribution	39,081	
Total	\$ 76,724	\$ 10,665
	Deferred Outflows of Resources	Deferred Inflows of Resources
OBRA		
Net Difference between projected and actual earnings on pension plan investments	\$ -	\$ 20
Employer pension contribution	440	
Total	\$ 440	\$ 20

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

Amounts Reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>ERS</u>	<u>OBRA</u>	<u>Total</u>
2016	\$41,825	\$435	\$ 42,260
2017	5,411	(5)	5,406
2018	9,411	(5)	9,406
2019	9,412	(5)	9,407

Payable to the Pension Plan

At December 31, 2015, the County has no outstanding payments to the OBRA or ERS pension plan. The County has paid its pension contribution for the subsequent year and, therefore, has a deferred outflow of resources for pension contributions as of December 31, 2015 of \$39,081 for ERS and \$440 for OBRA.

Transit System Program

Plan Description and Provisions

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

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

All regular full-time employees of the Company are eligible to participate in the plan. An employee's normal retirement date is the earlier of: the first day of the month coincident with, or the next following, the attainment of age 62 (sixty-two) and the completion of five years of credited service or the first day of any month where the sum of employee's age and credited service total 85 (eighty-five) or more years, or the first day of the month following completion of twenty-five years of credited service.

Credited service, not to exceed thirty-five years, is equal to total years and completed months of unbroken service with the Company. Absences due to temporary layoffs followed by re-employment within three years and other periods of specifically approved leaves of absence are not considered breaks in continuous service. Periods of leave of absence where the employee did not make the mandatory contributions, periods of absence due to unpaid sickness which

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

accumulates in excess of thirteen days within any one calendar year, and other periods of absence are not included in credited service.

The amount of annual benefit to be paid in monthly installments for life is equal to the sum of: 2.0% of the retiree's highest average salary x years of credited service after March 31, 1966 plus \$90 (ninety dollars) x years of credited service before April 1, 1966. Credited service is limited to a maximum of thirty-five years. The minimum annual normal retirement benefit for an employee with at least ten years of service is \$3,000 (three thousand dollars). Employees who retired prior to April 1, 2002 receive a \$35 (thirty-five dollars) per month supplemental effective upon their attainment of age 65. On January 1st of each year, the retirement benefit of each retiree (excluding beneficiaries and surviving spouses) is increased by 2%.

Upon completion of five years of continuous service and the attainment of age fifty-seven, an employee may elect early retirement. The employee has two choices: begin collecting at age sixty-two and receive 100% accrued benefit or begin collecting at the early retirement date and receive accrued benefit reduced by 7/12 of 1% for each full month by which the payment date precedes age sixty-two.

An employee who has ten years of credited service and who becomes totally and permanently disabled before normal retirement date may retire and receive a disability retirement benefit calculated as their accrued benefit on the date of disability, payable immediately. The minimum annual disability benefit is \$3,000 (three thousand dollars). If a disabled employee dies while receiving a disability retirement benefit, the surviving spouse will receive a monthly benefit of 50% of the disability retirement benefit for the remainder of their lifetime.

Upon termination of employment before five years of credited service, an employee will receive a lump sum equal to their own employee contributions together with 2% simple interest from the January 1st following the date on which contribution were made up to the last day of the calendar year in which the termination of service occurs. Upon termination of employment after five or more years of credited service, an employee may elect to receive the lump sum equal to the aggregate of their contributions with 2% simple interest or to leave their contributions in the trust fund and on or after age fifty-seven receive their accrued benefit.

In the event of the death of an active employee who has ten or more years of credited service, the surviving spouse receives a pension benefit equal to 50% of the employee's accrued benefit payable immediately or the lump sum equivalent of the employee's contributions with 2% simple interest. In the event of the death of an active employee with less than ten years of credited service, their beneficiary will receive the lump sum equivalent of the employee's contributions with 2% simple interest.

Transit Pension Plan membership, which is open to new members, consists of the following:

	As of December 31	
	2015	2014
Retiree and beneficiaries currently receiving benefits	961	951
Vested and terminated employees not yet receiving benefits	59	60
Current employees	1,344	1,325
Total participants	2,364	2,336

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

Membership data above is as of January 1, 2015, the date of the actuary report used to determine the total pension liability for each year, and reasonably approximates membership data through December 31, 2015.

Summary of Significant Accounting Policies

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

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

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

Contributions Required and Contributions Made

Previously, employees covered under the plan contributed, in total, an amount equal to 15% of the actuarially determined contribution necessary to fund the plan. The Company contributed the remaining 85% of the actuarial determined contribution necessary to fund the plan. Effective January 1, 2012, employees contributed 25% of the contribution and the Company contributed the remaining 75%. Effective January 1, 2013 and continuing through current, employees contribute 30% of the contribution and the Company contributes the remaining 70%.

In 2015, the Company contributed \$15,808 which includes contributions made by the members. Member contributions are \$4,721 for the year ended December 31, 2015.

Net Pension Liability

The Transit System's net pension liability is measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability is determined by an actuarial valuation as of January 1, 2015.

The total pension liability in the January 1, 2015 actuarial valuation is determined using the following actuarial assumptions, applied to all periods included in the measurement. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.25% (includes 3.0% inflation), compounded annually, (b) projected payroll growth increases averaging 3.75% per year compounded annually, attributed to inflation, seniority and merit, and (c) post-retirement benefit increases of 2.0% per year.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

Mortality rates for healthy pensioners are based on the RP-2014 for blue collar workers – scale MP-2014.

The actuarial assumptions used are based on the results of an actuarial experience study from January 1, 2006 through December 31, 2010.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of position plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Policy	Long-term Expected Real Rate of Return
Fixed Income	35.0%	1.1%
Domestic common and preferred stocks (large cap)	45.0%	4.4%
International common and preferred stocks	19.0%	5.1%
Cash and cash equivalents	1.0%	0.6%
Estimated by Transit System financial advisors	100.0%	

Discount rate – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that the Retirement System's contributions will continue to follow the current funding policy. Based on those assumptions, the Transit Retirement System's fiduciary net position is projected to be available to make all projected future benefit payments of current plan members.

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

Changes in the Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Transit System			
Balances as of 12/31/2014	\$ 514,625	\$ 431,092	\$ 83,533
Changes for the year:			
Service Cost	6,885		6,885
Interest	36,673		36,673
Differences between expected and actual experience	2,899		2,899
Contributions:			-
Employer		11,087	(11,087)
Employee		4,721	(4,721)
Projected earnings on Pension Investments		30,635	(30,635)
Differences between expected and actual experience		6,775	(6,775)
Benefit payments, including refunds of employee contributions	(31,353)	(31,353)	-
Administrative expense		(1,544)	1,544
Other changes			-
Net changes	<u>15,104</u>	<u>20,321</u>	<u>(5,217)</u>
Balances as of 12/31/2015	<u>\$ 529,729</u>	<u>\$ 451,413</u>	<u>\$ 78,316</u>

Sensitivity of the Net Pension Liability to changes in the discount rate – The following presents the net pension liability of the Transit System Retirement Plan, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Transit System's net pension liability	\$ 142,324	\$ 78,316	\$ 25,116

Transit System Pension Plan Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the Transit System recognizes pension expense of \$9,275. At December 31, 2015, the Transit System reports deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 15 - Employee Retirement System and Pension Plans (cont.)

Transit System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,016	\$ -
Net Difference between projected and actual earnings on pension plan investments	-	5,420
Employer pension contribution	10,833	-
Total	\$ 12,849	\$ 5,420

Amounts Reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Transit System
2016	\$ 10,363
2017	(471)
2018	(1,107)
2019	(1,356)

Payable to the Pension Plan

At December 31, 2015, the Transit System has no outstanding payments to the pension plan. The Transit System has paid its pension contribution for the subsequent year and therefore has a deferred outflow of resources for pension contributions as of December 31, 2015 of \$10,833.

Note 16 - Pending Governmental Accounting Standards

The County has not yet implemented the following GASB's into the CAFR presentation:

- **GASB Statement No. 72, *Fair Value Measurement and Application***, will be effective for the County beginning the year ending December 31, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- **GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68***, will be effective for the County beginning the year ending December 31, 2016. The objective

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 16 - Pending Governmental Accounting Standards (cont.)

of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability

- **GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans***, will be effective for the County beginning the year ending December 31, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- **GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***, will be effective for the County beginning the year ending December 31, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- **GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments***, will be effective for the County beginning the year ending December 31, 2016. The objective of this is Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.
- **GASB Statement No. 77, *Tax Abatement Disclosures***, will be effective for the County beginning the year ending December 31, 2016. This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.
- **GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans***, will be effective for the County beginning the year ending December 31, 2016. The objective of this Statement is to address a practice

COUNTY OF MILWAUKEE, WISCONSIN

Notes to the Financial Statements As of and For the Year Ended December 31, 2015 (Amounts expressed in thousands, unless otherwise noted)

Note 16 - Pending Governmental Accounting Standards (cont.)

issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

- **GASB Statement No. 79, *Certain External Investment Pools and Pool Participants***, will be effective for the County beginning the year ending December 31, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.
- **GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB No. 14***, will be effective for the County beginning the year ending December 31, 2017. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*.
- **GASB Statement No. 81, *Irrevocable Split-Interest Agreements***, will be effective for the County beginning the year ending December 31, 2017. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.
- **GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73***, will be effective for the County beginning the year ending December 31, 2018. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

COUNTY OF MILWAUKEE, WISCONSIN

REQUIRED SUPPLEMENTARY INFORMATION

1 -Retirement Systems

2 -Other Post-Employment Benefits (OPEB)

COUNTY OF MILWAUKEE, WISCONSIN

Required Supplementary Information

Retirement Systems

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

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

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

Other Post-Employment Benefits (OPEB)

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

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

COUNTY OF MILWAUKEE, WISCONSIN

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - ERS

Last Ten Fiscal Years *

(In Thousands)

	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 15,299
Interest Cost	172,040
Differences Between Expected and Actual Experiences	(17,331)
Benefit Payments, including Refunds of Member Contributions	<u>(177,366)</u>
Net Change in Total Pension Liability	(7,358)
Total Pension Liability (Beginning)	<u>2,229,978</u>
Total Pension Liability (Ending)	<u><u>\$2,222,620</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 19,005
Contributions - Member	10,052
Net Investment Income	96,721
Benefit Payments, including Refunds of Member Contributions	(177,366)
Administrative Expense	<u>(5,067)</u>
Net Change in Plan Fiduciary Net Position	(56,655)
Plan Fiduciary Net Position (Beginning)	<u>1,879,234</u>
Plan Fiduciary Net Position (Ending)	<u><u>\$1,822,579</u></u>
Net Pension Liability (Ending)	<u><u>\$ 400,041</u></u>
Plan Fiduciary Net Position as a percentage of the total pension liability	82.00%
Covered Employee Payroll	188,605
Net Pension liability as a percentage of covered employee payroll	212.11%

* See accompanying notes to required supplementary information. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

COUNTY OF MILWAUKEE, WISCONSIN

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - OBRA

Last Ten Fiscal Years *

(In Thousands)

	2015
Total Pension Liability	
Service Cost	\$ 97
Interest Cost	298
Differences Between Expected and Actual Experiences	(233)
Benefit Payments, including Refunds of Member Contributions	(127)
Net Change in Total Pension Liability	35
Total Pension Liability (Beginning)	3,686
Total Pension Liability (Ending)	\$ 3,721
Plan Fiduciary Net Position	
Contributions - Employer	\$ 440
Net Investment Income	99
Benefit Payments, including Refunds of Member Contributions	(127)
Administrative Expense	(855)
Net Change in Plan Fiduciary Net Position	(443)
Plan Fiduciary Net Position (Beginning)	1,603
Plan Fiduciary Net Position (Ending)	\$ 1,160
Net Pension Liability (Ending)	\$ 2,561
Plan Fiduciary Net Position as a percentage of the total pension liability	31.17%
Covered Employee Payroll	3,478
Net Pension liability as a percentage of covered employee payroll	73.63%

* See accompanying notes to required supplementary information. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

COUNTY OF MILWAUKEE, WISCONSIN

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios - Transit

Last Ten Fiscal Years *

(In Thousands)

	2015
Total Pension Liability	
Service Cost	\$ 6,885
Interest Cost	36,673
Differences Between Expected and Actual Experiences	2,899
Benefit Payments, including Refunds of Member Contributions	(31,353)
Net Change in Total Pension Liability	15,104
Total Pension Liability (Beginning)	514,625
Total Pension Liability (Ending)	\$ 529,729
Plan Fiduciary Net Position	
Contributions - Employer	\$ 11,087
Contributions - Member	4,721
Net Investment Income	37,409
Benefit Payments, including Refunds of Member Contributions	(31,353)
Administrative Expense	(1,544)
Net Change in Plan Fiduciary Net Position	20,320
Plan Fiduciary Net Position (Beginning)	431,093
Plan Fiduciary Net Position (Ending)	\$ 451,413
Net Pension Liability (Ending)	\$ 78,316
Plan Fiduciary Net Position as a percentage of the total pension liability	85.22%
Covered Employee Payroll	60,347
Net Pension liability as a percentage of covered employee payroll	129.78%

* See accompanying notes to required supplementary information. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

COUNTY OF MILWAUKEE, WISCONSIN

Required Supplementary Information

Schedule of Employer Contributions - Single Employer Plans Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009 *	2008	2007	2006
ERS Pension Plan:										
Actuarial Determined Contribution	\$ 29,565	\$ 33,758	\$ 32,137	\$ 28,406	\$ 29,621	\$ 29,529	\$ 30,356	\$ 53,064	\$ 52,395	\$ 52,638
Contributions in Relations to the Actuarial Determined Contribution	29,057	29,057	30,953	27,451	31,590	32,970	457,921	34,981	49,636	27,980
Contribution Deficiency (Excess)	\$ 508	\$ 4,701	\$ 1,184	\$ 955	\$ (1,969)	\$ (3,441)	\$ (427,565)	\$ 18,083	\$ 2,759	\$ 24,658
Covered Employee Payroll	\$ 188,605	\$ 191,433	\$ 188,605	\$ 189,132	\$ 190,748	\$ 221,647	\$ 237,040	\$ 233,820	\$ 227,364	\$ 223,005
Contributions as a Percentage of Covered Payroll	15.41%	15.18%	16.41%	14.51%	16.56%	14.88%	193.18%	14.96%	21.83%	12.55%
OBRA Pension Plan:										
Actuarial Determined Contribution	\$ 374	\$ 374	\$ 389	\$ 446	\$ 807	\$ 716	\$ 661	\$ 558	\$ 486	\$ 499
Contributions in Relations to the Actuarial Determined Contribution	440	440	360	880	2,022	786	661	522	529	462
Contribution Deficiency (Excess)	\$ (66)	\$ (66)	\$ 29	\$ (434)	\$ (1,215)	\$ (70)	\$ -	\$ 36	\$ (43)	\$ 37
Covered Employee Payroll	\$ 3,478	\$ 3,925	\$ 3,478	\$ 7,736	\$ 8,939	\$ 8,936	\$ 6,901	\$ 8,498	\$ 8,284	\$ 7,057
Contributions as a Percentage of Covered Payroll	12.65%	11.21%	10.35%	11.38%	22.62%	8.80%	9.58%	6.14%	6.39%	6.55%
Transit System Pension Plan:										
Actuarial Determined Contribution	\$ 15,838	\$ 15,809	\$ 11,018	\$ 10,253	\$ 9,867	\$ 9,939	\$ 9,190	\$ 7,243	\$ 7,429	\$ 7,251
Contributions in Relations to the Actuarial Determined Contribution	15,838	15,809	11,018	10,253	9,867	9,939	9,190	7,243	7,429	7,251
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 60,347	\$ 57,300	\$ 57,750	\$ 56,200	\$ 57,300	\$ 60,000	\$ 61,000	\$ 62,000	\$ 62,000	\$ 63,750
Contributions as a Percentage of Covered Payroll	26.24%	27.59%	19.08%	18.24%	17.22%	16.57%	15.07%	11.68%	11.98%	11.37%

* Actual contributions for ERS and OBRA includes a \$397.8 million in pension obligation bonds and \$29.0 million from a lawsuit settlement.

COUNTY OF MILWAUKEE, WISCONSIN

Required Supplementary Information

Schedule of Funding Progress - OPEB

(Unaudited - in Thousands)

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
County-wide Program	1/1/2014	\$ -	\$ 973,014	\$ 973,014	0.0 %	\$ 47,291	2,057.5 %
	1/1/2012	-	1,134,995	1,134,995	0.0 %	87,908	1,291.1 %
	1/1/2010	-	1,465,159	1,465,159	0.0 %	97,620	1,500.9 %
	1/1/2008	-	1,546,458	1,546,458	0.0 %	118,977	1,299.8 %
	1/1/2006	-	1,313,632	1,313,632	0.0 %	99,327	1,322.5 %
Transit System Program	1/1/2015	\$ 72,640	\$ 214,272	\$ 141,632	33.9 %	\$ 31,586	448.4 %
	1/1/2014	54,606	244,148	189,542	22.4 %	34,926	542.7 %
	1/1/2013	47,024	241,115	194,091	19.5 %	41,624	466.3 %
	1/1/2012	34,603	245,991	211,388	14.1 %	46,695	452.7 %
	1/1/2011	24,840	243,077	218,237	10.2 %	50,958	428.3 %

Schedule of Employer Contributions - OPEB

For the Year Ended December 31

(Unaudited - in Thousands)

	Fiscal Year	Annual Required Contribution	Net Employer Contribution	Employer Percentage Contributed
County-Wide Program	2015	\$ 70,638	\$ 47,712	67.5 %
	2014	70,639	48,647	68.9 %
	2013	87,908	58,614	66.7 %
	2012	87,908	55,491	63.1 %
	2011	118,812	58,222	49.0 %
Transit System Program	2015	\$ 11,890	\$ 9,254	77.8 %
	2014	15,511	13,612	87.8 %
	2013	15,482	15,164	97.9 %
	2012	17,705	20,200	114.1 %
	2011	18,924	19,939	105.4 %

COUNTY OF MILWAUKEE, WISCONSIN

SUPPLEMENTARY INFORMATION - COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

- 1 - Budgetary Comparison Schedules
- 2 - Nonmajor Governmental Funds
- 3 - Internal Service Funds
- 4 - Fiduciary Funds

COUNTY OF MILWAUKEE, WISCONSIN

Budgetary Comparison Schedules

Budgetary Comparison Schedules

Budgetary comparison schedules present the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual on a Non-GAAP Budgetary Basis. Information is provided for the original adopted budget, the final budget including appropriation transfers, actual revenue and expenditures, and variance with final budget.

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2015
(In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 225,709	\$ 229,973	\$ 233,020	\$ 3,047
Property Taxes	286,485	286,485	285,494	(991)
Sales Tax	59,644	59,644	61,623	1,979
Charges for Services	411,581	428,289	429,379	1,090
Fines and Forfeits	2,516	2,516	1,734	(782)
Licenses and Permits	713	713	885	172
Investment Income	1,369	1,402	2,012	610
Other	23,228	30,008	27,825	(2,183)
Total Revenues	1,011,245	1,039,030	1,041,972	2,942
Expenditures:				
Current:				
County Board	2,846	2,776	2,707	69
Veterans Service	279	285	280	5
County Executive Government Affairs	377	368	328	40
Community Development Business Partners	869	919	861	58
Procurement	799	894	906	(12)
Office for Persons with Disabilities	933	1,015	851	164
County Executive	1,241	1,252	1,241	11
Civil Service Commission	58	61	37	24
Personnel Review Board	319	301	286	15
Corporation Counsel	1,551	1,652	1,328	324
Department of Human Resources	6,237	6,162	6,200	(38)
Department of Administrative Services	10,137	14,470	9,159	5,311
Economic & Community Development	1,976	2,588	2,347	241
Other Executive and Staff	635	1,992	2,122	(130)
Legislative, Executive and Staff	28,257	34,735	28,653	6,082
County-funded State Court Services	34,287	34,667	34,522	145
Child Support Enforcement	17,477	18,313	16,060	2,253
Alternatives to Incarceration	4,716	4,935	5,012	(77)
Courts and Judiciary	56,480	57,915	55,594	2,321
Election Commission	577	583	565	18
County Treasurer	1,214	2,584	2,266	318
County Clerk	1,173	1,160	1,071	89
Register of Deeds	2,696	2,778	2,914	(136)
Office of the Comptroller	6,549	6,518	6,114	404
Other General Government	260	369	404	(35)
General Governmental Services	12,469	13,992	13,334	658
Sheriff	65,271	66,698	65,727	971
House of Correction	59,380	59,695	59,507	188
District Attorney	16,398	16,745	15,917	828
Medical Examiner	4,329	4,470	4,251	219
Emergency Management	9,955	10,518	10,033	485
Other Public Safety	482	482	482	-
Public Safety	155,815	158,608	155,917	2,691
Highway Maintenance	15,570	15,756	14,333	1,423
Fleet / Facilities Services	31,935	34,755	34,030	725
Administration	128	1,507	794	713
Public Works and Highways	47,633	52,018	49,157	2,861
Department on Aging	17,371	17,510	17,576	(66)
Family Care	284,787	297,858	301,586	(3,728)
DHHS - Behavioral Health Division	169,331	171,952	164,595	7,357
Department of Human Services	81,136	83,452	86,927	(3,475)
Human Services	552,625	570,772	570,684	88

COUNTY OF MILWAUKEE, WISCONSIN

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 General Fund
 For the Year Ended December 31, 2015
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Department of Parks	\$ 37,981	\$ 43,534	\$ 41,882	\$ 1,652
Zoological Department	24,752	25,304	23,978	1,326
UW Extension Service	520	522	460	62
Other Cultural Organizations	705	709	702	7
Parks, Recreation and Culture	<u>63,958</u>	<u>70,069</u>	<u>67,022</u>	<u>3,047</u>
 Total Expenditures	 <u>917,237</u>	 <u>958,109</u>	 <u>940,361</u>	 <u>17,748</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>94,008</u>	 <u>80,921</u>	 <u>101,611</u>	 <u>20,690</u>
 Other Financing Sources (Uses):				
Proceeds from Capital Leases	2	208	93	(115)
Transfers In	36,553	36,553	39,485	2,932
Transfers Out	(129,164)	(116,283)	(143,730)	(27,447)
Transfers To Component Units	(6,399)	(6,399)	(6,399)	-
Total Other Financing Sources (Uses)	<u>(99,008)</u>	<u>(85,921)</u>	<u>(110,551)</u>	<u>(24,630)</u>
 Net Change in Fund Balance	 (5,000)	 (5,000)	 (8,940)	 (3,940)
Fund Balances - Beginning	<u>81,293</u>	<u>81,293</u>	<u>81,293</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 76,293</u>	<u>\$ 76,293</u>	<u>\$ 72,353</u>	<u>\$ (3,940)</u>

COUNTY OF MILWAUKEE, WISCONSIN

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2015
(In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 1,750	\$ 1,750	\$ 1,802	\$ 52
Other	8,487	10,157	10,080	(77)
Total Revenues	10,237	11,907	11,882	(25)
Expenditures:				
Debt Service:				
Principal Retired	57,561	57,561	57,700	(139)
Interest and Other Charges	21,536	21,494	21,663	(169)
Principal Retired on Current Refunding	-	15,180	14,738	442
Total Expenditures	79,097	94,235	94,101	134
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,860)	(82,328)	(82,219)	109
Other Financing Sources (Uses):				
General Obligation Bonds Issued	-	15,648	15,059	(589)
Premium on Debt Issued	-	-	1,570	1,570
Transfers In	62,532	51,017	87,530	36,513
Transfers Out	-	-	(15,002)	(15,002)
Total Other Financing Sources (Uses)	62,532	66,665	89,157	22,492
Net Change in Fund Balance	(6,328)	(15,663)	6,938	22,601
Fund Balances - Beginning	40,238	40,238	40,238	-
Fund Balances - Ending	\$ 33,910	\$ 24,575	\$ 47,176	\$ 22,601

COUNTY OF MILWAUKEE, WISCONSIN

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 (Non-GAAP Budgetary Basis)
 Capital Project Fund
 For the Year Ended December 31, 2015
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 6,669	\$ 10,995	\$ 9,938	\$ (1,057)
Sales Tax	9,215	9,215	9,215	-
Investment Income	-	61	57	(4)
Other	1,546	2,807	918	(1,889)
Total Revenues	<u>17,430</u>	<u>23,078</u>	<u>20,128</u>	<u>(2,950)</u>
Expenditures:				
Capital Outlay	63,752	104,208	94,928	(9,280)
Total Expenditures	<u>63,752</u>	<u>104,208</u>	<u>94,928</u>	<u>(9,280)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(46,322)</u>	<u>(81,130)</u>	<u>(74,800)</u>	<u>6,330</u>
Other Financing Sources (Uses):				
General Obligation Bonds Issued	45,846	38,448	34,308	(4,140)
Insurance Recoveries	-	1,000	-	(1,000)
Transfers In	-	10,565	13,897	3,332
Transfers Out	-	-	(2,085)	(2,085)
Total Other Financing Sources (Uses)	<u>45,846</u>	<u>50,013</u>	<u>46,120</u>	<u>(3,893)</u>
Net Change in Fund Balance	(476)	(31,117)	(28,680)	2,437
Fund Balances - Beginning	<u>59,387</u>	<u>59,387</u>	<u>59,387</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 58,911</u>	<u>\$ 28,270</u>	<u>\$ 30,707</u>	<u>\$ 2,437</u>

COUNTY OF MILWAUKEE, WISCONSIN

Schedule of Revenues, Expenses, and Changes in net Position - Budget and Actual
 (Non-GAAP Budgetary Basis)
 Airports Enterprise Fund
 For the Year Ended December 31, 2015
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating Revenues:				
Rentals and Other Service Fees	\$ 77,946	\$ 81,112	\$ 72,651	\$ (8,461)
Admissions and Concessions	15,584	15,584	17,338	1,754
Total Charges for Services	<u>93,530</u>	<u>96,696</u>	<u>89,989</u>	<u>(6,707)</u>
Other Revenues	5	5	5	-
Total Operating Revenues	<u>93,535</u>	<u>96,701</u>	<u>89,994</u>	<u>(6,707)</u>
Operating Expenses:				
Personnel Services	26,825	26,914	23,790	3,124
Contractual Services	21,987	24,248	22,387	1,861
Intra-County Services	11,133	11,342	10,632	710
Commodities	4,784	5,035	4,311	724
Depreciation and Amortization	21,767	21,767	24,883	(3,116)
Maintenance	536	1,099	2,248	(1,149)
Other	6	6	1	5
Total Operating Expenses	<u>87,038</u>	<u>90,411</u>	<u>88,252</u>	<u>2,159</u>
Operating Income (Loss)	<u>6,497</u>	<u>6,290</u>	<u>1,742</u>	<u>(4,548)</u>
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	145	145	183	38
Investment Income	300	300	300	-
Interest Expense	(10,615)	(10,615)	(9,658)	957
Total Nonoperating Revenues (Expenses)	<u>(10,170)</u>	<u>(10,170)</u>	<u>(9,175)</u>	<u>995</u>
Income (Loss) Before Transfers	(3,673)	(3,880)	(7,433)	(3,553)
Add Depreciation on Capital Assets				
Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants	8,600	9,937	26,545	16,608
Transfers In	-	-	4,499	4,499
Transfers Out	(4,927)	(6,057)	(6,544)	(487)
Change in Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,067</u>	<u>\$ 17,067</u>

COUNTY OF MILWAUKEE, WISCONSIN

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
 (Non-GAAP Budgetary Basis)
 Transit Enterprise Fund
 For the Year Ended December 31, 2015
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating Revenues:				
Rentals and Other Service Fees	\$ -	\$ -	\$ 39	\$ 39
Transit Fares	45,616	45,616	38,952	(6,664)
Total Charges for Services	45,616	45,616	38,991	(6,625)
Other Revenues	3,918	3,651	4,141	490
Total Operating Revenues	49,534	49,267	43,132	(6,135)
Operating Expenses:				
Personnel Services	114,157	114,157	103,130	11,027
Contractual Services	22,994	23,091	21,032	2,059
Intra-County Services	1,303	1,226	1,217	9
Commodities	19,907	19,907	18,167	1,740
Depreciation and Amortization	13,495	13,495	14,188	(693)
Maintenance	320	338	432	(94)
Other	3,124	1,788	2,928	(1,140)
Total Operating Expenses	175,300	174,002	161,094	12,908
Operating Income (Loss)	(125,766)	(124,735)	(117,962)	6,773
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	95,822	94,850	87,851	(6,999)
Gain/(Loss) on Sale of Capital Assets	-	-	(86)	(86)
Interest Expense	(1,132)	(1,132)	(1,007)	125
Total Nonoperating Revenues (Expenses)	94,690	93,718	86,758	(6,960)
Income (Loss) Before Transfers	(31,076)	(31,017)	(31,204)	(187)
Add Depreciation on Capital Assets				
Acquired by Capital Grants that Reduces Contributed Capital From Capital Grants	11,058	10,439	12,125	1,686
Transfers In	20,018	19,960	33,297	13,337
Transfers Out	-	618	(14,212)	(14,830)
Change in Net Position	\$ -	\$ -	\$ 6	\$ 6

COUNTY OF MILWAUKEE, WISCONSIN

Combining Balance Sheet Nonmajor Governmental Funds As of December 31, 2015 (In Thousands)

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Zoo	Parks	Persons with Disabilities	Behavioral Health Division	Airports	Administrative Services	Public Works	
ASSETS								
Cash and Investments	\$ 1,890	\$ 1,595	\$ 97	\$ 9,068	\$ -	\$ 7,016	\$ 9,782	\$ 29,448
Cash and Investments - Restricted	-	-	-	-	28,737	-	-	28,737
Total Assets	<u>\$ 1,890</u>	<u>\$ 1,595</u>	<u>\$ 97</u>	<u>\$ 9,068</u>	<u>\$ 28,737</u>	<u>\$ 7,016</u>	<u>\$ 9,782</u>	<u>\$ 58,185</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	\$ 139	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141
Total Liabilities	<u>139</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141</u>
Fund Balances:								
Restricted	1,751	1,593	97	9,068	28,737	7,016	9,782	58,044
Total Fund Balances	<u>1,751</u>	<u>1,593</u>	<u>97</u>	<u>9,068</u>	<u>28,737</u>	<u>7,016</u>	<u>9,782</u>	<u>58,044</u>
Total Liabilities and Fund Balances	<u>\$ 1,890</u>	<u>\$ 1,595</u>	<u>\$ 97</u>	<u>\$ 9,068</u>	<u>\$ 28,737</u>	<u>\$ 7,016</u>	<u>\$ 9,782</u>	<u>\$ 58,185</u>

COUNTY OF MILWAUKEE, WISCONSIN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2015 (In Thousands)

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Zoo	Parks	Persons with Disabilities	Behavioral Health Division	Airports	Administrative Services	Public Works	
Revenues:								
Charges for Services	731	\$ 108	\$ -	\$ 184	\$ 13,209	\$ -	\$ -	\$ 14,232
Investment Income and Rents	11	-	-	-	165	-	-	176
Other	99	109	-	-	-	-	-	208
Total Revenues	841	217	-	184	13,374	-	-	14,616
Expenditures:								
Current:								
Public Works and Highways	-	-	-	-	12,035	-	69	12,104
Human Services	-	-	2	488	-	-	-	490
Parks, Recreation and Culture	221	173	-	-	-	-	-	394
Total Expenditures	221	173	2	488	12,035	-	69	12,988
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	620	44	(2)	(304)	1,339	-	(69)	1,628
Other Financing Sources:								
Transfers In	13	17	-	-	-	-	-	30
Total Other Financing Sources	13	17	-	-	-	-	-	30
Net Changes in Fund Balance	633	61	(2)	(304)	1,339	-	(69)	1,658
Fund Balances -- Beginning	1,118	1,532	99	9,372	27,398	7,016	9,851	56,386
Fund Balances -- Ending	1,751	\$ 1,593	\$ 97	\$ 9,068	\$ 28,737	\$ 7,016	\$ 9,782	\$ 58,044

COUNTY OF MILWAUKEE, WISCONSIN

Combining Balance Sheet Internal Service Funds For the Year Ended December 31, 2015 (In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
<u>Assets</u>				
Current Assets:				
Cash and Investments	\$ 7,839	\$ 803	\$ 19,413	\$ 28,055
Accounts (Net of Allowance for Doubtful Accounts)	1	435	1,140	1,576
Due From Other Governments	59	-	-	59
Total Current Assets	7,899	1,238	20,553	29,690
Capital Assets:				
Construction in Progress	8,373	361	-	8,734
Land Improvements	-	3,131	-	3,131
Building and Improvements	1,523	5,272	-	6,795
Machinery, Vehicles and Equipment	22,390	1,724	3	24,117
Total Capital Assets (Net)	32,286	10,488	3	42,777
Less: Accumulated Depreciation	(20,756)	(5,669)	-	(26,425)
Net Capital Assets	11,530	4,819	3	16,352
Total Assets	19,429	6,057	20,556	46,042
<u>Deferred Outflows of Resources</u>				
Deferred Loss on Refunding of Debt	73	-	-	73
Deferred Outflow for Pension Contributions Subsequent to the Measurement Date	704	-	-	704
Deferred Outflow Difference Between Expected and Actual Experience	535	-	-	535
Total Deferred Outflows of Resources	1,312	-	-	1,312
Total Assets and Deferred Outflows of Resources	\$ 20,741	\$ 6,057	\$ 20,556	\$ 47,354
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$ 1,517	\$ 239	\$ 743	\$ 2,499
Accrued Liabilities	133	-	20	153
Accrued Interest Payable	90	61	-	151
Bonds and Notes Payable - General Obligation	1,769	296	-	2,065
Compensated Absences	301	-	50	351
Risk Claims	-	-	11,576	11,576
Total Current Liabilities	3,810	596	12,389	16,795
Long-Term Liabilities:				
Bonds and Notes Payable - General Obligation	8,855	3,887	-	12,742
Compensated Absences	393	-	19	412
Risk Claims	-	-	7,402	7,402
Net Pension Liability	5,874	-	-	5,874
Other Postemployment Benefits	4,883	-	737	5,620
Total Long-Term Liabilities	20,005	3,887	8,158	32,050
Total Liabilities	23,815	4,483	20,547	48,845
<u>Total Deferred Inflows of Resources</u>				
Deferred Inflow Related to Differences Between Actual and Expected Experience on Pension Investments	157	-	-	157
Deferred Inflows of Resources	157	-	-	157
<u>Net Position (Deficit)</u>				
Net Investment in Capital Assets	980	636	2	1,618
Restricted for:				
Commitments	580	158	7	745
Unrestricted (Deficit)	(4,791)	780	-	(4,011)
Total Net Position (Deficit)	(3,231)	1,574	9	(1,648)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 20,741	\$ 6,057	\$ 20,556	\$ 47,354

COUNTY OF MILWAUKEE, WISCONSIN

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2015
(In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
Operating Revenues:				
Charges for Services	\$ 13,748	\$ 2,478	\$ 10,203	\$ 26,429
Other	2	-	2,429	2,431
Total Operating Revenues	<u>13,750</u>	<u>2,478</u>	<u>12,632</u>	<u>28,860</u>
Operating Expenses:				
Personnel Services	5,303	-	660	5,963
Contractual Services	7,355	1,133	3,617	12,105
Intra-County Services	-	499	237	736
Commodities	199	9	2	210
Depreciation and Amortization	845	403	-	1,248
Maintenance	-	150	-	150
Insurance and Claims	-	-	8,952	8,952
Other	-	1,335	-	1,335
Total Operating Expenses	<u>13,702</u>	<u>3,529</u>	<u>13,468</u>	<u>30,699</u>
Operating Income (Loss)	<u>48</u>	<u>(1,051)</u>	<u>(836)</u>	<u>(1,839)</u>
Nonoperating Revenues (Expenses):				
Intergovernmental Revenues	529	-	-	529
Interest Expense	(290)	(199)	-	(489)
Total Nonoperating Revenues (Expenses)	<u>239</u>	<u>(199)</u>	<u>-</u>	<u>40</u>
Income (Loss) Before Contributions and Transfers	287	(1,250)	(836)	(1,799)
Capital Contributions	733	6	-	739
Transfers In	1,846	1,794	836	4,476
Transfers Out	(1,401)	(183)	(57)	(1,641)
Change in Net Position	1,465	367	(57)	1,775
Net Position -- Beginning	(4,696)	1,207	66	(3,423)
Net Position -- Ending	<u>\$ (3,231)</u>	<u>\$ 1,574</u>	<u>\$ 9</u>	<u>\$ (1,648)</u>

COUNTY OF MILWAUKEE, WISCONSIN

Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2015 (In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
Cash Flows Provided (Used) by Operating Activities:				
Receipts from Customers and Users	\$ 2	\$ 3,552	\$ 1,289	\$ 4,843
Receipts from Interfund Services	13,748	148	9,718	23,614
Payments to Suppliers	(6,622)	(2,573)	(12,631)	(21,826)
Payments to Employees	(5,403)	-	(619)	(6,022)
Payments for Interfund Services Used	-	(499)	(237)	(736)
Net Cash Flows Provided (Used) by Operating Activities	<u>1,725</u>	<u>628</u>	<u>(2,480)</u>	<u>(127)</u>
Cash Flows Provided (Used) by Noncapital Financing Activities:				
Intergovernmental Revenues	529	-	-	529
Transfers From Other Funds	1,846	1,794	836	4,476
Transfers (To) Other Funds	(1,401)	(183)	(57)	(1,641)
Net Cash Flows Provided (Used) by Noncapital Financing Activities:	<u>974</u>	<u>1,611</u>	<u>779</u>	<u>3,364</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities:				
Capital Contributions	733	6	-	739
Proceeds from Long-Term Debt	205	-	-	205
Principal Payment on Long-Term Debt	(1,795)	(289)	-	(2,084)
Interest Paid on Long-Term Debt	(355)	(201)	-	(556)
Acquisition of Capital Assets	(956)	(382)	-	(1,338)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(2,168)</u>	<u>(866)</u>	<u>-</u>	<u>(3,034)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	531	1,373	(1,701)	203
Cash and Cash Equivalents at Beginning of Year	7,308	(570)	21,114	27,852
Cash and Cash Equivalents at End of Year	<u>\$ 7,839</u>	<u>\$ 803</u>	<u>\$ 19,413</u>	<u>\$ 28,055</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF MILWAUKEE, WISCONSIN

Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2015 (In Thousands)

	Information Management Services	Public Works Services	Risk Management	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 48	\$ (1,051)	\$ (836)	\$ (1,839)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation and Amortization	845	403	-	1,248
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Accounts Receivable	-	1,222	(1,140)	82
Due From Other Governments	12	-	-	12
Deferred Outflow Pension Contribution Subsequent to the Measurement Date	(704)	-	-	(704)
Deferred Outflow Difference Between Expected and Actual Experience	(535)	-	-	(535)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts Payable	920	54	(60)	914
Accrued Liabilities	(15)	-	8	(7)
Risk Claims	-	-	(485)	(485)
Other Post Retirements Benefits	212	-	34	246
Compensated Absences	(233)	-	(1)	(234)
Net Pension Liability	1,018	-	-	1,018
Deferred Inflow Related to Differences Between Actual and Expected Experience on Pension Investments	157	-	-	157
Total adjustments	1,677	1,679	(1,644)	1,712
Net Cash Flows Provided (Used) by Operating Activities	\$ 1,725	\$ 628	\$ (2,480)	\$ (127)

COUNTY OF MILWAUKEE, WISCONSIN

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended December 31, 2015
 (In Thousands)

	January 1, 2015	Additions	Deductions	December 31, 2015
<u>CIVIL COURT ORDERED AGENCY FUND FOR FAMILY SUPPORT/PAYMENTS</u>				
Cash and Investments	\$ 8,822	\$ 439,631	\$ 44,511	\$ 8,242
Other Receivables	-	94,915	94,915	-
Total Assets	\$ 8,822	\$ 534,546	\$ 139,426	\$ 8,242
Accounts Payable	\$ 41	\$ 72	\$ 6	\$ 107
Agency Deposits	8,781	42,359	43,005	8,135
Total Liabilities	\$ 8,822	\$ 42,431	\$ 43,011	\$ 8,242
<u>OTHER AGENCY FUNDS</u>				
Cash and Investments	\$ 6,435	\$ 109,855	\$ 108,171	\$ 8,119
Other Receivables	1,772	917	1,772	917
Total Assets	\$ 8,207	\$ 110,772	\$ 109,943	\$ 9,036
Accounts Payable	\$ 388	\$ 8,176	\$ 6,083	\$ 2,481
Agency Deposits	7,819	34,289	35,553	6,555
Total Liabilities	\$ 8,207	\$ 42,465	\$ 41,636	\$ 9,036
<u>SUMMARY</u>				
Cash and Investments	\$ 15,257	\$ 549,486	\$ 152,682	\$ 16,361
Other Receivables	1,772	95,832	96,687	917
Total Assets	\$ 17,029	\$ 645,318	\$ 249,369	\$ 17,278
Accounts Payable	\$ 429	\$ 8,248	\$ 6,089	\$ 2,588
Agency Deposits	16,600	76,648	78,558	14,690
Total Liabilities	\$ 17,029	\$ 84,896	\$ 84,647	\$ 17,278

COUNTY OF MILWAUKEE, WISCONSIN

OTHER SUPPLEMENTARY INFORMATION

Milwaukee County Family Care Fund

- 1 -Balance Sheet
- 2 -Schedule of Revenues, Expenses and Changes in Net Position
- 3 -Schedule of Cash Flow

COUNTY OF MILWAUKEE, WISCONSIN

Balance Sheets
Milwaukee County Family Care Fund
As of December 31, 2015 and 2014
(In Thousands)

	2015	2014
<u>Assets</u>		
Cash	\$ 40,033	\$ 43,859
Restricted Cash	11,482	11,470
Due from State - Prior Year Capitation	1,453	1,511
Member Receivable - Cost Share/Room & Board	2,189	2,176
Allowance for Member Receivable	(1,382)	(1,373)
Provider Receivable - Audits	25	116
Deposit Solvency Insurance	750	750
Security deposits	-	2
Inventory - Taxi Tickets	-	23
Accounts Receivable - Other	209	164
Due from Other Governments	25	-
Total Assets	\$ 54,784	\$ 58,698
<u>Liabilities</u>		
Accounts Payable	\$ 2,779	\$ 2,854
Accrued Payroll	175	153
Accrued Vacation/Sick Leave Liability	473	537
Member Cost - Incurred but not Reported	22,557	22,393
Due to State - Unearned Capitation	627	1,070
Total Liabilities	26,611	27,007
<u>Net Position</u>		
Restricted:		
Working Capital Reserve	7,858	7,850
Restricted Reserve	3,624	3,620
Solvency & Risk Reserve	750	750
Unrestricted:		
Surplus Reserve	15,467	18,997
Capital Carryover Reserve	474	474
Total Net Position	28,173	31,691
Total Liabilities and Net Position	\$ 54,784	\$ 58,698

COUNTY OF MILWAUKEE, WISCONSIN

Schedule of Revenues, Expenses and Changes in Net Position
 Milwaukee County Family Care Fund
 For the Years Ended December 31, 2015 and 2014
 (In Thousands)

	2015	2014
Operating Revenues:		
State/Fed Capitated Member Payment	\$ 261,686	\$ 250,477
Member Cost Share/ Room & Board	34,879	33,654
State Grants	25	-
Other Revenues	1,236	1,265
Total Operating Revenues	297,826	285,396
Operating Expenses:		
Direct - Member Service Costs	288,140	276,404
Indirect - Salaries and Fringe Benefits	6,637	6,289
Indirect - Outside Services	3,545	4,789
Indirect - Commodities and Supplies	47	121
Indirect - Inter-Dept Service Charges	2,975	1,459
Total Operating Expenses	301,344	289,062
Change in Net Position	(3,518)	(3,666)
Net Position -- Beginning	31,691	35,357
Net Position -- Ending	\$ 28,173	\$ 31,691

COUNTY OF MILWAUKEE, WISCONSIN

Schedule of Cash Flows Milwaukee County Family Care Fund For the Years Ended December 31, 2015 and 2014 (In Thousands)

	2015	2014
Cash Flows Provided (Used) by Operating Activities:		
Receipts from Customers and Users	\$ 297,901	\$ 285,294
Payments to Suppliers	(292,061)	(285,202)
Payments to Employees	(6,679)	(6,311)
Payments for Interfund Services Used	(2,975)	(1,459)
Net Cash Flows Provided (Used) by Operating Activities	(3,814)	(7,678)
 Net Increase (Decrease) in Cash and Cash Equivalents	 \$ (3,814)	 \$ (7,678)
 Cash and Cash Equivalents at Beginning of Year	 55,329	 63,007
Cash and Cash Equivalents at End of Year	\$ 51,515	\$ 55,329
 NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
None	\$ -	\$ -
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:		
Operating Income(Loss)	\$ (3,518)	\$ (3,666)
(Increase) Decrease in Assets:		
Due from State - Prior Year Capitation	58	(214)
Member Receivable - Cost Share/Room & Board	(13)	26
Allowance for Member Receivable	9	19
Provider Receivable - Audits	91	93
Security deposits	2	-
Inventory - Taxi Tickets	23	38
Accounts Receivable - Other	(45)	(26)
Due from Other Governments	(25)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(75)	(1,017)
Accrued Payroll	22	46
Accrued Vacation/Sick Leave Liability	(64)	(68)
Member Cost - Incurred but not Reported	164	(3,231)
Due to State - Unearned Capitation	(443)	322
Total adjustments	(296)	(4,012)
 Net Cash Flows Provided (Used) by Operating Activities	 \$ (3,814)	 \$ (7,678)

COUNTY OF MILWAUKEE, WISCONSIN

STATISTICAL SECTION (UNAUDITED)

- **Financial Trends**
- **Revenue Capacity**
- **Debt Capacity**
- **Demographic and Economic Information**
- **Operating Information**

COUNTY OF MILWAUKEE, WISCONSIN

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

COUNTY OF MILWAUKEE, WISCONSIN

Net Position by Component Last Ten Years Ended December 31 (In Thousands)

	2015	2014	2013 (a)	2012 (b)	2011	2010	2009 (c)	2008	2007 (d)	2006
Governmental Activities:										
Net Investment in Capital Assets	\$ 408,914	\$ 396,649	\$ 372,792	\$ 322,247	\$ 293,406	\$ 269,272	\$ 198,007	\$ 222,474	\$ 207,437	\$ 215,539
Restricted For:										
Debt	47,176	40,238	34,964	27,063	11,577	7,332	6,220	10,757	6,071	3,594
Commitments	65,338	68,029	54,731	41,742	19,068	-	-	-	-	-
Department of Family Care	31,691	35,358	35,357	27,754	25,092	12,182	10,012	6,142	5,779	-
Delinquent Property Tax	12,204	14,072	14,797	15,275	14,826	-	-	-	-	-
Airport - PFC and Debt	28,737	27,398	26,352	29,369	27,199	26,921	22,179	34,082	32,603	34,128
Behavioral Health Division (BHD) (a & d)	23,968	17,855	9,082	9,986	7,169	8,360	8,978	9,344	9,671	-
Fleet and Facilities Divisions (b & c)	9,782	9,851	10,192	10,270	5,781	6,183	6,499	-	-	-
Other	20,458	19,950	24,034	21,247	10,918	1,898	1,909	2,021	1,676	1,872
Unrestricted	(1,042,553)	(316,659)	(321,623)	(316,075)	(241,327)	(193,380)	(122,177)	(151,947)	(77,848)	(16,122)
Subtotal Governmental Activities Net Position	(394,285)	312,741	260,678	188,878	173,709	138,768	131,627	132,873	185,389	239,011
Business-type Activities:										
Net Investment in Capital Assets	364,899	345,437	299,463	270,351	242,984	206,417	178,590	177,253	182,931	194,022
Restricted For:										
Debt	17,597	19,044	17,680	15,288	15,161	14,836	14,253	14,000	13,049	12,061
Commitments	3,812	4,432	2,769	3,619	-	-	-	-	-	-
Capital Asset Needs	19,291	16,357	14,004	10,450	8,039	5,057	5,113	5,115	5,121	4,120
Unrestricted	(85,032)	433	492	876	5,104	9,924	5,256	2,777	2,496	5,424
Subtotal Business-type Activities Net Position	320,567	385,703	334,408	300,584	271,288	236,234	203,212	199,145	203,597	215,627

COUNTY OF MILWAUKEE, WISCONSIN

Net Position by Component Last Ten Years Ended December 31 (In Thousands)

	2015	2014	2013 (a)	2012 (b)	2011	2010	2009 (c)	2008	2007 (d)	2006
Primary Government :										
Net Investment in Capital Assets	\$ 773,813	\$ 742,086	\$ 672,255	\$ 592,598	\$ 536,390	\$ 475,689	\$ 376,597	\$ 399,727	\$ 390,368	\$ 409,561
Restricted For:										
Debt	64,773	59,282	52,644	42,351	26,738	22,168	20,473	24,757	19,120	15,655
Commitments	69,150	72,461	57,500	45,361	19,068	-	-	-	-	-
Department of Family Care	31,691	35,358	35,357	27,754	25,092	12,182	10,012	6,142	5,779	-
Delinquent Property Tax	12,204	14,072	14,797	15,275	14,826	-	-	-	-	-
Airport - PFC and Debt	28,737	27,398	26,352	29,369	27,199	26,921	22,179	34,082	32,603	34,128
Behavioral Health Division (BHD) (a & d)	23,968	17,855	9,082	9,986	7,169	8,360	8,978	9,344	9,671	-
Fleet and Facilities Divisions (b & c)	9,782	9,851	10,192	10,270	5,781	6,183	6,499	-	-	-
Capital Asset Needs	19,291	16,357	14,004	10,450	8,039	5,057	5,113	5,115	5,121	4,120
Other	20,458	19,950	24,034	21,247	10,918	1,898	1,909	2,021	1,676	1,872
Unrestricted	(1,127,585)	(316,226)	(321,131)	(315,199)	(236,223)	(183,456)	(116,921)	(149,170)	(75,352)	(10,698)
Total Primary Government Activities Net Position	\$ (73,718)	\$ 698,444	\$ 595,086	\$ 489,462	\$ 444,997	\$ 375,002	\$ 334,839	\$ 332,018	\$ 388,986	\$ 454,638

Notes:

Accounting standards require that Net Position be reported in three components in the financial statements: net investment in capital assets, restricted and unrestricted. Net Position are considered restricted when externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

(a) In 2013, Wisconsin Act 203 created the Mental Health Board. BHD surplus is now restricted. A new capital reserve was also created.

(b) In 2012, the County began reporting the activities of its Public Works - Professional Services as part of the General Fund. Prior to 2012, it had been reported as part of the Internal Service Funds.

(c) In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, it had been reported as part of the Internal Service Funds.

(d) In 2007, the County began reporting the activities of BHD as part of the General Fund. Prior to 2007, it had been reported as a separate Proprietary Fund.

COUNTY OF MILWAUKEE, WISCONSIN

Changes in Net Position Last Ten Years Ended December 31 (Accrual Basis of Accounting) (In Thousands)

	2015	2014	2013 (a)	2012 (b)	2011	2010	2009 (c)	2008	2007 (d)	2006
Expenses (by Function):										
Governmental Activities:										
Legislative, Executive and Staff	\$ 51,469	\$ 46,266	\$ 49,832	\$ 56,232	\$ 51,886	\$ 51,340	\$ 52,144	\$ 54,395	\$ 70,318	\$ 65,242
Courts and Judiciary	54,296	51,904	50,502	56,516	53,132	57,121	63,839	67,435	64,486	58,432
General Governmental Services	13,989	12,980	12,165	10,969	6,668	4,077	7,991	8,912	8,545	9,884
Public Safety	154,830	143,774	147,637	156,162	162,316	164,447	148,192	180,186	178,063	146,410
Public Works and Highways (b & c)	82,848	104,079	79,849	90,974	89,559	66,641	93,756	81,522	80,433	64,445
Human Services (a & d)	572,031	551,239	556,149	563,378	597,078	616,717	648,296	675,169	637,120	398,245
Parks, Recreation and Culture	87,639	76,644	76,960	80,553	79,709	77,221	83,520	85,321	81,779	72,361
Other	-	-	-	-	-	-	-	-	6,996	14,587
Interest on Long-Term Debt	22,439	23,294	34,545	35,503	29,448	39,472	35,361	16,351	15,964	16,520
Total Governmental Activities Expenses	1,039,541	1,010,180	1,007,639	1,050,287	1,069,796	1,077,036	1,133,099	1,169,291	1,143,704	846,126
Business-type Activities:										
Airport	94,951	98,006	89,720	87,901	90,183	82,692	74,305	77,432	68,401	64,254
DHHS - Behavioral Health (a & d)	-	-	-	-	-	-	-	-	-	171,064
Transit	161,761	166,953	163,844	169,061	175,880	174,960	178,208	174,725	169,557	163,619
Total Business-type Activities Expenses	256,712	264,959	253,564	256,962	266,063	257,652	252,513	252,157	237,958	398,937
Total Primary Government Expenses	1,296,253	1,275,139	1,261,203	1,307,249	1,335,859	1,334,688	1,385,612	1,421,448	1,381,662	1,245,063
Program Revenues (by Function):										
Governmental Activities:										
Charges for Services:										
Legislative, Executive and Staff	4,479	3,750	3,270	4,048	198	1,786	5,811	4,806	10,153	8,839
Courts and Judiciary	3,695	3,666	3,923	3,994	4,431	4,622	4,758	6,209	4,854	3,597
General Governmental Services	4,650	4,791	5,377	5,407	4,571	4,243	4,782	5,181	5,785	6,314
Public Safety	12,002	9,598	11,698	10,153	9,986	9,992	10,500	11,337	6,494	5,233
Public Works and Highways (b & c)	23,819	30,261	27,931	25,216	30,260	29,537	27,746	27,321	32,106	25,707
Human Services (a & d)	368,906	354,424	359,331	343,742	347,018	328,101	286,763	319,912	286,465	179,628
Parks, Recreation and Culture	36,584	32,619	33,007	32,304	29,491	31,381	31,726	33,104	26,543	26,607
Operating Grants and Contributions:										
Legislative, Executive and Staff	641	1,183	921	1,394	3,635	1,530	355	4,839	19,513	19,125
Courts and Judiciary	25,802	24,889	23,398	24,084	23,212	26,626	22,063	21,595	24,857	24,249
General Governmental Services	52	88	70	53	50	43	79	247	82	121
Public Safety	14,283	14,056	14,325	15,941	18,543	18,015	17,967	21,766	19,148	19,906
Public Works and Highways (b & c)	19,505	19,141	18,346	18,859	37,853	17,526	16,913	17,280	23,170	24,976
Human Services (a & d)	139,378	133,066	133,770	131,452	169,911	202,219	261,271	259,845	252,592	182,859
Parks, Recreation and Culture	398	248	218	316	2,105	1,382	680	4,001	1,272	1,368

COUNTY OF MILWAUKEE, WISCONSIN

**Changes in Net Position
Last Ten Years Ended December 31
(Accrual Basis of Accounting)
(In Thousands)**

	2015	2014	2013 (a)	2012 (b)	2011	2010	2009 (c)	2008	2007 (d)	2006
<u>Program Revenues (by Function) (cont.)</u>										
<u>Governmental Activities (cont.):</u>										
Capital Grants and Contributions:										
Legislative, Executive and Staff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,164	\$ 1,046	\$ -
Courts and Judiciary	-	-	-	-	-	-	-	-	-	-
General Governmental Services	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-
Public Works and Highways (b & c)	6,287	2,085	2,157	-	71	160	30,638	5,231	2,183	-
Human Services (a & d)	-	-	-	-	-	-	-	-	-	-
Parks, Recreation and Culture	3,402	505	1,822	-	-	-	2,074	-	-	-
Total Governmental Activities - Program Revenues	663,883	634,370	639,564	616,963	681,335	677,163	724,126	743,838	716,263	528,529
<u>Business-type Activities:</u>										
Charges for Services:										
Airport	89,989	86,560	85,520	83,306	87,254	79,644	70,997	74,221	64,559	61,744
DHHS - Behavioral Health (a & d)	-	-	-	-	-	-	-	-	-	62,873
Transit	43,132	47,790	48,867	50,521	56,606	57,624	55,424	56,501	52,443	53,936
Operating Grants and Contributions:										
Airport	183	193	235	579	159	309	179	-	35	216
DHHS - Behavioral Health (a & d)	-	-	-	-	-	-	-	-	-	69,135
Transit	87,851	91,587	88,107	91,776	89,670	89,186	89,931	88,522	82,513	79,162
Capital Grants and Contributions:										
Airport	26,545	59,317	15,171	23,037	35,767	25,284	23,119	10,354	8,124	8,445
DHHS - Behavioral Health (a & d)	-	-	-	-	-	-	-	-	-	45
Transit	12,125	11,797	22,191	24,450	15,816	24,205	(5,536)	569	1,408	1,758
Total Business-type Activities - Program Revenues	259,825	297,244	260,091	273,669	285,272	276,252	234,114	230,167	209,082	337,314
Total Primary Government - Program Revenues	923,708	931,614	899,655	890,632	966,607	953,415	958,240	974,005	925,345	865,843
<u>Net (Expense)/ Revenue:</u>										
Governmental Activities	(375,658)	(375,810)	(368,075)	(433,324)	(388,461)	(399,873)	(408,973)	(425,453)	(427,441)	(317,597)
Business-type Activities	3,113	32,285	6,527	16,707	19,209	18,600	(18,399)	(21,990)	(28,876)	(61,623)
Total Primary Net (Expense) / Revenue	(372,545)	(343,525)	(361,548)	(416,617)	(369,252)	(381,273)	(427,372)	(447,443)	(456,317)	(379,220)

COUNTY OF MILWAUKEE, WISCONSIN

Changes in Net Position Last Ten Years Ended December 31 (Accrual Basis of Accounting) (In Thousands)

	2015	2014	2013 (a)	2012 (b)	2011	2010	2009 (c)	2008	2007 (d)	2006
<u>General Revenues and Other Changes in Net Position:</u>										
<u>Governmental Activities:</u>										
Taxes										
Property Taxes	\$ 285,494	\$ 284,461	\$ 283,631	\$ 279,179	\$ 273,297	\$ 266,973	\$ 260,724	\$ 251,495	\$ 243,144	\$ 234,317
Sales Taxes	70,838	67,826	65,488	64,740	64,348	61,534	59,258	67,112	63,613	63,654
Intergovernmental Revenues Not Related to Specific Programs	37,271	36,797	34,443	44,402	45,238	44,952	46,056	39,734	42,387	41,332
Investment Income	2,246	777	478	6,186	3,554	4,476	7,120	13,516	16,329	12,185
Gain on Sale of Capital Assets	-	12,696	36,315	-	-	-	-	146	96	93
Proceeds from Settlement of Lawsuit	-	-	-	-	-	-	29,000	-	-	-
Other Revenue	40,212	43,597	46,362	66,356	52,497	43,339	27,090	17,037	22,997	32,724
Transfers	(17,040)	(18,281)	(26,842)	(12,370)	(15,532)	(14,260)	(21,521)	(16,103)	(19,073)	(61,764)
Total Governmental Activities	<u>419,021</u>	<u>427,873</u>	<u>439,875</u>	<u>448,493</u>	<u>423,402</u>	<u>407,014</u>	<u>407,727</u>	<u>372,937</u>	<u>369,493</u>	<u>322,541</u>
<u>Business-type Activities:</u>										
Investment Income	300	729	332	219	313	162	945	1,417	2,070	1,698
Gain (Loss) on Sale of Capital Assets	(86)	-	123	-	-	-	-	18	29	31
Other Revenue	6	-	-	-	-	-	-	-	-	-
Transfers	17,040	18,281	26,842	12,370	15,532	14,260	21,521	16,103	19,073	61,764
Total Business-type Activities	<u>17,260</u>	<u>19,010</u>	<u>27,297</u>	<u>12,589</u>	<u>15,845</u>	<u>14,422</u>	<u>22,466</u>	<u>17,538</u>	<u>21,172</u>	<u>63,493</u>
Total Primary Government	<u>436,281</u>	<u>446,883</u>	<u>467,172</u>	<u>461,082</u>	<u>439,247</u>	<u>421,436</u>	<u>430,193</u>	<u>390,475</u>	<u>390,665</u>	<u>386,034</u>
<u>Change in Net Position:</u>										
Governmental Activities	43,363	52,063	71,800	15,169	34,941	7,141	(1,246)	(52,516)	(57,948)	4,944
Business-type Activities	20,373	51,295	33,824	29,296	35,054	33,022	4,067	(4,452)	(7,704)	1,870
Total Primary Government	<u>\$ 63,736</u>	<u>\$ 103,358</u>	<u>\$ 105,624</u>	<u>\$ 44,465</u>	<u>\$ 69,995</u>	<u>\$ 40,163</u>	<u>\$ 2,821</u>	<u>\$ (56,968)</u>	<u>\$ (65,652)</u>	<u>\$ 6,815</u>

Notes:

- (a) In 2013, Wisconsin Act 203 created the Mental Health Board. BHD surplus is now restricted. A new capital reserve was also created.
- (b) In 2012, the County began reporting the activities of its Public Works - Professional Services as part of the General Fund. Prior to 2012, it had been reported as part of the Internal Service Funds.
- (c) In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, it had been reported as part of the Internal Service Funds.
- (d) In 2007, the County began reporting the activities of BHD as part of the General Fund. Prior to 2007, it had been reported as a separate Proprietary Fund.

COUNTY OF MILWAUKEE, WISCONSIN

**Fund Balances of Governmental Funds
Last Ten Years Ended December 31
(In Thousands)**

	<u>2015</u>	<u>2014</u>	<u>2013 (a)</u>	<u>2012 (b)</u>	<u>2011</u>	<u>2010</u>	<u>2009 (c)</u>	<u>2008</u>	<u>2007 (d)</u>	<u>2006</u>
<u>General Fund (Per GASB 54): ^</u>										
Non-spendable:										
Inventories	\$ 2,364	\$ 2,722	\$ 2,696	\$ 2,815	\$ 2,085					
Restricted:										
2017 Appropriations	5,000	-	-	-	-					
2016 Appropriations	5,000	5,000	-	-	-					
2015 Appropriations	-	5,000	5,000	-	-					
2014 Appropriations	-	-	5,000	5,000	-					
2013 Appropriations	-	-	-	5,539	5,539					
2012 Appropriations	-	-	-	-	8					
Commitments	14,081	7,734	10,181	9,284	9,021					
Department of Family Care - State Restricted	12,231	12,220	12,208	11,432	12,182					
Department of Family Care - Excess Reserves	19,460	23,138	23,149	16,322	12,910					
Delinquent Property Tax	12,204	14,072	14,797	15,275	14,826					
Investment Fair Value in Excess of Book Value	-	-	-	999	1,850					
Housing	-	185	835	627	1,369					
Behavioral Health Division (BHD) (a)	14,899	8,483	-	-	-					
Committed:										
Economic Development	2,939	2,739	1,196	1,196	196					
Workforce Development	-	-	-	722	-					
	88,178	81,293	75,062	69,211	59,986					
<u>General Fund (Prior to GASB 54): ^</u>										
Reserved for 2012 Appropriations						\$ 8	\$ -	\$ -	\$ -	\$ -
Reserved for 2011 Appropriations						4,144	4,144	-	-	-
Reserved for 2010 Appropriations						-	4,144	4,144	-	-
Reserved for 2009 Appropriations						-	-	7,947	7,947	-
Reserved for 2008 Appropriations						-	-	-	4,901	4,901
Reserved for 2007 Appropriations						-	-	-	-	4,664
Reserved for 2006 Appropriations						-	-	-	-	-
Reserved for Encumbrances						5,092	6,205	9,349	11,810	22,617
Reserved for Milwaukee County Family Care						12,182	10,012	6,142	5,779	-
Reserved for Inventories						2,070	1,837	1,012	1,269	1,156
Reserved for Delinquent Property Tax						14,826	13,558	10,487	8,278	5,522
Unreserved:										
Designated for Economic Development						196	196	201	200	150
Designated for Housing						948	813	2,193	1,954	270
Designated for Family Care						3,233	-	-	-	-
Designated for Aging CMO						-	437	4,115	4,919	-
Designated for Investments						2,476	2,561	3,480	1,217	-
Subtotal General Fund						45,175	43,907	49,070	48,274	39,280

COUNTY OF MILWAUKEE, WISCONSIN

**Fund Balances of Governmental Funds
Last Ten Years Ended December 31
(In Thousands)**

	<u>2015</u>	<u>2014</u>	<u>2013 (a)</u>	<u>2012 (b)</u>	<u>2011</u>	<u>2010</u>	<u>2009 (c)</u>	<u>2008</u>	<u>2007 (d)</u>	<u>2006</u>
<u>All Other Governmental Funds (Per GASB 54): ^</u>										
Restricted:										
Debt Service	\$ 47,176	\$ 40,238	\$ 34,964	\$ 27,063	\$ 11,577					
Commitments	50,512	59,387	48,276	31,737	67,872					
Airport - Passenger Facilities Charges and Debt	28,737	27,398	26,352	29,369	27,199					
Administrative Services	7,016	7,016	7,016	6,984	136					
Zoo	1,751	1,118	950	914	874					
Parks	1,593	1,532	1,240	1,074	1,027					
Persons with Disabilities	97	99	101	110	115					
Behavioral Health Division	9,068	9,372	9,082	9,986	7,169					
Fleet and Facilities Divisions (b)	9,782	9,851	10,192	10,270	5,781					
Subtotal All Other Governmental Funds	155,732	156,011	138,173	117,507	121,750					
Total Governmental Funds Balance	\$ 243,910	\$ 237,304	\$ 213,235	\$ 186,718	\$ 181,736					
<u>All Other Governmental Funds (Prior to GASB 54): ^</u>										
Reserved For:										
Reserved for Debt Service						\$ 7,332	\$ 6,220	\$ 10,757	\$ 6,071	\$ 5,573
Reserved for Encumbrances						98,216	64,468	11,595	17,983	7,987
Reserved for Administrative Services						136	136	136	112	70
Reserved for Zoo						711	652	685	587	553
Reserved for Parks						930	998	1,072	853	711
Reserved for Persons with Disabilities						121	123	128	124	115
Reserved for Behavioral Health Division (BHD) (a & d)						8,360	8,978	9,344	9,671	423
Reserved for Airport - PFC and Debt						26,921	22,179	34,082	32,603	34,128
Reserved for Fleet and Facilities Divisions (c)						6,183	6,499	-	-	-
Subtotal All Other Governmental Funds						148,910	110,253	67,799	68,004	49,560
Total Governmental Funds Balance						\$ 194,085	\$ 154,160	\$ 116,869	\$ 116,278	\$ 88,840

Notes:

^ Under GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type definitions*, fund balances are classified as Nonspendable, Restricted, Committed or Unassigned. Prior to 2011 and the implementation of GASB Statement No. 54, fund balances were classified as Reserved or Unreserved.

(a) In 2013, Wisconsin Act 203 created the Mental Health Board. BHD surplus is now restricted. A new capital reserve was also created.

(b) In 2012, the County began reporting the activities of its Public Works - Professional Services as part of the General Fund. Prior to 2012, it had been reported as part of the Internal Service Funds.

(c) In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, it had been reported as part of the Internal Service Funds.

(d) In 2007, the County began reporting the activities of BHD as part of the General Fund. Prior to 2007, it had been reported as a separate Proprietary Fund.

COUNTY OF MILWAUKEE, WISCONSIN

Changes in Fund Balance-Governmental Funds Last Ten Years Ended December 31 (In Thousands)

	2015	2014 (a)	2013	2012 (b)	2011	2010	2009 (c)	2008	2007 (d)	2006
Revenues:										
Intergovernmental	\$ 244,760	\$ 230,905	\$ 233,696	\$ 254,672	\$ 318,776	\$ 335,573	\$ 380,540	\$ 365,495	\$ 370,814	\$ 302,975
Property Taxes	285,494	284,462	283,632	279,179	273,297	266,973	260,724	251,495	243,144	234,317
Sales Taxes	70,838	67,826	65,488	64,740	64,348	61,534	59,258	67,112	63,613	63,654
Charges for Services (a)	443,611	429,944	420,623	414,039	405,138	388,274	344,591	379,907	347,478	239,891
Fines and Forfeits	1,734	1,680	2,172	2,621	2,932	3,284	3,245	3,375	3,571	3,616
Licenses and Permits	885	932	642	577	453	640	453	978	552	634
Investment Income (a)	2,245	777	10,260	9,069	10,730	11,540	11,352	17,679	20,411	16,288
Other	39,031	39,716	41,846	63,690	53,147	46,903	40,142	36,208	34,510	34,907
Total Revenues	1,088,598	1,056,242	1,058,359	1,088,587	1,128,821	1,114,721	1,100,305	1,122,249	1,084,093	896,282
Expenditures:										
Legislative, Executive and Staff	25,093	17,995	20,053	23,382	21,433	21,309	22,191	26,688	36,094	37,729
Courts and Judiciary	54,749	51,435	50,229	53,383	52,699	55,384	59,984	69,274	61,120	56,964
General Governmental Services	12,996	13,261	11,070	9,939	6,746	6,747	7,395	7,628	7,886	7,731
Public Safety	152,835	144,219	146,410	145,119	159,708	154,196	146,994	166,832	147,082	136,634
Public Works and Highways (b & c)	59,537	66,768	63,591	54,629	57,549	50,676	64,062	28,482	28,621	13,850
Human Services (d)	567,749	554,581	553,866	554,697	591,802	611,136	628,574	657,004	618,062	394,619
Parks, Recreation and Culture	70,964	64,258	64,231	65,212	65,271	64,062	66,806	66,799	66,414	64,194
Other	-	-	-	-	-	-	-	10,905	3,231	15,406
Capital Outlay	75,123	58,199	66,908	68,446	72,549	80,584	56,994	49,938	33,587	45,608
Debt Service:										
Principal Retired	57,700	69,942	56,761	63,913	61,626	60,202	48,164	38,677	31,063	28,437
Interest	21,663	22,704	50,700	36,993	36,894	38,036	32,215	15,476	15,473	15,025
Principal Retired on Refunding	14,738	-	227,004	-	-	-	-	-	-	-
Total Expenditures	1,113,147	1,063,362	1,310,823	1,075,713	1,126,277	1,142,332	1,133,379	1,137,703	1,048,633	816,197
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,549)	(7,120)	(252,464)	12,874	2,544	(27,611)	(33,074)	(15,454)	35,460	80,085

COUNTY OF MILWAUKEE, WISCONSIN

Changes in Fund Balance-Governmental Funds Last Ten Years Ended December 31 (In Thousands)

	<u>2015</u>	<u>2014 (a)</u>	<u>2013</u>	<u>2012 (b)</u>	<u>2011</u>	<u>2010</u>	<u>2009 (c)</u>	<u>2008</u>	<u>2007 (d)</u>	<u>2006</u>
Other Financing Sources (Uses):										
General Obligation Bonds Issued	\$ 49,367	\$ 39,209	\$ 259,248	\$ 20,301	\$ 31,757	\$ 82,985	\$ 90,000	\$ 30,860	\$ 33,625	\$ 31,595
General Obligation Bonds Issued - Premium		-	-	3,053	4,176	-	-	-	-	-
Premium/(Discount) on Debt Issued	1,570	1,106	839	-	-	-	(80)	31	-	2,121
Refunding Bonds Issued		-	-	-	-	-	-	3,252	-	-
Payment to Refunded Bond Escrow Agent		-	-	(23,145)	(35,756)	-	-	-	-	-
Payment on Current Refunded Bonds		-	-	-	-	-	(9,214)	-	-	-
Pension Obligation Bonds Issued		-	-	-	-	-	400,000	-	-	-
Contribution to Employee Retirement System		-	-	-	-	-	(426,692)	-	-	-
Proceeds from Legal Settlement		-	-	-	-	-	29,000	-	-	-
Proceeds from Sale of Capital Assets		12,696	36,315	-	-	-	-	-	-	-
Proceeds from Capital Leases	93	324	1,383	-	-	-	-	-	-	-
Insurance Recoveries		2,046	13,000	-	-	-	-	-	-	-
Transfers In	331,698	111,970	113,594	128,310	104,061	212,816	89,852	54,950	137,797	42,366
Transfers Out	(351,573)	(136,162)	(145,398)	(136,411)	(119,131)	(228,265)	(102,501)	(73,048)	(190,547)	(138,795)
Total Other Financing Sources (Uses)	<u>31,155</u>	<u>31,189</u>	<u>278,981</u>	<u>(7,892)</u>	<u>(14,893)</u>	<u>67,536</u>	<u>70,365</u>	<u>16,045</u>	<u>(19,125)</u>	<u>(62,713)</u>
Net Change in Fund Balances	<u>\$ 6,606</u>	<u>\$ 24,069</u>	<u>\$ 26,517</u>	<u>\$ 4,982</u>	<u>\$ (12,349)</u>	<u>\$ 39,925</u>	<u>\$ 37,291</u>	<u>\$ 591</u>	<u>\$ 16,335</u>	<u>\$ 17,372</u>
Debt Service as a Percentage of Noncapital Expenditure	<u>7.65%</u>	<u>9.22%</u>	<u>8.64%</u>	<u>10.02%</u>	<u>9.35%</u>	<u>9.25%</u>	<u>7.47%</u>	<u>4.98%</u>	<u>4.58%</u>	<u>5.64%</u>

Notes:

(a) In 2013, Wisconsin Act 203 created the Mental Health Board. BHD surplus is now restricted. A new capital reserve was also created.

(b) In 2012, the County began reporting the activities of its Public Works - Professional Services as part of the General Fund. Prior to 2012, it had been reported as part of the Internal Service Funds.

(c) In 2009, the County began reporting the activities of its Fleet and Facilities Divisions as part of the General Fund. Prior to 2009, it had been reported as part of the Internal Service Funds.

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COUNTY OF MILWAUKEE, WISCONSIN

Property Tax Levies and Collections Last Ten Years Ended December 31 (In Thousands)

Tax Levy Year	Tax Budget Year	Total Tax Levy	Total Collections in Budget Year	Percent of Tax Collections in Budget Year	Collections in Subsequent Years	Total Collections to Date	Percent of Tax Collections to Date	Total Delinquent Taxes
2015	2016	\$ 287,796	Info not available at print time					
2014	2015	283,799	\$ 274,868	96.85%	\$ 3,627	\$ 278,495	98.13%	\$ 5,304
2013	2014	280,130	270,472	96.55%	6,433	276,905	98.85%	3,225
2012	2013	280,134	267,487	95.49%	9,525	277,012	98.89%	3,122
2011	2012	276,194	261,959	94.85%	11,873	273,832	99.14%	2,362
2010	2011	270,386	256,180	94.75%	13,388	269,568	99.70%	818
2009	2010	264,102	248,351	94.04%	15,294	263,645	99.83%	457
2008	2009	258,479	243,129	94.06%	15,075	258,204	99.89%	275
2007	2008	250,733	237,137	94.58%	13,517	250,654	99.97%	79
2006	2007	241,882	230,955	95.48%	10,866	241,821	99.97%	61
2005	2006	233,430	223,930	95.93%	9,437	233,367	99.97%	63

Note:

In December, taxes are levied to the municipalities in Milwaukee County for the subsequent budget year. The municipalities collect and forward payments to Milwaukee County beginning in January. In August, the outstanding tax balances (which are now considered delinquent) are transferred from all municipalities (except the City of Milwaukee - which processes their own) to Milwaukee County for collection.

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

COUNTY OF MILWAUKEE, WISCONSIN

Equalized Value of Taxable Property Last Ten Years Ended December 31 (In Thousands)

Tax Levy Year	Tax Budget Year	Real Property				Personal Property	Total Equalized Value (1)	Less: Tax Incremental District	Total Taxable Equalized Value (1)	Total Direct Tax Rate	Aggregate Assessed Value (2)
		Residential	Commercial	Manufacturing	Other						
2015	2016	\$ 36,320,315	\$ 19,071,770	\$ 1,483,307	\$ 31,800	\$ 1,645,987	\$ 58,553,179	\$ (2,491,590)	\$ 56,061,589	5.14	\$ 57,193,142
2014	2015	36,173,659	18,648,195	1,460,158	31,809	1,940,102	58,253,923	(2,600,473)	55,653,450	5.10	57,051,144
2013	2014	35,671,139	18,154,823	1,478,209	32,814	1,790,540	57,127,525	(2,518,176)	54,609,349	5.13	57,209,236
2012	2013	36,872,973	17,678,403	1,493,276	32,712	1,704,938	57,782,302	(2,252,219)	55,530,083	5.05	58,280,360
2011	2012	39,498,360	18,265,539	1,503,698	29,309	1,802,123	61,099,029	(2,547,465)	58,551,564	4.72	61,277,079
2010	2011	40,952,804	18,922,989	1,520,372	27,242	1,980,103	63,403,510	(2,673,043)	60,730,467	4.46	62,221,937
2009	2010	43,426,050	19,907,219	1,487,194	28,960	1,986,731	66,836,154	(3,156,683)	63,679,471	4.15	63,517,201
2008	2009	44,933,692	19,653,568	1,551,601	31,031	2,054,176	68,224,068	(2,952,150)	65,271,918	3.96	64,224,181
2007	2008	44,452,500	19,336,150	1,489,362	27,495	1,813,776	67,119,283	(2,637,236)	64,482,047	3.89	62,331,793
2006	2007	42,355,573	18,062,700	1,438,619	34,351	1,717,938	63,609,181	(1,969,160)	61,640,021	3.93	58,452,397

Notes:

(1) Equalized value is the State of Wisconsin's estimated value of property in a defined jurisdiction. Equalized value is used to apportion County property tax levies among municipalities.

(2) Each municipality assesses their own property values which are sent to the State of Wisconsin on the Statement of Assessment form.

Sources:

Wisconsin Department of Revenue - Reports - Equalized Value - Statement of Changes in Equalized Value
 Wisconsin Department of Revenue - Reports - Equalized Value - Report Used for Apportionment of County Levy
 Wisconsin Department of Revenue - Reports - Assessments - Statement of Assessments

COUNTY OF MILWAUKEE, WISCONSIN

Property Tax Rates per \$1,000 of Equalized Value Last Ten Years Ended December 31 (In Thousands)

Tax Levy Year	Tax Budget Year	Equalized Value (Incl TIF) (1)	Less: Value of TIF Districts (2)	Equalized Value (Excl TIF) (3)	Property Taxes Operating Levy (3)	Property Taxes Debt Levy (3)	Property Taxes Total Levy (3)	Property Taxes Operating Rate (3)	Property Taxes Debt Rate (3)	Property Taxes Total Direct Rate (3)
2015	2016	\$ 58,553,179	\$ (2,491,591)	\$ 56,061,588	\$ 258,346	\$ 29,450	\$ 287,796	\$ 4.61	\$ 0.53	\$ 5.14
2014	2015	58,253,923	(2,600,474)	55,653,449	249,843	33,957	283,800	4.49	0.61	5.10
2013	2014	57,127,525	(2,518,176)	54,609,349	237,940	42,190	280,130	4.36	0.77	5.13
2012	2013	57,782,302	(2,252,219)	55,530,083	228,570	51,563	280,133	4.12	0.93	5.05
2011	2012	61,099,029	(2,547,465)	58,551,564	219,678	56,553	276,231	3.75	0.97	4.72
2010	2011	63,403,510	(2,673,043)	60,730,467	217,175	53,260	270,435	3.58	0.88	4.46
2009	2010	66,836,154	(3,156,683)	63,679,471	203,868	60,281	264,149	3.20	0.95	4.15
2008	2009	68,224,068	(2,952,150)	65,271,918	198,748	59,767	258,515	3.04	0.92	3.96
2007	2008	67,119,283	(2,637,236)	64,482,047	197,342	53,432	250,774	3.06	0.83	3.89
2006	2007	63,609,181	(1,969,160)	61,640,021	197,576	44,360	241,936	3.21	0.72	3.93

Notes:

In November of the tax levy year, a "Certification of the Apportionment of State and County Property Taxes and Charges" is filed with the Wisconsin Department of Revenue, for the next tax budget year. The Property Taxes Total Levy includes State Charitable and Penal Charges as well as Southeastern Wisconsin Regional Planning Commission (SEWPC) charges. These rates are based on the Equalized Value, excluding TIFs. The rates do not include State Forestry charges, which are based on the Equalized Value, including TIFs. The Property Taxes Total Levy amount will vary slightly from the actual tax levy amount billed in December of the tax levy year.

Sources:

- (1) Wisconsin Department of Revenue - Reports - Equalized Value - Statement of Changes in Equalized Value.
- (2) Wisconsin Department of Revenue - determines the full value of Tax Increment Finance (TIF) Districts.
- (3) Wisconsin Department of Revenue - Reports - Property Tax - Rates - County Property Tax Rates.

COUNTY OF MILWAUKEE, WISCONSIN

Property Tax Rates by Municipality - per \$1,000 of Assessed Value Last Ten Years Ended December 31

Tax Levy Year Tax Budget Year	Taxable Equalized	Taxable Equalized Value %	Gross Rates (b)									
	Value (a)	(a)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	2015 2016	2015 2016	2015 2016	2014 2015	2013 2014	2012 2013	2011 2012	2010 2011	2009 2010	2008 2009	2007 2008	2006 2007
Milwaukee County	\$ 56,061,591	100.00%	\$ 28.64	\$ 28.53	\$ 29.64	\$ 29.15	\$ 27.31	\$ 26.20	\$ 24.76	\$ 23.50	\$ 22.55	\$ 22.26
<u>Villages</u>												
Bayside (1)	583,454	1.04%	28.27	28.40	29.59	28.89	26.84	26.31	25.07	24.07	23.69	23.82
Brown Deer	859,406	1.53%	33.35	31.70	33.00	31.86	29.67	28.23	26.91	25.69	24.16	24.35
Fox Point (1)	1,072,258	1.91%	27.87	27.74	29.16	28.46	26.64	26.22	24.72	23.51	23.02	23.23
Greendale	1,252,062	2.23%	27.51	27.77	29.64	28.45	28.15	27.17	25.48	24.35	24.55	24.10
Hales Corners	650,462	1.16%	26.33	27.04	27.23	27.00	25.30	25.67	23.91	22.58	22.24	22.04
River Hills (1)	470,756	0.84%	26.98	27.31	28.21	27.21	25.03	24.49	23.42	22.20	22.03	22.42
Shorewood	1,418,289	2.53%	29.97	30.07	31.02	32.08	29.13	28.40	26.24	25.72	25.21	24.59
West Milwaukee	269,257	0.48%	32.32	31.07	32.22	32.15	31.80	30.57	28.59	27.34	26.75	26.75
Whitefish Bay	2,056,304	3.67%	24.24	24.34	25.80	25.56	24.51	24.14	22.32	21.47	21.73	21.86
Total Villages	\$ 8,632,248	15.40%	\$ 27.92	\$ 27.88	\$ 29.15	\$ 28.74	\$ 27.15	\$ 26.52	\$ 24.86	\$ 23.85	\$ 23.54	\$ 23.46
<u>Cities</u>												
Cudahy	915,613	1.63%	30.33	27.44	28.99	27.66	26.77	27.09	25.40	25.17	24.59	23.81
Franklin (2)	3,522,082	6.28%	25.86	25.77	27.38	26.44	24.89	25.45	23.58	22.45	22.72	22.07
Glendale (1)	1,690,410	3.02%	27.89	27.87	28.43	28.65	26.14	24.12	23.28	22.78	22.64	22.43
Greenfield (1)	2,737,478	4.88%	27.97	27.76	28.52	28.80	26.41	26.33	24.72	22.82	22.18	21.90
Milwaukee	24,869,409	44.36%	30.71	30.59	31.27	30.59	28.67	26.96	25.64	24.15	22.63	22.21
Oak Creek	2,908,050	5.19%	24.84	24.08	25.14	25.12	23.32	23.07	21.99	20.86	20.75	20.03
St. Francis	600,112	1.07%	29.42	30.47	31.26	29.39	27.82	26.99	24.52	23.86	23.24	23.31
South Milwaukee	1,090,382	1.94%	28.65	28.12	30.31	29.32	27.32	26.03	24.14	23.55	22.35	23.02
Wauwatosa	5,435,691	9.70%	23.98	24.34	26.67	26.44	24.18	23.43	22.20	21.31	20.20	20.27
West Allis	3,660,116	6.53%	28.88	28.89	30.10	30.12	28.96	27.50	25.62	24.05	23.73	23.66
Total Cities	\$ 47,429,343	84.60%	\$ 28.77	\$ 28.64	\$ 29.72	\$ 29.22	\$ 27.33	\$ 26.14	\$ 24.75	\$ 23.44	\$ 22.39	\$ 22.06

Notes:

- (1) Municipalities have multiple property rates depending on which school district the property is located in.
- (2) Municipality has multiple property tax rates depending on which school district the property is located in and/or if sewer is included.

Sources:

- (a) Wisconsin Department of Revenue - Governments - County Officials - Report Used for Apportionment of County Levy
- (b) Wisconsin Department of Revenue - Reports - Property Tax - Rates - Town, Village and City Taxes

COUNTY OF MILWAUKEE, WISCONSIN

Weighted Average of Property Taxes to Taxable Equalized Value For the Year Ended December 31, 2015 (In Thousands)

	2015 Equalized Value Excluding TIF Districts	2015 Property Tax after State Credit	2015 Weighted Average
<u>Villages:</u>			
Bayside (1)	\$ 583,454	\$ 15,219	0.000271469
Brown Deer	859,406	27,585	0.000492048
Fox Point (1)	1,072,258	27,504	0.000490603
Greendale	1,252,062	33,994	0.000606369
Hales Corners	650,462	16,036	0.000286043
River Hills (1)	470,756	11,675	0.000208253
Shorewood	1,418,289	41,537	0.000740917
West Milwaukee	269,257	11,178	0.000199388
Whitefish Bay	2,056,304	46,809	0.000834957
Total Villages	8,632,248	231,537	0.004130047
<u>Cities:</u>			
Cudahy	915,613	31,195	0.000556442
Franklin (2)	3,522,082	87,096	0.001553577
Glendale (1)	1,690,410	54,737	0.000976373
Greenfield (1)	2,737,478	71,330	0.001272351
Milwaukee	24,869,409	741,387	0.013224509
Oak Creek	2,908,050	69,809	0.001245220
St. Francis	600,112	16,436	0.000293178
South Milwaukee	1,090,382	30,346	0.000541298
Wauwatosa	5,435,691	125,003	0.002229744
West Allis	3,660,116	101,425	0.001809171
Total Cities	47,429,343	1,328,764	0.023701860
Milwaukee County	<u>\$ 56,061,591</u>	<u>\$ 1,560,301</u>	<u>0.027831907</u>

Notes:

- (1) Municipalities have multiple property tax rates depending on which school district the property is located in.
- (2) Municipality has multiple property tax rates depending on which school district the property is located in and/or if sewer is included.

Source: Wisconsin Department of Revenue/Report/Property Tax/Town, Village, City Taxes 2015

COUNTY OF MILWAUKEE, WISCONSIN

Top Fifteen Principal Property Tax Payers Current Year and Nine Years Ago (In Thousands)

Company:	Type of Business	2015			2006		
		Rank	Full Market Value	Percent of County Equalized Value	Rank	Full Market Value	Percent of County Equalized Value
Mayfair Mall LLC (formerly Mayfair Property, Inc.)	Shopping Mall	1	\$ 436,554	0.78%	1	\$ 273,774	0.43%
Bayshore Town Center LLC	Shopping Mall	2	327,260	0.58%			
Northwestern Mutual Life Insurance Co.	Insurance	3	302,521	0.54%	2	263,236	0.41%
US Bank Corp	Banking	4	280,866	0.50%	3	253,712	0.40%
Mandel Group	Real Estate	5	175,466	0.31%			
Wal-Mart / Sam's Club	Retailer	6	157,076	0.28%			
Bre Southridge Mall LLC	Shopping Mall	7	152,295	0.27%	9	128,616	0.20%
Forest County Potawatomi Community	Hotel, Parking Structure	8	128,640	0.23%			
Metropolitan Associates	Real Estate	9	127,656	0.23%	4	138,449	0.22%
Marcus Corp / Milw. City Center / Pfister	Hotels, Theaters and Restaurants	10	120,132	0.21%	10	126,301	0.20%
Aurora Health	Health Care	11	102,690	0.18%			
Brewery Works/Riverbend Place	Real Estate	12	93,511	0.17%			
Jackson Street Holdings	Hotels	13	83,522	0.15%			
100 E. Wisconsin Ave. Joint Venture	Real Estate	14	79,960	0.14%			
General Electric	Manufacturer - medical equipment	15	79,901	0.14%	14	71,914	0.11%
Covenant Health Care	Health Care				5	136,118	0.21%
Towne Realty Inc.	Real Estate				6	132,482	0.21%
Marshall & Ilsley Bank	Banking				7	130,600	0.21%
Harley-Davidson	Mfgr, motorcycles				8	129,617	0.20%
NNN 411 East Wisconsin LLC	Real Estate				11	103,606	0.16%
Crichton-Hauck / Shoreline / Juneau Village	Real Estate				12	77,566	0.12%
Miller Brewing Company	Mfgr, beer and aluminum containers				13	74,215	0.12%
Liberty Property Limited	Real Estate				15	65,234	0.10%
Total Milwaukee County Equalized Value, (including TIF Districts),			\$ 58,553,179	100.00%		\$ 63,609,182	100.00%

Source: Wisconsin Department of Revenue

COUNTY OF MILWAUKEE, WISCONSIN

Outstanding Debt by Type Last Ten Years Ended December 31 (In Thousands)

Year	Governmental Activities		Business-type Activities			Total Primary Government	Total Personal Income (1)	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Capital Leases					
2015	\$ 639,952	\$ 4,262	\$ 27,488	\$ 207,986	\$ 694	\$ 880,382	Info not available at print time		950	\$ 0.93
2014	665,313	5,282	25,001	221,036	436	917,068	39,697,233	2.31%	950	0.97
2013 *	699,153	6,053	28,558	230,481	245	964,490	39,213,035	2.46%	950	1.02
2012	720,066	5,856	29,213	190,887	385	946,407	38,808,170	2.44%	948	1.00
2011	786,394	5,593	32,315	199,884	534	1,024,720	37,496,095	2.73%	948	1.08
2010	849,805	4,774	35,374	208,588	390	1,098,931	36,453,170	3.01%	948	1.16
2009	836,667	4,077	29,880	183,630	381	1,054,635	36,219,621	2.91%	932	1.13
2008	410,818	4,503	26,443	176,815	245	618,824	35,605,736	1.74%	938	0.66
2007	422,851	-	29,475	184,213	400	636,939	34,610,340	1.84%	937	0.68
2006	418,112	-	38,485	178,025	-	634,622	33,705,644	1.88%	937	0.68

Note: * GASB 65 was implemented in 2013 which removed the unamortized loss on refunding out of liabilities. Prior to 2013, losses were netted against outstanding obligations.

Source: (1) U.S. Dept. of Commerce, Bureau of Economic Analysis (BEA), Regional Income Division, Local Area Personal Income and Employer CA04 - Personal Income and Employment Summary Report.

COUNTY OF MILWAUKEE, WISCONSIN

Ratio of Net Bonded Debt to Equalized Value and Net Bonded Debt Per Capita Last Ten Years Ended December 31 (In Thousands)

Year	Population (1)	Equalized Value Including TIF Districts (2)	Governmental Gross General Obligation Bonded Debt	Business-type Gross General Obligation Bonded Debt	Total Gross General Obligation Bonded Debt	Less: Restricted for Debt Service	Net General Obligation Bonded Debt	Percent of Net Bonded Debt to Equalized Value	Net Bonded Debt Per Capita
2015	950	\$ 58,553,179	\$ 639,952	\$ 27,488	\$ 667,440	\$ (47,176)	\$ 620,264	1.06%	\$ 0.65
2014	950	58,253,923	665,313	25,001	690,314	(40,238)	650,076	1.12%	0.68
2013	950	57,127,525	699,153	28,558	727,711	(34,964)	692,747	1.21%	0.73
2012	948	57,782,302	720,066	29,213	749,279	(27,063)	722,216	1.25%	0.76
2011	948	61,099,029	786,394	32,315	818,709	(11,577)	807,132	1.32%	0.85
2010	948	63,403,510	849,805	35,374	885,179	(7,332)	877,847	1.38%	0.93
2009	932	66,836,154	836,667	29,880	866,547	(6,220)	860,327	1.29%	0.92
2008	938	68,224,068	410,818	26,443	437,261	(10,757)	426,504	0.63%	0.45
2007	937	67,119,283	422,851	29,475	452,326	(6,071)	446,255	0.66%	0.48
2006	937	63,609,181	418,112	38,485	456,597	(3,594)	453,003	0.71%	0.48

Sources:

(1) State of Wisconsin - Dept. of Administration - Intergovernmental Relations - Per County Final Population Preliminary Estimates.

(2) Wisconsin Department of Revenue - Reports - Equalized Value - Statement of Changes in Equalized Value.

COUNTY OF MILWAUKEE, WISCONSIN

Computation of Legal Debt Margin For the Years Ended December 31 (In Thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Equalized Value of Taxable Property (1) (including TIF Districts)	\$ 58,553,179	\$ 58,253,923	\$ 57,127,525	\$ 57,782,302	\$ 61,099,029
Debt Limit Rate - (statutory limitation) (1)	5%	5%	5%	5%	5%
Statutory Debt Limit (1)	<u>2,927,659</u>	<u>2,912,696</u>	<u>2,856,376</u>	<u>2,889,115</u>	<u>3,054,951</u>
Bonds and Notes Outstanding:					
General Obligation Bonds and Notes	667,440	690,314	727,711	749,279	818,709
Less: Amount Available in Debt Service Fund	<u>(47,176)</u>	<u>(40,238)</u>	<u>(34,964)</u>	<u>(27,063)</u>	<u>(11,577)</u>
Total Net Debt Applied to Debt Limit	<u>620,264</u>	<u>650,076</u>	<u>692,747</u>	<u>722,216</u>	<u>807,132</u>
Legal Debt Margin Remaining at 12/31	<u>\$ 2,307,395</u>	<u>\$ 2,262,620</u>	<u>\$ 2,163,629</u>	<u>\$ 2,166,899</u>	<u>\$ 2,247,819</u>
Total Net Debt Applied to Debt Limit as a percentage of the Statutory Debt Limit	<u>21.2%</u>	<u>22.3%</u>	<u>24.3%</u>	<u>25.0%</u>	<u>26.4%</u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Equalized Value of Taxable Property (1) (including TIF Districts)	\$ 63,403,510	\$ 66,836,154	\$ 68,224,068	\$ 67,119,283	\$ 63,609,181
Debt Limit Rate - (statutory limitation) (1)	5%	5%	5%	5%	5%
Statutory Debt Limit (1)	<u>3,170,176</u>	<u>3,341,808</u>	<u>3,411,203</u>	<u>3,355,964</u>	<u>3,180,459</u>
Bonds and Notes Outstanding:					
General Obligation Bonds and Notes	885,179	866,547	437,261	452,326	456,597
Less: Amount Available in Debt Service Fund	<u>(7,332)</u>	<u>(6,220)</u>	<u>(10,757)</u>	<u>(6,071)</u>	<u>(5,573)</u>
Total Net Debt Applied to Debt Limit	<u>877,847</u>	<u>860,327</u>	<u>426,504</u>	<u>446,255</u>	<u>451,024</u>
Legal Debt Margin Remaining at 12/31	<u>\$ 2,292,329</u>	<u>\$ 2,481,481</u>	<u>\$ 2,984,699</u>	<u>\$ 2,909,709</u>	<u>\$ 2,729,435</u>
Total Net Debt Applied to Debt Limit as a percentage of the Statutory Debt Limit	<u>27.7%</u>	<u>25.7%</u>	<u>12.5%</u>	<u>13.3%</u>	<u>14.2%</u>

Source: (1) Wisconsin Department of Revenue, Reports, Municipal Debt Limit.

COUNTY OF MILWAUKEE, WISCONSIN

Direct and Overlapping Bonded Debt & Capital Leases For the Year Ended December 31, 2015 (In Thousands)

	Net Debt Outstanding	Percent Applicable to County	Amount Applicable to County		Net Debt * Outstanding	Percent Applicable to County	Amount Applicable to County
Direct:							
Milwaukee County - Net Debt Outstanding	\$ 639,952	100.00%	\$ 639,952				
Milwaukee County - Net Capital Leases	4,262	100.00%	4,262				
Total Direct Debt - Milwaukee County (Governmental-activities only)	\$ 644,214	100.00%	\$ 644,214				
Overlapping:							
Villages:				School Districts:			
Bayside	\$ 11,515	95.73%	\$ 11,023	Brown Deer	\$ 26,276	100.00%	\$ 26,276
Brown Deer	23,545	100.00%	23,545	Cudahy	15,017	100.00%	15,017
Fox Point	12,590	100.00%	12,590	Fox Point / Bayside	4,305	97.79%	\$4,210
Greendale	16,190	100.00%	16,190	Franklin	31,360	100.00%	31,360
Hales Corners	7,046	100.00%	7,046	Glendale - River Hills	3,588	100.00%	3,588
River Hills	3,296	100.00%	3,296	Greendale	25,020	100.00%	25,020
Shorewood	49,450	100.00%	49,450	Greenfield	49,327	100.00%	49,327
West Milwaukee	10,405	100.00%	10,405	Maple Dale / Indian Hill	3,458	100.00%	3,458
Whitefish Bay	51,895	100.00%	51,895	Milwaukee Area Technical College	152,570	80.56%	122,914
				Milwaukee Public	97,621	99.99%	97,616
Cities:				Nicolet High School	6,690	99.39%	6,649
Cudahy	33,662	100.00%	33,662	Oak Creek / Franklin	99,520	100.00%	99,520
Franklin	35,912	100.00%	35,912	St. Francis	23,005	100.00%	23,005
Glendale	33,340	100.00%	33,340	Shorewood	37,880	100.00%	37,880
Greenfield	63,125	100.00%	63,125	South Milwaukee	11,390	100.00%	11,390
Milwaukee	794,600	100.00%	794,600	Wauwatosa	-	0.00%	-
Oak Creek	90,105	100.00%	90,105	West Allis / West Milwaukee	22,269	93.43%	20,807
South Milwaukee	13,358	100.00%	13,358	Whitefish Bay	14,610	100.00%	14,610
St. Francis	10,405	100.00%	10,405	Whitnall	225	100.00%	225
Wauwatosa	103,970	100.00%	103,970	Metropolitan Sewerage District	960,000	99.93%	959,336
West Allis	73,814	100.00%	73,814				
Subtotal Overlapping	1,438,223		1,437,731	Subtotal Overlapping	1,584,131		1,552,208
				Total Overlapping Debt	3,022,354	98.93%	2,989,939
				Total Debt	\$ 3,666,568	99.12%	\$ 3,634,153

Note: The amount of net debt outstanding applicable to the County is a calculation of the percent applicable to the County times the net debt outstanding.

Source: * Milwaukee County Comptrollers Office - February 2015 Survey

COUNTY OF MILWAUKEE, WISCONSIN

**Demographic and Economic Statistics
For the Year Ended December 31**

Year	Population (1)	Total Personal Income (in Thousands) (2)	Per Capita Personal Income (2)	Public School Enrollment (3)	Private School Enrollment (3)	-----Unemployment Rate-----			Total County Labor Force (4)	Total County Workers Unemployed (4)
						County (4)	Wisconsin (4)	United States (4)		
2015	949,795	Info not available at print time		139,914	41,045	5.8%	4.6%	5.3%	477,696	27,915
2014	949,741	39,697,233	41,507	140,739	38,818	6.9%	5.4%	6.2%	479,375	33,042
2013	950,410	39,213,035	41,017	139,533	40,415	8.4%	6.7%	7.4%	479,770	40,338
2012	948,322	38,808,170	40,628	139,393	39,894	8.6%	7.0%	8.1%	476,646	41,195
2011	948,369	37,496,095	39,390	140,704	39,408	9.3%	7.8%	8.9%	477,600	44,336
2010	947,735	36,453,170	38,437	140,241	39,996	10.0%	8.7%	9.6%	476,449	47,615
2009	931,830	36,219,621	38,422	141,942	39,795	9.4%	8.6%	9.3%	467,652	44,154
2008	938,490	35,605,736	38,091	143,566	39,801	5.7%	4.9%	5.8%	469,227	26,582
2007	937,324	34,610,340	37,157	146,269	38,363	5.8%	4.9%	4.6%	469,736	27,239
2006	936,892	33,705,644	36,232	147,773	38,434	5.7%	4.7%	4.6%	454,893	25,859

Note: Data for all years displayed is the most current information available as of 05/24/16.

Sources:

(1) State of Wisconsin - Dept. of Administration - Intergovernmental Relations Per County Final Populations Estimates - calculated as of January 1st of the respective year. The 2010 population is the actual U.S. Census Bureau amount released July 28, 2011 which replaced the previously reported State estimate of 928,449.

(2) U.S. Dept. of Commerce, Bureau of Economic Analysis (BEA), Regional Income Division, Local Area Personal Income and Employment, CA04 - Personal Income and Employment Summary Report.

(3) Wisconsin Dept. of Public Instruction - Data - Demographics / Enrollment Reports Enrollment is a headcount of students who are physically attending schools or receiving homebound instruction as of the third Friday in September.

(4) WORKnet - Wisconsin - Data Analyst - Data Table - Local Area Unemployment Statistics (LAUS) Results. The Unemployment rate listed is the annual rate and is not seasonally adjusted.

COUNTY OF MILWAUKEE, WISCONSIN

Principal Private Sector Employers Current Year and Nine Years Ago

		2015			2006		
		Rank	Number of Employees	% of Total County Employment	Rank	Number of Employees	% of Total County Employment
Private Sector Employers:	Type of Business or Service						
Aurora Health Care, Inc.	Health Care System	1	24,509	5.45%	1	15,000	3.50%
Wheaton Franciscan Health Care	Health Care System	2	11,281	2.51%	2	9,000	2.10%
Froedtert & Community Health	Health Care System	3	9,800	2.18%			
Roundy's Supermarkets, Inc.	Retail Supermarkets	4	8,260	1.84%	7	5,000	1.17%
GE Healthcare	Health Care	5	6,000	1.33%			
The Medical College of Wisconsin	Private Medical School	6	5,170	1.15%	9	4,100	0.96%
Northwestern Mutual	Insurance, Investment Products	7	5,100	1.13%	8	4,400	1.03%
ProHealth Care, Inc.	Health Care System	8	4,729	1.05%			
Children's Hospital	Health Care System	9	4,530	1.01%			
Columbia St. Mary's Health System	Health Care System	10	4,500	1.00%	5	5,600	1.31%
Marshall & Ilsley Corp.	Banking/Finance and Data Services				3	7,000	1.63%
AT&T Wisconsin	Telecommunication Services				4	5,600	1.31%
Rockwell Automation	Industrial Automation & Information Systems				6	5,000	1.17%
Briggs & Stratton Corp.	Small Gasoline Engines				10	4,000	0.93%
Total Employment within County of Milwaukee (3)			449,781	100.00%		429,034	100.00%

Note: Beginning in 2012, Major Employers Statistics the Government, Educational and Not for Profit sections are not included.

Sources:

(1) The Business Journal of Greater Milwaukee, Book of lists as of July 10, 2015.

(2) 2006 MMAC Business Resource Guide & the Business Journal January 6, 2006.

(3) Wisconsin Department of Workforce Development - LAUS Results --- Local Area Unemployment Stats --- 2015 & 2006

COUNTY OF MILWAUKEE, WISCONSIN

**County Employees by Function (Actual to Budgeted)
For the Last Ten Years Ended December 31**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>Actual Number of Employees:</u>										
Legislative, Executive and Staff	324	350	374	371	251	254	296	311	343	371
Courts and Judiciary	425	414	431	411	408	427	423	423	433	456
General Governmental Services	110	109	102	87	50	63	56	60	69	68
Public Safety	1,259	1,175	1,253	1,265	1,409	1,430	1,507	1,554	1,531	1,553
Public Works and Highways	434	427	442	427	561	546	578	585	587	583
Health and Human Services	977	1,127	1,239	1,296	1,487	1,647	1,771	1,825	1,799	1,818
Parks, Recreation and Culture	599	574	551	533	563	643	587	658	660	612
Total Actual Number of Employees	4,128	4,176	4,392	4,390	4,729	5,010	5,218	5,416	5,422	5,461
% Increase (Decrease) From Previous Year	-1.15%	-4.92%	0.05%	-7.17%	-5.61%	-3.99%	-3.66%	-0.11%	-0.71%	0.14%
<u>Budgeted Number of Employees:</u>										
Legislative, Executive and Staff:										
County Board (23)(24)	30.0	31.0	56.4	56.9	58.5	60.2	60.2	59.2	58.9	57.7
Audit Department (20)	-	-	-	-	16.0	18.0	19.0	18.9	20.1	20.3
County Executive - General Office	9.0	9.0	9.5	9.5	9.0	10.0	10.6	10.2	8.1	9.6
Office for Persons with Disabilities (26)	-	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	5.2
County Executive - Intergovernmental Relations	2.0	3.0	-	-	-	-	-	-	-	-
Veterans Service	5.0	5.5	5.5	6.0	6.0	5.0	6.0	5.7	6.0	7.0
Office of Community Development Partners (26)	-	8.0	7.7	6.0	6.0	6.0	6.0	6.0	5.0	5.8
Civil Service Commission (27)	-	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Personnel Review Board (7)(27)	12.2	7.3	7.3	7.3	7.3	6.9	7.4	7.5	7.2	7.0
Corporation Counsel	20.0	19.0	19.0	18.8	19.7	20.0	22.1	21.8	21.7	20.3
Department of Labor Relations (2)	-	-	3.0	3.5	2.8	3.4	4.4	4.0	3.0	-
Human Resources (2)(3)(13)(17)	55.2	54.9	55.8	50.6	14.2	13.5	30.6	31.0	36.9	55.5
Risk Management	5.0	5.0	7.0	5.0	5.1	5.0	5.0	5.3	5.0	5.8
Fiscal Affairs (20)(26)(28)	169.6	11.5	13.2	19.7	42.7	46.4	46.1	47.0	44.2	44.6
Procurement (26)	-	6.7	7.5	7.5	5.5	5.8	6.7	7.8	9.0	10.7
Information Management Services	44.9	53.0	58.9	58.0	61.3	62.6	81.3	86.9	93.2	98.0
Economic Development (1)	-	-	-	-	-	-	-	-	-	-
Employee Benefits (3)	-	-	-	-	23.0	21.9	19.6	18.8	15.3	-
Economic and Community Development (1)(5)(8)(19)(26)	-	8.0	8.0	9.0	-	-	-	6.2	29.0	35.5
Ethics Board (7)	0.8	0.8	0.8	0.8	0.8	0.6	-	-	-	-
Facilities Management (18)(26)	-	176.7	163.9	154.5	-	-	-	-	-	-
Total Legislative, Executive and Staff	353.7	408.5	432.6	422.2	287.0	294.4	334.1	345.4	371.7	388.0

COUNTY OF MILWAUKEE, WISCONSIN

**County Employees by Function (Actual to Budgeted)
For the Last Ten Years Ended December 31**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Budgeted Number of Employees:</u>										
Courts and Judiciary:										
Combined Court Related Operations	289.2	288.8	284.2	285.8	284.9	280.6	277.4	277.5	275.2	280.7
Department of Child Support	148.8	150.5	140.7	137.8	150.5	133.3	130.5	138.6	190.8	193.1
Courts - Pre-Trial Services	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Total Courts and Judiciary	439.0	440.3	425.9	424.6	435.4	413.9	407.9	416.1	466.0	473.8
General Governmental Services:										
Election Commission	8.1	6.5	6.7	7.4	6.5	8.0	6.6	7.7	7.1	5.1
County Treasurer	7.5	7.5	7.5	8.5	8.5	9.5	8.5	8.0	9.0	8.9
County Clerk	12.0	12.0	7.0	7.0	7.1	7.1	6.6	7.6	7.6	7.6
Register of Deeds	30.0	31.9	32.9	34.9	35.7	35.8	42.6	47.6	49.1	49.5
Office of the Comptroller (20)(22)(24)	58.7	57.0	43.0	40.4	-	-	-	-	-	-
Total General Governmental Services	116.3	114.9	97.1	98.2	57.8	60.4	64.3	70.9	72.8	71.1
Public Safety:										
Office of the Sheriff (9)(21)(28)(31)	769.8	744.1	777.3	1,265.9	1,385.9	1,434.2	952.9	935.2	951.0	986.1
House of Correction (9)(21)(29)	386.6	452.2	482.7	-	-	-	486.0	512.3	527.4	545.6
District Attorney	160.9	158.6	150.0	148.2	155.1	157.5	164.6	162.9	161.5	159.1
Department of Emergency Management (31)	66.2	-	-	-	-	-	-	-	-	-
Medical Examiner	28.8	28.2	28.3	27.6	27.5	27.2	29.4	25.3	25.0	27.2
Total Public Safety	1,412.3	1,383.1	1,438.3	1,441.7	1,568.5	1,618.9	1,632.9	1,635.7	1,664.9	1,718.0
Public Works and Highways:										
Airport (10)	-	-	-	-	271.7	275.7	269.8	229.0	216.4	217.4
Transportation Services (11)	-	-	-	-	14.5	11.8	12.1	17.7	17.8	20.4
Architectural, Engineering and Environmental Services	-	-	-	-	35.2	36.4	37.6	40.2	40.9	48.9
Highway Maintenance	-	-	-	-	125.1	125.6	135.7	112.1	114.2	117.9
Fleet Management (12)	-	-	-	-	34.6	38.0	43.3	53.1	57.5	63.6
Facilities Management (4)	-	-	-	-	85.0	133.1	150.1	159.2	148.9	172.0
Director's Office (4)(8)	-	-	-	-	13.2	13.0	11.3	3.3	3.9	46.9
Total Public Works and Highways	-	-	-	-	579.3	633.6	659.9	614.6	599.6	687.1
Department of Transportation:										
Airport	284.3	288.3	289.1	290.5	-	-	-	-	-	-
Highway Maintenance	138.4	135.3	136.6	128.1	-	-	-	-	-	-
Fleet Management	35.1	34.1	34.1	35.0	-	-	-	-	-	-
Director's Office	7.0	6.0	7.0	7.0	-	-	-	-	-	-
Total Department of Transportation	464.8	463.8	466.8	460.6	-	-	-	-	-	-

COUNTY OF MILWAUKEE, WISCONSIN

**County Employees by Function (Actual to Budgeted)
For the Last Ten Years Ended December 31**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Budgeted Number of Employees:</u>										
Health and Human Services:										
Behavioral Health Division (14)(25)(30)	607.1	577.1	801.0	837.4	843.7	827.7	858.8	890.9	886.8	876.4
County Health Programs (14)	-	-	-	-	-	-	34.5	49.2	49.8	51.1
Department on Aging (6)	75.7	76.0	73.0	77.2	77.0	79.6	83.3	89.4	147.8	160.6
Department of Family Care (6)	73.2	72.2	64.6	64.4	79.1	90.1	91.4	60.4	-	-
Department of Health and Human Services (5)(8)(30)(31)	293.1	448.8	315.6	313.8	663.1	672.1	682.3	745.6	745.4	795.1
Total Health and Human Services	<u>1,049.1</u>	<u>1,174.1</u>	<u>1,254.2</u>	<u>1,292.8</u>	<u>1,662.9</u>	<u>1,669.5</u>	<u>1,750.3</u>	<u>1,835.5</u>	<u>1,829.8</u>	<u>1,883.2</u>
Parks, Recreation and Culture:										
Parks Division	371.3	363.6	391.1	431.3	487.2	509.5	547.5	542.2	485.5	548.0
Zoological Department	254.4	252.7	254.7	254.3	257.5	256.1	251.8	246.3	250.3	253.1
University Extension	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1.0
Total Parks, Recreation and Culture	<u>626.5</u>	<u>617.0</u>	<u>646.6</u>	<u>686.4</u>	<u>745.5</u>	<u>766.4</u>	<u>800.1</u>	<u>789.3</u>	<u>736.6</u>	<u>802.1</u>
Totals - Budgeted - All Operating Departments	<u>4,461.7</u>	<u>4,601.6</u>	<u>4,761.5</u>	<u>4,826.5</u>	<u>5,336.4</u>	<u>5,457.1</u>	<u>5,649.5</u>	<u>5,707.5</u>	<u>5,741.4</u>	<u>6,023.3</u>
% Increase (Decrease) From Previous Year	<u>-3.04%</u>	<u>-3.36%</u>	<u>-1.35%</u>	<u>-9.56%</u>	<u>-2.21%</u>	<u>-3.41%</u>	<u>-1.02%</u>	<u>-0.59%</u>	<u>-4.68%</u>	<u>-1.37%</u>
Actual Employees Under Budgeted Employees	<u>333.7</u>	<u>425.6</u>	<u>369.5</u>	<u>436.5</u>	<u>607.4</u>	<u>447.1</u>	<u>431.5</u>	<u>291.5</u>	<u>319.4</u>	<u>562.3</u>

Department Notes:

- (1) The 2006 Budget transferred the Economic Development Department to the Economic and Community Development Department.
- (2) The 2007 Budget transferred the Labor Relations Department from the Human Resources Department.
- (3) The 2007 Budget transferred the Employee Benefits Department from the Human Resources Department.
- (4) The 2007 Budget transferred the security responsibilities from the Director's Office department back to the Facilities Management Department.
- (5) The 2008 Budget transferred the Home / Home Repair Voucher Program to the Housing Division in the Department of Health and Human Services.
- (6) Beginning with the 2008 Budget, the Care Management Organization was listed separately from the Department of Aging. In 2011 the Care Management Organization became its own department and is now known as the Department of Family Care.
- (7) In 2009 and prior budgets, all FTE's of the Ethics Board were budgeted in the Personnel Review Board.
- (8) The 2009 Budget dissolved the division and transferred the Block Grant Program to the Housing Division; Real Estate Services to the Director's Office and the Development Office also to the Director's Office.
- (9) In 2009, the Sheriff's Office took responsibility for the House of Corrections. This consolidation was reflected beginning in the 2010 Budget.
- (10) In the 2009 Budget, there was a major staffing change including additional positions created in the interest of airfield safety and security, airfield maintenance, and operating efficiencies.
- (11) In the 2009 Budget, the overall decrease throughout the years is due to position changes/transfers resulting from an ongoing restructuring of the Department of Transportation and Public Works.
- (12) In the 2009 budget, in order to improve the condition and sustainability of Fleet Management, maintenance operations will be administered and operated by a third-party service provider. As a result of this transition, staffing changes occurred, positions were abolished, transferred to the Airport, and unfunded positions.
- (13) The 2010 Budget transferred 14.0 Human Resources field staff to the departments in which they worked.
- (14) The 2010 Budget merges the County Health Programs into the Behavioral Health Division.

COUNTY OF MILWAUKEE, WISCONSIN

County Employees by Function (Actual to Budgeted)
For the Last Ten Years Ended December 31

Department Notes (cont.):

- (15) The 2010 Budget continued to abolish positions.
- (16) The 2010 Budget, through a veto, abolished 34.0 FTE as part of the Housekeeping privatization. These are included in the 2011 change due to the manner in which the veto was sustained.
- (17) The 2012 Budget created the Department of Human Resources and included the former divisions of DAS - Employee Benefits and DAS - Human Resources. In 2010, within the DAS - Human Resources Division, 14.0 FTE Human Resources field staff were transferred to their respective departments. The 2012 Budget reverses the 2010 transfer and moves them back to the Department of Human Resources.
- (18) The 2012 Budget created the Department of Administrative Services - Facilities Management Division. This Division now includes the Divisions of Facilities Management, Architecture Engineering & Environmental Services and Sustainability that were formerly part of the Department of Transportation.
- (19) The 2012 Budget transferred Real Estate Services & Economic Development to DAS-Economic Development from the Department of Transportation.
- (20) During 2012, the Office of the Comptroller was created via Appropriation Transfer from DAS-Fiscal Affairs and Audit Department.
- (21) In 2013, the budget recreated the House of Correction as a separate entity from the Sheriff's Office.
- (22) In 2014, positions in various departments were transferred to Central Payroll.
- (23) In 2014, positions were reduced to comply with 2013 Wisconsin Act 14 which provides a tax levy cap related to structure and duties of the County Board.
- (24) In 2014, Research Services were transferred from County Board to Office of the Comptroller.
- (25) In 2014, positions were abolished in Behavioral Health Division due to closing Center for Independence and Development.
- (26) In 2015, the Office for Persons with Disabilities, the Office of Community Development Partners, Procurement, Economic and Community Development, and Facilities Management were transferred into Fiscal Affairs. 30.3 FTE positions were either abolished or unfunded across these areas.
- (27) The 2015 budget transferred the Civil Service Commission positions to the Personnel Review Board.
- (28) The 2015 budget transferred 31.0 FTE security facilities workers from Fiscal Affairs to the Office of the Sheriff.
- (29) The 2015 budget abolished 91.9 FTE positions in the House of Corrections, this was offset partially by the creation of 35.0 FTE correctional officer positions.
- (30) The 2015 budget transferred 132.7 FTE positions from the Department of Health and Human Services to the Behavioral Health Division. The Behavioral Health Division also abolished 98.6 FTE positions as an offset to the transfers.
- (31) The 2015 budget created the Department of Emergency Management. Positions were transferred out of IMSD (Radio), Sheriff's Office (Communications) and the Department of Health and Human Services.

COUNTY OF MILWAUKEE, WISCONSIN

**Operating Indicators by Function
For the Last Ten Years Ended December 31**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>LEGISLATIVE, EXECUTIVE, AND STAFF</u>										
<u>Procurement:</u>										
Purchase Orders	1,890	2,008	1,789	1,623	1,404	1,824	1,457	1,541	1,733	-
Formal Bids	18	22	17	6	35	33	83	47	63	66
Informal Bids and Quotes	14	24	28	40	32	44	270	159	230	55
Requests for Proposals	23	5	3	6	-	1	3	1	3	7
General Awards	1,432	1,499	1,364	1,245	1,340	991	1,101	1,334	1,443	1,573
<u>Human Resources:</u>										
Tuition Loans Processed	14	29	35	52	46	63	57	65	99	99
On-Line Applications Processed	21,581	27,526	18,935	14,982	26,461	26,356	40,000	7,278	-	-
Job Requisitions Requested	542	493	505	475	504	414	405	269	494	494
Certification Requests Processed	487	478	450	475	504	414	405	269	494	494
Current Positions Studied for Proper Classification	291	1,131	1,493	74	32	32	64	-	44	44
New Positions Studied for Proper Classification	75	15	38	52	31	25	9	-	18	18
<u>COURTS AND JUDICIARY</u>										
<u>Register in Probate:</u>										
Civil Commitments - Adults	2,474	3,003	3,700	4,659	5,280	5,673	5,419	5,278	5,283	6,172
Civil Commitments - Juvenile	985	1,008	982	1,157	1,121	972	639	472	-	-
Guardianship/Conservatorship	284	261	308	319	299	278	1,019	265	525	702
Protective Placement	334	324	294	226	326	290	287	342	297	516
Annual Review of Protective Placement	1,226	1,259	1,288	1,389	1,499	1,462	1,599	1,529	2,000	2,000
Informal Administration	964	879	990	931	975	1,092	1,068	1,161	1,374	1,274
Formal Administrations	89	90	111	90	142	147	138	137	-	-
Trusts	68	29	46	30	27	39	36	42	39	43
Special Administration, Summary Proceedings	371	333	410	388	386	315	238	233	246	244
Descent/Life Estate	-	-	-	4	5	6	6	6	5	10
Adult Adoption	19	11	25	10	17	8	13	18	15	12
Wills Deposited For Safekeeping	67	85	165	75	83	150	90	94	130	157
Temporary Guardianships	103	82	62	53	69	63	13	20	-	-
Ancillary Proceedings	3	14	4	4	-	3	2	3	-	-
<u>GENERAL GOVERNMENTAL SERVICES</u>										
<u>Election Commission:</u>										
Elections	2	4	2	4	2	4	2	4	2	4
Special Elections	4	2	8	-	7	2	2	-	3	2
Recount Elections	-	-	-	-	1	2	-	-	-	-
State/County/Municipal/School Board Referendums	5	13	1	14	4	1	3	12	6	10
Campaign Finance Statements	101	97	150	199	194	182	160	167	102	140
Nomination Papers Received	3	7	8	45	13	11	-	37	6	12
Election Ballot Set-up/Proofing	4	4	8	6	5	6	4	4	7	6
Challenges to Nomination Papers/Recall Petitions	-	-	-	4	-	-	-	2	-	2
Recall Elections/Petitions/Hearings	-	-	-	2	2	-	-	-	1	6
Elections Requiring Braille Ballots	2	6	2	6	4	3	3	4	2	6
Election Commission Meetings	3	20	14	6	3	3	4	1	1	8
<u>Treasurer:</u>										
Checks Issued	70,409	73,988	74,648	78,045	77,880	78,045	95,722	97,950	215,285	246,912
Lost Checks/Stop Payments	270	357	271	373	370	373	567	247	350	121
Property Tax Receipts Issued	5,415	6,662	7,143	7,348	6,401	7,348	6,758	5,865	5,128	4,418
Delinquent Tax Notices Processed	11,469	3,762	5,979	3,564	1,556	3,564	11,233	4,950	6,851	7,539
Tax Forms Furnished	331,500	280,200	439,516	901,850	589,724	901,850	726,466	958,872	680,941	856,484
<u>Register of Deeds</u>										
With Transfer Fee	14,021	12,842	12,806	10,563	9,123	10,134	12,063	12,237	16,817	21,082
Without Transfer Fee	7,643	7,686	8,370	8,491	8,096	7,845	7,968	8,619	8,186	7,764
Total Transfer Fees	9,584,634	7,622,493	7,146,392	6,743,946	5,035,715	5,556,137	6,455,932	8,699,611	12,822,387	13,883,135
Average Real Estate Sale Price	289,880	211,421	186,017	212,817	183,993	192,240	178,393	236,977	254,157	219,510
Foreclosures (Lis Pendens)	3,061	3,328	4,086	6,285	6,152	7,167	7,472	6,811	5,927	3,912
Wisc Commerce Department Stipulations	511	732	1,032	1,088	755	757	1,249	865	947	1,317

COUNTY OF MILWAUKEE, WISCONSIN

**Operating Indicators by Function
For the Last Ten Years Ended December 31**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Register of Deeds (cont.)										
Total Mortgages	25,817	22,712	30,539	32,604	27,184	30,978	40,667	39,505	56,514	70,256
Assignments	6,891	6,851	10,207	11,656	7,649	8,015	9,781	9,914	12,366	15,187
Partial Release	686	559	518	562	1,263	780	889	1,150	1,938	2,131
Release	30,528	26,824	36,769	38,128	33,027	35,677	45,564	44,146	55,852	66,374
Land Contracts	207	172	210	170	185	122	138	134	126	166
Sheriff Deeds	1,702	2,257	3,037	3,457	3,168	3,053	2,879	3,086	1,602	955
Joint Tenancy Survivorship	1,511	1,528	1,508	1,534	1,452	1,431	1,518	1,557	1,654	1,824
Federal Tax Liens	1,648	1,700	1,697	1,988	2,628	3,225	2,674	3,002	2,899	2,833
Financing Statements	824	844	799	1,044	920	880	1,153	1,085	1,472	1,372
Military Discharge	21	14	16	24	18	40	7	20	29	30
Electronic Recording	67,957	56,033	66,256	67,107	48,745	43,816	41,938	20,690	16,256	13,199
E-Docs % of Total Documents	65.77%	59.41%	52.92%	51.03%	42.71%	35.66%	28.30%	14.46%	9.04%	6.42%
Total Records	105,305	98,929	125,206	131,502	114,141	123,084	148,186	143,085	179,818	205,705
Births	14,841	15,094	15,107	15,144	15,209	15,615	16,141	16,578	16,950	16,545
Marriages	4,983	4,880	4,377	4,454	4,641	4,247	4,236	4,388	4,470	4,858
Domestic Partnerships	7	50	46	55	56	67	201	-	-	-
Deaths	9,389	9,294	9,966	9,246	9,817	9,266	9,293	9,527	9,467	9,947
Copies Issued - Paid	95,209	97,047	98,758	94,690	91,399	91,564	86,307	90,382	101,232	100,079
Copies Issued - Free	149	192	170	228	523	207	298	286	201	321
Subdivision Plats No.	1	28	1	2	3	1	2	5	19	21
Subdivision Plats Lots	12	18	6	16	45	7	29	107	462	539
Condominium Plats No.	6	12	15	16	14	15	22	26	68	90
Condominium Plats Units	12	53	30	25	21	86	665	484	1,208	1,718
Copies and Images - Revenue	374,504	435,251	463,255	536,157	376,957	406,563	399,243	342,147	338,312	334,508
Recorded Documents - Revenue	1,592,285	1,512,955	1,903,590	1,996,870	1,730,490	1,541,419	1,535,486	1,428,209	2,052,462	2,485,049
Vital Statistics - Revenue	408,345	405,584	411,201	398,096	387,479	395,530	397,965	405,345	465,864	470,612
County Share Transfer Fees - Revenue	1,916,927	1,611,600	1,429,278	1,348,789	992,767	1,112,513	1,291,186	1,739,976	2,564,569	2,776,965
County Clerk:										
Marriage Licenses Issued	5,306	5,295	4,684	4,842	4,618	4,607	4,652	4,752	5,931	5,227
Domestic Partnerships Declarations Issued	7	43	64	53	55	74	217	started 2009		
Domestic Partnership Terminations Process	6	3	10	5	5	1	-	started 2009		
Marriage License/Domestic Partnerships Waivers	435	643	354	334	276	255	207	179	182	234
Duplicate Marriage License/Domestic Partnerships	49	82	81	89	64	75	76	48	51	59
Civil Marriage Ceremonies Performed	1,331	1,490	1,093	1,076	1,000	1,012	954	953	999	1,087
County Board Files Maintained	795	954	962	1,018	875	472	482	485	950	874
County Ordinances Published	19	18	14	24	21	10	18	17	22	23
County Board Proceedings Published	15	13	15	12	15	1,128	1,084	940	2,732	2,782
Contractor Lien Notices/Vendor Tax Levies Processed	12	14	29	21	48	56	45	43	37	93
Contractor Qualification Statements Approved	89	107	93	125	127	117	107	130	622	633
Claims Processed	214	233	226	260	281	314	315	346	1,703	1,486
Summons and Complaints Processed	165	143	182	189	180	184	158	126	1,582	1,150
Construction Bid Notices Processed	93	94	89	112	84	104	86	52	380	475
Legal Documents Assigned to Central Files	58	14	55	50	111	93	51	33	8,624	6,453
Lobbying Registrations Processed	49	58	50	52	54	52	46	44	64	44
Passport Applications Processed	1,836	1,385	1,247	962	778	778	683	578	940	187
Passport Photos Taken	1,182	738	735	570	352	367	314	282	464	110
Oaths of Office Administered	52	67	145	146	67	65	49	48	68	61
DNR Licenses Sold	251	384	387	410	325	222	331	started 2009		
Documents Notarized	5,722	5,818	5,256	5,369	5,053	4,876	5,173	4,752	4,933	5,239
Milwaukee County Transit System Tickets Sold	1,746	1,514	2,063	3,419	3,545	3,880	2,512	3,174	1,849	1,487
Office of the Comptroller:										
Accounts Reconciled	781	744	744	768	723	732	740	743	807	680
PUBLIC SAFETY										
Medical Examiner:										
Autopsies	1,348	1,318	1,294	1,280	1,158	1,056	1,050	948	1,048	1,037
Death Certificates	1,703	1,656	1,635	1,639	1,526	1,623	1,644	1,736	1,703	1,904
Cremation Permits	4,364	4,219	4,035	3,834	3,457	3,591	3,393	3,390	3,212	3,075

COUNTY OF MILWAUKEE, WISCONSIN

**Operating Indicators by Function
For the Last Ten Years Ended December 31**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Medical Examiner (cont.)										
Autopsy Referrals	360	367	305	312	172	67	-	-	-	-
Death Investigated	6,266	6,089	5,975	5,098	5,389	5,380	5,181	5,242	5,094	5,080
District Attorney:										
Felony Cases Filed	5,514	5,550	5,695	6,140	6,109	6,194	5,845	6,437	6,270	6,776
Misdemeanor Cases Filed	4,489	5,179	5,510	6,713	7,362	7,590	6,646	7,648	9,027	9,677
Criminal Traffic Cases Filed	2,490	2,577	2,724	2,792	2,796	3,446	5,534	6,397	6,275	8,734
CHIPS Cases Filed	1,132	1,266	1,343	1,127	1,597	1,500	1,533	1,820	1,717	1,760
Juvenile Delinquency Cases Filed	1,253	1,343	1,476	1,725	1,632	1,555	1,818	2,188	2,467	2,613
Termination of Parental Rights Cases Filed	359	266	346	278	312	281	346	395	285	382
Sheriff:										
Traffic Citations	21,738	21,353	27,752	35,597	37,710	33,064	35,725	34,737	41,791	42,808
Auto Accidents Reported and Investigated	4,898	4,516	4,740	3,970	4,602	4,275	3,965	6,197	4,632	4,402
Background Checks (Criminal Investigations Division)	456	436	385	698	493	287	469	388	284	238
Criminal Complaints Issued	1,133	977	1,190	1,626	3,017	4,032	3,944	1,379	378	378
Writs of Restitution (Evictions)	3,674	3,773	3,174	3,261	3,078	2,821	2,807	2,783	3,340	2,927
Writs of Assistance (Foreclosures)	509	706	899	947	792	736	806	1,119	490	308
Temporary Restraining Orders Received	4,580	4,402	4,557	4,649	5,216	5,651	5,536	4,791	368	355
911 Phone Calls	105,716	111,221	215,283	323,903	378,196	551,280	539,509	520,937	506,503	526,085
Bookings	33,500	32,302	34,541	37,225	42,617	39,887	38,426	37,482	46,527	51,026
Number of Bailiff Posts	74	78	81	84	79	79	78	79	76	74
Open Records Requests	2,912	5,717	5,544	7,052	7,333	3,347	4,333	4,928	5,829	7,691
Civil Process Papers Served	14,264	18,278	20,107	21,437	21,592	22,418	22,851	19,952	17,270	14,496
House of Correction:										
Avg Daily Population - Milwaukee County Jail Overflow	455	461	575	409	401	696	889	618	608	664
Huber/Work Release Inmates	198	203	794	202	177	172	504	596	644	638
Probation and Parolees	67	103	269	129	98	118	132	306	250	95
Municipal Commitments (Ave Daily Number)	41	38	208	26	40	64	67	66	72	76
Sentenced Inmates	884	876	984	1,102	964	1,004	579	592	599	550
County Correctional Facility Central	945	935	881	817	874	909	898	896	886	878
Total Inmate Population	2,352	2,274	2,505	2,516	2,554	2,963	3,069	3,074	3,059	2,901
Electronic Surveillance	135	177	208	26	185	198	223	171	248	310
PUBLIC WORKS AND HIGHWAYS:										
County Trunk Highways Maintained (Lane Miles)	403	403	343	343	343	343	343	343	343	343
State Truck Highways Maintained (Lane Miles)	785	779	772	639	639	635	664	634	634	634
Expressways Maintained (Lanes Miles)	1,112	1,109	1,104	1,116	1,116	1,150	1,141	1,141	1,135	1,135
HEALTH AND HUMAN SERVICES										
Emergency Medical System:										
Dispatches	75,585	65,105	62,291	54,478	52,087	49,491	45,920	45,353	43,554	39,362
Doctor Calls	1,380	1,364	1,656	1,325	1,235	1,398	1,320	1,426	1,468	1,054
Medical Transports	28,053	27,080	26,310	25,344	22,743	21,073	20,577	21,737	21,346	20,249
Reports	46,167	43,041	41,012	39,788	33,720	31,814	30,756	31,233	30,641	26,430
Aging Programs and Services:										
Senior Meals Program:										
Congregate	252,274	264,536	281,763	289,059	264,144	325,354	346,811	373,022	374,707	376,395
Home Delivered	344,956	308,288	313,243	308,070	251,254	248,838	259,151	246,650	272,883	299,119
Volunteer Hours	50,469	54,180	60,303	66,270	65,958	74,409	74,631	82,272	started 2008	
Specialized Transportation Services One-Way Rides	110,204	118,943	122,765	120,379	119,378	123,222	125,397	105,308	117,686	122,063
Participants - Senior Centers / Senior Home Delivery	6,493	6,695	8,960	9,103	8,449	6,610	6,740	6,696	7,009	7,322
Participants - Wellness Works Program	1,676	2,471	2,916	2,467	2,836	2,124	1,274	1,144	1,148	1,077
Benefit Specialist/Legal Services (In Hours)	9,295	10,461	9,385	13,695	13,389	13,058	14,256	11,679	13,848	16,017
Employment Training and Placement Svcs (Hours)	2,147	125	135	88	95	85	95	59	2,160	2,160
Information and Assistance Contact Calls 24 Hours	588	882	781	757	615	520	622	517	343	343
Information Inquiries	30,962	26,150	24,163	22,925	24,825	26,605	47,399	58,743	37,387	28,302

COUNTY OF MILWAUKEE, WISCONSIN

**Operating Indicators by Function
For the Last Ten Years Ended December 31**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Senior Meals Program (cont.)										
Long Term Care Referrals/Applications Processed	7,789	6,754	6,494	5,571	5,536	5,872	10,120	6,198	6,238	6,478
Functional Screens Performed	3,242	3,580	3,368	3,161	2,812	3,178	3,188	3,056	3,146	3,104
Care and Management Organization (CMO):										
Family Care New Enrollees	1,691	1,780	1,812	1,447	1,510	1,895	1,616	1,198	1,392	1,389
Family Care Continual Enrollees	6,958	6,478	6,666	6,459	6,375	5,864	5,657	5,400	5,053	4,756
Family Care Dis-enrolled Clients	1,725	1,564	1,553	1,482	1,329	1,368	1,239	1,227	1,092	1,005
Economic Support Division:										
Interim Disability Assistance Program	1,241	947	1,083	1,165	1,237	1,187	1,417	1,495	930	950
Home Energy Assistance - Total households applied	63,472	64,562	62,191	61,363	64,103	63,843	54,374	48,635	48,947	50,608
Crisis Assistance - Total households applied	-	-	21,440	20,836	17,482	22,137	19,564	13,550	29,568	21,176
Crisis Assistance - Total households estimated	21,580	21,951	-	-	-	-	-	-	-	-
Delinquency and Court Services Division:										
Detention Center:										
Staffed Capacity of Juvenile Detention	109	109	109	109	109	109	109	109	109	109
Average Daily Population	85	91	96	89	88	87	95	106	100	105
Detention Admissions (Annual)	1,879	2,158	2,518	2,855	2,773	2,753	2,912	3,143	3,356	3,507
Health Assessments/MH Screens in Detention	4,852	4,126	4,849	4,397	4,040	4,024	4,576	4,810	started 2008	
Court Intake and Probation Supervision:										
Annual Delinquency/JIPS Referrals	1,862	1,981	2,175	2,485	2,514	2,470	2,741	3,425	3,771	3,917
Average Monthly Intake/Probation/Diversion Cases	1,315	1,345	1,428	1,581	1,678	1,823	2,265	3,059	3,114	2,992
POSIT/Drug/Alcohol Screens	704	3,920	-	2,573	2,530	2,680	2,634	1,819	2,053	1,724
AODA Assessments	95	-	199	209	229	304	363	374	419	474
Victim Notifications	1,943	156	2,042	2,224	2,380	2,245	2,714	3,318	2,880	3,349
Diversion Restitution Payments Processed	19	2,011	19	29	24	36	23	12	30	39
Administrative Review Panels	990	19	12	70	88	189	206	254	247	241
Warrants Issued	185	66	751	839	686	681	721	776	791	819
Probation Orientation	-	805	183	618	610	548	650	741	494	started 2007
Avg Monthly Youth - Delinquency and Courts Svcs	1,315	1,345	1,482	1,581	1,678	1,823	2,265	3,059	3,114	2,992
Juveniles Served by Dept. of Corrections:										
Juvenile Commitments (Annual)	110	139	130	150	166	153	206	213	253	202
Average Daily Youth under Dept. of Corrections	132	148	140	160	151	186	235	272	265	started 2007
Juveniles Served In Community Programs:										
Temporary Shelter Care	453	619	784	862	780	749	780	888	982	1,110
Level II Monitoring	957	854	868	910	820	775	878	1,006	997	963
First Time Juvenile Offenders Program	118	158	187	243	251	276	376	394	395	539
Probation Network Services	359	540	533	365	357	387	485	516	519	517
Sex Offender Program	-	45	45	42	41	47	73	83	79	81
Day Treatment Program	76	140	138	187	174	169	168	159	192	231
Foster Care	2	2	1	2	3	3	2	3	7	8
Group Home Care	28	60	77	69	73	96	106	94	90	79
RADS	-	-	-	-	1	15	15	started 2009		
Wraparound	570	577	630	627	682	719	706	705	670	581
Serious Chronic Offender Program	128	241	272	140	118	106	102	91	89	60
Firearm Project Program	44	-	-	58	91	108	108	105	130	113
Sibling/Graduate Engagement	55	88	89	91	101	109	99	73	started 2008	
Focus Program	72	69	59	72	71	76	83	80	77	101
ACE - Alternatives to Corrections Through Education	60	-	-	-	-	1	1	started 2009		
Milwaukee County Accountability Program	39	36	28	13	started 2012					
Reentry Coordination and Services	80	87	68	63	55	27	started 2010			
Disabilities Services Division:										
Adults Served by Service Bureau	771	890	306	285	348	2,039	2,518	2,511	2,590	2,592
Children Served by Service Bureau	15,061	7,744	9,692	9,831	10,603	5,223	4,798	4,374	4,213	3,925
Resource Center Services	30,118	35,573	35,186	33,866	20,839	24,487	15,156	17,456	14,155	13,903
Court Related Services	684	771	719	802	813	730	1,550	1,736	1,471	2,198

COUNTY OF MILWAUKEE, WISCONSIN

**Operating Indicators by Function
For the Last Ten Years Ended December 31**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>Housing Division:</u>										
Special Needs - Safe Haven (Persons/Year)	82	64	78	81	66	63	64	54	55	66
Special Needs - Shelter Plus Care (Persons/Year)	543	454	484	538	558	553	537	520	499	467
HOME/Home Repair - Number of New Loans	22	28	33	11	35	43	75	58	68	68
<u>Behavioral Health</u>										
<u>Inpatient Services Branch:</u>										
Acute Adult Inpatient:										
Average Daily Census	47	47	59	67	80	84	89	98	99	97
Patients Served	731	882	1,009	1,124	1,361	1,696	1,734	1,880	2,002	1,946
Admissions	961	1,093	1,456	1,650	1,846	2,254	2,336	2,528	2,729	2,713
<u>Inpatient Services Branch (cont):</u>										
Acute Adult Inpatient (cont):										
Patient Days	17,209	16,991	21,363	24,586	29,098	30,805	32,573	35,917	36,069	35,259
Average Length of Stay	18	16	15	16	15	15	15	14	13	13
CAIS Inpatient:										
Average Daily Census	10	9	8	6	8	10	9	11	11	11
Patients Served	611	683	606	798	950	1,241	1,103	1,171	1,147	1,156
Admissions	919	953	829	1,152	1,343	1,601	1,551	1,584	1,557	1,519
Patient Days	3,601	3,305	2,930	2,311	3,077	3,781	3,440	3,851	4,120	3,881
Average Length of Stay	4	3	4	2	2	2	2	3	3	3
<u>Nursing Home Services - Rehabilitation Centers:</u>										
Average Daily Census	15	36	111	130	131	132	131	139	133	135
Patients Served	15	100	110	157	165	150	153	163	164	158
Admissions	-	1	3	23	31	16	16	30	32	18
Patient Days	3,044	26,037	40,350	47,489	47,719	48,098	47,894	48,587	48,545	48,977
<u>Community Services:</u>										
Community Support Program:										
Patients Served	1,290	1,090	1,353	333	356	361	372	391	415	436
Admissions	224	137	133	14	35	29	10	22	30	22
Contacts (Visits)	294,753	157,031	345,159	46,957	47,453	46,657	48,515	49,810	49,203	49,728
Targeted Case Management:										
Patients Served	1,738	1,509	1,439	159	219	276	293	295	333	354
Admissions	364	344	364	-	11	42	61	52	54	64
Contacts (Visits)	129,158	88,407	165,105	623	8,299	8,965	9,429	9,477	11,612	12,982
Adult Day Treatment:										
Average Daily Census	12	10	11	17	14	13	25	18	19	17
Patients Served	56	39	63	64	62	67	80	100	119	139
Admissions	36	40	42	44	46	46	64	80	97	109
Appointments (hrs.)	9,567	13,274	-	14,576	13,008	12,031	16,061	17,133	18,321	14,278
Visits	2,558	2,926	10,328	4,497	3,582	3,479	4,468	4,623	4,972	4,379
<u>Crisis Services:</u>										
Psychiatric Crisis Services - Admissions										
Patients Served (Access Clinic)	10,153	10,633	11,464	12,644	13,169	13,438	12,894	12,509	12,568	13,018
Admissions (Access)	579	1,489	6,310	2,406	1,652	1,680	1,785	1,973	2,164	2,258
Appointments (Access Clinic)	549	1,199	1,412	2,325	1,426	1,479	1,530	1,842	1,924	2,208
Admissions (Access)	1,249	4,064	6,310	6,674	5,573	5,233	5,681	6,498	7,023	6,710
Crisis Response (Mobile):										
Patients Served	1,902	2,090	1,716	1,403	1,371	1,287	1,158	1,211	1,371	1,257
Admissions	2,498	2,090	382	1,716	1,570	1,472	1,274	1,370	1,510	1,387
Appointments	2,362	2,010	2,211	1,517	1,405	1,473	1,392	1,405	1,645	1,628
Crisis Respite:										
Patients Served	241	329	1,716	1,403	1,371	1,287	1,158	1,211	1,371	1,257
Admissions	309	386	382	1,716	1,570	1,472	1,274	1,370	1,510	1,387
<u>Alcohol and Other Drug Abuse Services:</u>										
Methadone Detox	-	159	232	143	148	74	183	199	199	196
Inpatient Care (Detox)	5,409	5,556	1,918	3,162	2,813	3,360	3,542	3,477	3,517	3,599
Intake Assessments	6,256	4,443	3,973	6,334	4,860	5,153	4,727	4,235	5,712	8,120

COUNTY OF MILWAUKEE, WISCONSIN

**Operating Indicators by Function
For the Last Ten Years Ended December 31**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>Alcohol and Other Drug Abuse Services (cont.)</u>										
Outpatient	836	2,084	2,574	3,734	3,331	3,171	3,112	2,717	3,268	4,854
Day Treatment	68	243	458	557	688	683	903	729	785	1,499
Day Treatment - Residential	673	591	490	656	711	708	727	774	701	1,191
Community Living Support Services	2,276	2,526	-	6,604	6,069	6,341	5,709	4,407	2,478	5,473
Recovery House Plus op/DT	89	169	162	360	321	334	197	144	32	7
<u>Wraparound Milwaukee:</u>										
Average Census	1,179	967	1,212	1,059	945	942	905	841	679	680
Patients Served	3,458	3,347	2,627	3,246	3,400	3,521	3,492	2,904	3,240	2,449
Admissions	945	1,029	993	1,171	874	898	829	874	692	586
Patient Contacts	12,124	10,895	9,975	9,490	9,239	9,115	7,395	6,171	6,791	6,242
Hospital Diversions	1,364	809	754	961	1,404	1,511	1,236	1,244	800	1,005
<u>PARKS, RECREATION, AND CULTURE</u>										
<u>Zoo:</u>										
Zoo Attendance - Adults	369,036	380,478	372,548	387,308	367,234	379,418	383,982	434,754	419,486	423,417
Zoo Attendance - Junior	171,087	163,298	173,960	159,736	168,637	185,729	186,930	206,743	209,847	217,978
Zoo Attendance - Free	838,881	723,580	686,391	785,351	697,348	701,168	720,330	672,786	668,508	662,688
Zoo Attendance - Total	1,379,004	1,267,356	1,232,899	1,332,395	1,233,219	1,266,315	1,291,242	1,314,283	1,297,841	1,304,083
<u>Parks:</u>										
<u>Facilities Rentals:</u>										
Picnic with/without Shelters	2,548	3,217	3,202	3,178	3,029	2,960	3,089	2,910	3,551	3,892
Buildings	2,283	2,109	2,204	1,872	1,744	2,085	1,998	2,033	2,264	2,769
Lodges	67	92	90	83	53	45	27	102	115	178
Pools Rentals	44	70	56	40	39	49	41	61	65	76
Marina Slip Rentals	649	641	638	635	664	659	644	677	683	679
Special Event Permits	873	634	571	360	339	272	267	259	243	273
Rounds of Golf	297,475	273,443	278,353	314,715	288,953	315,455	302,262	302,067	333,142	347,067
Pool Attendance	219,062	206,336	261,371	352,134	321,749	348,547	251,447	204,199	265,770	283,475
<u>BUSINESS - TYPE ACTIVITIES</u>										
<u>Transit/Para Transit:</u>										
Buses Assigned	401	405	396	415	416	415	483	483	483	483
Buses Operated	343	331	333	333	341	333	394	392	431	431
Bus Miles Traveled	18,437,783	17,457,798	17,244,868	17,369,735	17,107,116	17,369,735	17,958,867	18,098,521	18,494,513	18,934,841
Bus Hours Driven	1,396,012	1,345,689	1,328,033	1,331,216	1,298,644	1,331,216	1,346,998	1,345,685	1,376,762	1,419,603
Revenue Passengers	22,887,923	33,222,519	36,451,283	37,372,333	38,075,651	37,372,333	39,405,363	43,165,472	42,531,691	46,627,247
Transit Plus Ridership	523,406	557,272	544,357	572,146	876,494	572,146	1,170,456	1,121,848	1,091,823	1,032,970
<u>Airport:</u>										
Passengers Served	6,549,353	6,554,152	6,521,027	7,515,070	9,522,456	9,848,377	7,946,562	7,956,968	7,713,144	7,299,294
Carriers - Commercial	8	7	8	8	9	10	12	12	12	12
Runways	5	5	5	5	5	5	5	5	5	5
Acreage	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386
Daily Departures/Arrivals	265	269	282	320	431	479	422	451	486	490
Aircraft Operations	111,501	113,248	119,549	133,366	173,017	191,553	169,693	183,278	244,836	255,515
Revenue Landing Weight (in 1,000 lbs.)	4,429,448	4,389,521	4,522,926	5,024,172	6,237,622	6,550,879	5,552,988	5,871,753	5,728,235	5,701,137
Air Freight (in 1,000 lbs.)	146,993	143,884	148,876	156,582	165,583	171,123	147,390	183,478	187,352	194,110

COUNTY OF MILWAUKEE, WISCONSIN

Capital Asset Statistics by Function For the Last Ten Years Ended December 31

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>LEGISLATIVE, EXECUTIVE AND STAFF</u>										
<u>County Board:</u>										
Vehicles - Cars, Vans, SUVs, Pickup Trucks	-	-	1	1	-	-	-	-	-	-
<u>Office for Persons with Disabilities:</u>										
Vehicles - Cars, Vans, SUVs, Pickup Trucks	1	1	1	1	1	1	1	1	1	1
<u>Information Management Services:</u>										
Vehicles - Cars, Vans, SUVs, Pickup Trucks	2	2	2	2	3	3	3	3	3	1
<u>General (1):</u>										
Buildings	4	4	4	4	4	4	4	4	4	4
<u>Facilities Management (2):</u>										
Buildings	7	6	6	6	-	-	-	-	-	-
Electrical Substation	2	2	2	2	-	-	-	-	-	-
Loaders and Attachments	3	3	2	3	-	-	-	-	-	-
Mowers and Attachments	16	13	9	7	-	-	-	-	-	-
Pump House	1	1	1	1	-	-	-	-	-	-
Snow Plows and Attachments	11	10	11	12	-	-	-	-	-	-
Spreaders and Attachments	5	5	5	5	-	-	-	-	-	-
Sweepers, Cleaners and Attachments	3	3	3	3	-	-	-	-	-	-
Tractors	1	1	1	2	-	-	-	-	-	-
Trucks - over 13,000 lb. gross vehicle weight	2	2	2	2	-	-	-	-	-	-
Vehicles - Cars, Vans, SUVs, Pickup Trucks	39	34	34	34	-	-	-	-	-	-
Water Towers and Reservoirs	6	6	5	5	-	-	-	-	-	-
<u>PUBLIC SAFETY</u>										
<u>Medical Examiner:</u>										
Vehicles - Cars, Vans, SUVs, Pickup Trucks	3	3	3	3	3	5	5	5	5	5
<u>District Attorney:</u>										
Vehicles - Cars, Vans, SUVs, Pickup Trucks	19	17	12	11	16	19	19	19	18	18
<u>Office of Emergency Management: (10)</u>										
Ambulance	2	-	-	-	-	-	-	-	-	-
Vehicles - Cars, Vans, SUVs, Pickup Trucks	4	-	-	-	-	-	-	-	-	-
<u>Sheriff:</u>										
Ambulance	-	3	2	2	2	1	1	1	1	1
Bomb Trucks	2	2	1	1	1	1	1	1	1	1
Generator	-	1	1	1	1	1	1	1	1	1
Squad Cars	72	77	86	84	93	80	71	69	62	60
Vehicles - Cars, Vans, SUVs, Pickup Trucks	92	92	91	99	99	98	99	103	103	101
<u>House of Correction:</u>										
Barn --- (note silos below) (6)	-	-	-	1	1	1	1	1	1	1
Buildings	7	10	11	12	12	12	12	12	13	13
Chicken Coop (6)	-	-	-	1	1	1	1	1	1	1
Creamery (6)	-	-	-	1	1	1	1	1	1	1
Fuel Storage Tanks	2	2	2	2	2	2	2	2	2	2
Garages	1	1	1	2	2	2	2	2	2	2
Greenhouses	-	-	-	1	1	1	1	1	1	1
Kennels (6)	-	-	-	1	1	1	1	1	1	1
Loaders and Attachments	2	2	2	2	2	2	2	2	2	2
Pump Houses	1	2	2	2	2	2	2	2	2	2
Silos --- (attached to Barn listed above) (6)	-	-	-	4	4	4	4	4	4	4
Toll Booths and Sheriff Check-In	1	2	2	2	2	2	2	2	2	2
Miscellaneous Equipment	5	5	3	3	3	3	3	3	3	3
Mowers and Attachments	3	3	3	3	3	3	3	3	3	3

COUNTY OF MILWAUKEE, WISCONSIN

Capital Asset Statistics by Function For the Last Ten Years Ended December 31

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>House of Correction (cont.)</u>										
Spreaders	-	1	1	1	1	1	1	1	1	1
Tractors	5	5	6	6	6	6	6	6	6	6
Trailers	-	-	1	1	1	1	1	1	1	1
Vehicles - Cars, Vans, SUVs, Pickup Trucks	39	39	36	35	40	40	43	44	44	44
Warehouses, Storage Buildings and Sheds	3	4	4	12	12	12	12	12	12	12
Water Towers (9)	-	1	1	1	1	1	1	1	1	1
<u>PUBLIC WORKS AND HIGHWAYS (2):</u>										
Aerial Lifts and Buckets	7	6	8	7	9	6	6	6	6	6
Air Compressors	12	12	11	11	11	11	11	11	11	11
Asphalting Equipment	14	14	13	13	16	16	15	16	16	16
Buildings	1	1	1	1	9	9	9	9	9	9
Cranes and Attachments	9	9	6	6	5	5	5	5	5	5
Fork Lifts and Attachments	9	9	9	9	8	8	8	9	9	9
Garages	7	7	7	7	7	7	7	7	7	7
Liquid Calcium Applicators	37	40	41	49	54	63	64	49	43	39
Loaders and Attachments	12	12	12	11	17	20	24	24	21	21
Mowers and Attachments	30	27	27	27	40	39	41	39	39	39
Other Miscellaneous Road Working Equipment	40	41	41	17	16	16	16	13	13	13
Scoters	1	-	-	-	-	-	-	-	-	-
Snow Plows and Attachments	179	174	175	187	186	213	193	204	187	176
Spreaders and Attachments	73	74	76	91	99	133	113	115	109	105
Sweepers, Cleaners and Attachments	16	15	15	16	21	20	21	23	23	23
Tractors	12	13	13	12	18	17	18	21	21	21
Trailers	11	10	10	-	-	-	-	-	-	-
Trucks - over 13,000 lb. gross vehicle weight	97	93	93	100	119	133	125	102	96	92
Vehicles - Cars, Vans, SUVs, Pickup Trucks	36	29	35	29	72	140	86	81	71	68
Water Pumps and Tanks	7	6	7	8	8	8	8	9	9	9
Warehouses, Storage Buildings and Sheds	15	14	14	14	14	14	14	14	14	14
<u>HEALTH & HUMAN SERVICES:</u>										
Buildings (4)	12	12	13	13	8	8	8	7	7	2
Recreational Centers	2	2	2	2	2	2	2	2	2	2
Senior Centers	6	5	6	6	6	6	6	6	6	6
Sheds	4	3	3	3	3	3	3	3	3	2
Vehicles - Cars, Vans, SUVs, Pickup Trucks	13	19	22	24	29	33	34	34	34	24
Wading Pools	1	1	1	1	1	1	1	1	1	1
Wheelchair Accessible Vans	-	-	-	-	1	1	1	1	1	1
<u>PARKS, RECREATION AND CULTURE</u>										
<u>Parks:</u>										
Air Compressors	4	2	1	-	-	-	-	-	-	-
Asphalting Equipment	2	2	3	-	-	-	-	-	-	-
Band Shells and Amphitheater	4	4	3	3	3	3	3	3	3	3
Barns (6)	1	1	1	-	-	-	-	-	-	-
Barns and Silos (6)	6	6	6	5	5	5	5	5	5	5
Bathhouses	15	15	15	15	15	15	15	16	14	14
Bathhouse / Pavilions	28	29	29	27	27	27	27	27	27	27
Boat Launches	1	1	1	1	3	3	3	3	3	3
Boathouses	3	3	3	3	4	3	3	3	3	3
Booths	14	14	14	14	14	14	14	14	14	14
Buildings (8)	119	134	133	132	131	131	128	128	128	128
Chicken Coops (6)	-	1	1	-	-	-	-	-	-	-
Comfort Stations	28	28	28	27	27	27	27	27	27	27
Community Centers	3	3	2	3	3	3	3	3	2	2
Concession Stands	7	7	7	4	4	4	4	4	5	5
Creamery (6)	1	1	1	-	-	-	-	-	-	-
Dam and Dam Dugout	2	2	2	2	2	2	2	2	2	2
Fork Lifts and Attachments	1	-	-	-	-	-	-	-	-	-
Gazebos	4	4	4	3	3	3	3	2	2	2

COUNTY OF MILWAUKEE, WISCONSIN

Capital Asset Statistics by Function For the Last Ten Years Ended December 31

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>Parks (cont.)</u>										
Golf Clubhouses	13	13	13	14	15	15	15	15	15	15
Golf Courses	15	15	15	15	15	15	15	15	15	15
Golf Dome	1	1	1	1	1	1	1	1	1	1
Greenhouse	1	1	1	1	-	-	-	-	-	-
Harvesters	8	8	8	8	7	7	7	7	7	7
Hoppers	5	5	5	5	5	5	5	5	5	5
Houses and Lodges	11	11	11	11	11	11	11	11	13	13
Indoor Baseball Facilities	1	1	1	1	1	1	1	1	1	1
Kennels (6)	1	1	1	-	-	-	-	-	-	-
Lighthouse	1	1	1	1	1	1	1	1	1	1
Loaders and Attachments	15	15	20	21	24	25	27	27	27	27
Miscellaneous Equipment	37	41	38	41	51	54	54	56	55	52
Mowers and Attachments (7)	452	450	134	107	72	78	58	61	27	25
Nature Preserves and Gardens	4	4	4	4	4	4	4	4	4	4
Parking Structures & Garages	7	9	8	8	8	8	8	8	8	8
Parks and Parkways (3)	157	156	157	156	147	147	147	147	147	147
Pavilions	33	32	32	30	30	30	30	30	30	30
Pools	13	14	14	15	15	15	15	18	18	18
Pump Houses	13	13	12	11	11	11	11	9	9	9
Recreation Buildings	4	4	4	4	4	4	4	4	4	4
Scooters	12	14	14	14	17	17	20	20	20	19
Shelters	34	34	34	32	32	32	32	32	35	35
Ski Chalets	1	1	1	1	1	1	1	1	1	1
Snow Plows, Equipment and Attachments	118	118	131	130	129	113	109	118	118	118
Spreaders and Attachments	66	65	65	67	67	58	50	50	50	50
Storage Containers	5	5	5	5	5	5	5	5	5	5
Storage Sheds	105	105	103	106	107	107	107	107	101	101
Sweepers	5	5	6	6	6	6	6	7	7	7
Tractors	4	3	3	4	18	16	18	16	14	13
Trailers	10	10	10	10	8	8	8	8	8	8
Trucks - over 13,000 lb. gross vehicle weight	27	29	28	29	29	24	28	32	31	31
Vehicles - Cars, Vans, SUVs, Pickup Trucks	133	135	136	136	138	147	142	149	150	150
Wading Pools	35	36	36	36	36	36	36	38	36	36
Walkway Bridge	1	1	1	1	1	1	1	1	1	1
Warehouses (6)	1	1	1	-	-	-	-	-	-	-
Water Playgrounds & Splash Pads	5	5	5	5	5	5	5	5	5	5
Weed Sprayers and Attachments	23	24	24	24	24	24	24	23	23	23
<u>Zoo:</u>										
Animal Dens	4	4	4	4	4	4	4	4	4	4
Animal Exhibits	7	6	6	6	6	6	6	6	5	5
Animal Islands	1	1	1	1	1	1	1	1	1	1
Animal Overlooks	2	2	2	2	2	2	2	2	2	2
Animal Petting Rings	1	1	1	1	1	1	1	1	1	1
Aviaries and Pheasantries	5	5	5	5	5	5	5	5	5	5
Barns	12	12	12	12	12	12	12	12	10	10
Boat Landings	1	1	1	1	1	1	1	1	1	1
Booths	16	16	16	16	16	16	16	16	16	16
Buildings	36	35	36	36	36	36	36	36	32	32
Carousels	1	1	1	1	1	1	1	1	1	1
Catch Basin Cleaner	1	1	1	1	1	1	1	1	1	1
Chick Hatchery	1	1	1	1	1	1	1	1	1	1
Clubhouses	1	1	1	1	1	1	1	1	1	1
Comfort / Concession Stations	8	8	8	8	8	8	8	8	8	8
Electrical Substation	1	1	1	1	1	1	1	1	1	1
Entrance Kiosks	3	3	3	3	3	3	3	3	3	3
Farm Entry Structures	1	1	1	1	1	1	1	1	1	1
Garages	1	1	1	1	1	1	1	1	1	1
Gazebos	3	3	3	3	3	3	3	3	3	3
Loaders and Attachments	3	3	2	2	4	3	3	3	3	3

COUNTY OF MILWAUKEE, WISCONSIN

Capital Asset Statistics by Function For the Last Ten Years Ended December 31

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>Zoo (cont.)</u>										
Mowers and Attachments	4	2	-	-	-	-	-	-	-	-
Observation Decks	2	2	2	2	2	2	2	2	1	1
Parking Lot	1	1	1	1	1	1	1	1	1	1
Photovoltaic Solar Systems	1	1	2	2	2	2	2	2	2	2
Pools	1	1	1	1	1	1	1	1	2	2
Pump Houses	2	2	2	2	2	2	2	2	1	1
Roadway Sweeper	1	1	1	1	1	1	1	1	1	1
Sheds	7	7	7	7	7	7	7	7	8	8
Shelters	4	4	4	4	4	4	4	4	4	4
Snow Plows	9	10	7	7	8	8	6	5	5	4
Spreaders and Attachments	3	3	3	3	3	3	3	4	4	3
Stages	2	2	2	2	2	2	2	2	2	2
Standalone Bleachers	2	2	2	2	2	2	2	2	2	2
Storage Containers	7	7	7	7	7	7	7	7	7	7
Theaters with Bleachers	2	2	2	2	2	2	2	2	2	2
Train Depot and Crossing Shacks	4	4	4	4	4	4	4	4	4	4
Train Locomotive Engines	4	4	4	4	4	4	4	4	4	4
Trucks - over 13,000 lb. gross vehicle weight	2	2	2	2	2	2	3	3	3	3
Vehicles - Cars, Vans, SUVs, Pickup Trucks	22	22	21	22	18	22	28	29	29	26
Wishing Well	1	1	1	1	1	1	1	1	1	1
<u>BUSINESS - TYPE ACTIVITIES</u>										
<u>Transit / Para Transit:</u>										
Buildings	16	16	16	16	16	16	16	16	16	16
Bus Waiting Stations	3	3	3	3	3	3	4	4	4	4
Sheds	1	1	1	1	1	1	1	1	1	1
Shelters	2	11	-	2	2	2	2	2	2	2
<u>Airport:</u>										
Air Traffic Control Towers	2	2	2	2	2	2	2	2	2	2
Buildings - (5)	73	73	72	73	73	46	46	45	46	46
Bus / Lot Shelters	8	8	8	8	8	8	8	8	6	8
Cargo Carriers	3	3	3	3	3	3	3	3	2	2
Combo Units	12	12	12	12	12	12	12	2	-	-
Crash and Rescue Facility	1	1	1	1	1	1	1	1	1	1
Entrance / Exit Helix	2	2	2	2	2	2	2	2	2	2
Fire Trucks	5	5	5	5	5	5	5	6	4	4
Ground Run-up Enclosures	-	-	-	-	-	2	2	2	2	2
Guard Shack and Check Station	-	-	-	-	-	2	2	2	2	2
Hangars	16	16	12	16	16	25	25	25	25	25
Hydrant Fuel System	1	1	1	1	1	1	1	1	1	1
Kennels	1	1	1	1	1	2	2	2	2	2
Liquid Calcium Applicators	4	4	4	4	4	4	4	4	4	4
Loaders and Attachments	21	21	21	21	22	22	22	24	20	20
Miscellaneous Equipment	34	34	32	33	20	15	11	9	9	8
Mowers and Attachments	33	33	32	28	26	26	25	24	21	21
Parking Structures	1	1	1	1	1	1	1	1	1	1
Pump Houses	2	2	4	2	2	2	2	2	2	2
Remote Transmitter	1	1	1	1	1	1	1	1	1	1
Runway Brooms, Sweepers and Attachments	14	15	14	13	11	10	10	11	11	11
Snow Plows and Attachments	52	53	53	51	52	54	50	44	43	37
Spreaders, Deicers, Salters and Attachments	18	18	18	18	18	19	19	19	18	18
Surface Friction Tester	1	1	1	1	1	1	1	1	1	1
Taxi Stop Boxes	1	1	1	1	1	1	1	1	1	1
Teller Boxes	3	3	3	3	3	3	3	3	3	3
Terminals and Concourses	5	5	5	5	5	5	5	5	5	5
Toll Booths	12	12	12	12	12	12	12	12	12	12
Tractors	7	7	7	7	7	7	8	9	9	9
Trailers	3	3	4	4	2	1	1	1	1	1
Trucks - over 13,000 lb. gross vehicle weight	35	36	36	36	32	32	34	32	31	27

COUNTY OF MILWAUKEE, WISCONSIN

Capital Asset Statistics by Function For the Last Ten Years Ended December 31

<u>Airport (cont.)</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Vehicles - Cars, Vans, SUVs, Pickup Trucks	76	77	71	69	70	63	50	47	46	37
Warehouses, Storage Buildings and Sheds - (5)	53	53	52	52	52	19	19	19	19	19

Notes:

- (1) Inventory shows these items under Public Safety, however, these buildings are owned and operated under Facilities Management. They are highlighted separately to maintain inventory tracking.
- (2) Facilities Management transferred from the Department of Transportation to the Department of Administrative Services in 2012. Facilities Management's 2012 balances are being shown as per the appropriate documents; however, 2006 - 2011 data is being presented as per previous statistical sections in Public Works. The actual inventory numbers still reside in Public Works data.
- (3) Parks & Parkways --- increase in 2012 due to updated data from Department.
- (4) Reclass of CATC Buildings from 1 to 6 separate buildings and reclass of City Campus from 1 to 4 buildings and recognition that Gamex buildings were sold to UWM.
- (5) Increases in 2011 due to buildings available for use from the 440th Air Force Reserve Station. Acquisition made in 2010.
- (6) Reclass of farm items from House of Correction to Parks.
- (7) Mowers and Attachments increased for Parks due to new purchases from bonds issuance.
- (8) All Landscape Services buildings and Grant Park Life Station are destroyed.
- (9) Water Tower was destroyed.
- (10) Office of Emergency Management became a separate department .

APPENDIX B

FORMS OF LEGAL OPINIONS OF CO-BOND COUNSEL

Proposed Form of Opinion
of Co-Bond Counsel (2016A Bonds)

(To be dated the date of issuance)

Re: Milwaukee County, Wisconsin ("Issuer")
\$ 25,505,000 General Obligation Corporate Purpose Bonds, Series 2016A,
dated November 10, 2016 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on September 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$1,825,000	_____ %
2019	1,825,000	_____
2020	1,825,000	_____
2021	1,825,000	_____
2022	1,825,000	_____
2023	1,820,000	_____
2024	1,820,000	_____
2025	1,820,000	_____
2026	1,820,000	_____
2027	1,820,000	_____
2028	1,820,000	_____
2029	1,820,000	_____
2030	1,820,000	_____
2031	1,820,000	_____

Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2017.

The Bonds maturing on September 1, 2026 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on September 1, 2025 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer and within each maturity, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.

3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Proposed Form of Opinion
of Co-Bond Counsel (2016B Bonds)

(To be dated the date of issuance)

Re: Milwaukee County, Wisconsin ("Issuer")
\$7,120,000 Taxable General Obligation Mass Transit Bonds
(QECCBs-Direct Payment), Series 2016B, dated November 10, 2016 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on October 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2017	\$715,000	_____ %
2018	715,000	_____
2019	715,000	_____
2020	715,000	_____
2021	715,000	_____
2022	715,000	_____
2023	715,000	_____
2024	705,000	_____
2025	705,000	_____
2026	705,000	_____

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2017.

The Bonds are not subject to optional redemption, except in the event that an Extraordinary Event occurs, as described below.

The Bonds are subject to redemption prior to maturity, in whole or in part, at the option of the Issuer, on any day, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the date of redemption, in the event that an Extraordinary Event occurs. An "Extraordinary Event" will have occurred if either (a) any provision of the Internal Revenue Code of 1986, as amended (the "Code") is repealed, amended or modified in a manner which results in the elimination or reduction of an amount equal to or greater than 25% of the original

anticipated cash subsidy payment from the Treasury to the Issuer or (b) the Treasury fails to make a cash subsidy payment to which the Issuer is entitled and such failure is not caused by any action or inaction by the Issuer.

The Bonds are also subject to extraordinary mandatory redemption upon the failure of the Issuer to spend the available project proceeds of the Bonds as provided in the resolution establishing the parameters for the sale of the Bonds.

The Issuer has irrevocably elected to apply Subsection 6431(f)(3) of the Code to the Bonds. No tax credit shall be allowed under Section 54A of the Code with respect to the Bonds and owners of the Bonds shall not be entitled to any such tax credit by virtue of their ownership of the Bonds.

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.

3. The interest on the Bonds is included for federal income tax purposes in the gross income of the owners of the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

APPENDIX C

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$25,505,000 General Obligation Corporate Purpose Bonds, Series 2016A, dated November 10, 2016 (the "Securities"). The Securities are being issued pursuant to Resolutions adopted by the Governing Body of the Issuer on February 4, 2016 and March 17, 2016 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the final Official Statement dated October __, 2016 delivered in connection with the Securities, which is available from the MSRB.

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

"Governing Body" means the County Board of Supervisors of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2016, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

DEBT STRUCTURE - General Obligation Debt by Issue
FINANCIAL INFORMATION - Equalized Value Trends
FINANCIAL INFORMATION - Property Tax Levies and Collections
FINANCIAL INFORMATION - Property Tax Rates for County Levies
FINANCIAL INFORMATION - Five-Year Summary of Revenues, Expenditures and Changes in Fund Balance - General Fund

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but

subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

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

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to

include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 10th day of November, 2016.

Chairperson of the County Board

County Clerk

Approved as to Form:

Countersigned:

Corporation Counsel

County Executive

Comptroller

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$7,120,000 Taxable General Obligation Mass Transit Bonds (QECBs-Direct Payment), Series 2016B, dated November 10, 2016 (the "Securities"). The Securities are being issued pursuant to Resolutions adopted by the Governing Body of the Issuer on February 4, 2016 and March 17, 2016 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the final Official Statement dated October __, 2016 delivered in connection with the Securities, which is available from the MSRB.

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

"Governing Body" means the County Board of Supervisors of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2016, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

DEBT STRUCTURE - General Obligation Debt by Issue
FINANCIAL INFORMATION - Equalized Value Trends
FINANCIAL INFORMATION - Property Tax Levies and Collections
FINANCIAL INFORMATION - Property Tax Rates for County Levies
FINANCIAL INFORMATION - Five-Year Summary of Revenues, Expenditures and Changes in Fund Balance - General Fund

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but

subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

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

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to

include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 10th day of November, 2016.

Chairperson of the County Board

County Clerk

Approved as to Form:

Countersigned:

Corporation Counsel

County Executive

Comptroller

OFFICIAL BID FORM

\$25,505,000*

General Obligation Corporate Purpose Bonds, Series 2016A

Milwaukee County Comptroller,
901 North Ninth Street, Room 301
Milwaukee, Wisconsin 53233

Sale Date: October 12, 2016

For the principal amount of \$25,505,000* General Obligation Corporate Purpose Bonds, Series 2016A, legally issued and as described in the Official Terms of Offering, we will pay Milwaukee County \$_____ plus accrued interest on the total principal amount of the 2016A Bonds to date of delivery, provided the 2016A Bonds bear the following interest rates:

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Rate</u>	<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Rate</u>
2018	\$ 1,825,000	____%	2025	\$ 1,820,000	____%
2019	1,825,000	____%	2026	1,820,000	____%
2020	1,825,000	____%	2027	1,820,000	____%
2021	1,825,000	____%	2028	1,820,000	____%
2022	1,825,000	____%	2029	1,820,000	____%
2023	1,820,000	____%	2030	1,820,000	____%
2024	1,820,000	____%	2031	1,820,000	____%

* Preliminary, subject to change.

In making this offer, we accept the terms and conditions as defined in the Official Terms of Offering published in the Preliminary Official Statement dated October 5, 2016. All blank spaces of this offer are intentional and are not to be construed as an omission. Our good faith deposit in the amount of \$255,050 will be wired in federal funds to the County within two hours after verbal award is made according to the Official Terms of Offering.

NOT PART OF THE BID

Explanatory Note: According to our computation this bid involves the following:

Net Interest Cost

True Interest Rate (TIC)

Respectfully submitted,

Account Manager

Please list minority underwriting firms who have participated in our bidding group and their initial percentages:

If we receive the award of the 2016A Bonds, we agree to provide to the County Board of Milwaukee County a list of all firms that are participating with us in the underwriting of the 2016A Bonds so awarded and the amount of each firm's participation, specifying which are minority-owned and specifying the amount of the initial participation and the final participation of each firm. We further agree to supply to the County all necessary pricing information and any Participating Underwriter identification necessary to complete the final Official Statement within 24 hours after the award of the 2016A Bonds.

The foregoing offer is hereby accepted by and on behalf of Milwaukee County, Wisconsin on this 12th day of October, 2016.

Scott Manske, Milwaukee County Comptroller

OFFICIAL BID FORM

\$7,120,000*

Taxable General Obligation Mass Transit Bonds (QECBs - Direct Payment), Series 2016B

Milwaukee County Comptroller
901 North Ninth Street, Room 301
Milwaukee, Wisconsin 53233

Sale Date: October 12, 2016

For the principal amount of \$7,120,000* Taxable General Obligation Mass Transit Bonds (QECBs - Direct Payment), Series 2016B, legally issued and as described in the Official Terms of Offering, we will pay Milwaukee County \$ _____ plus accrued interest on the total principal amount of the 2016B Bonds to date of delivery, provided the 2016B Bonds bear the following interest rates:

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Maximum</u> <u>Price</u>	<u>Rate</u>	<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Maximum</u> <u>Price</u>	<u>Rate</u>
2017	\$ 715,000	100.00%	_____%	2022	\$ 715,000	101.25%	_____%
2018	715,000	100.25%	_____%	2023	715,000	101.50%	_____%
2019	715,000	100.50%	_____%	2024	705,000	101.75%	_____%
2020	715,000	100.75%	_____%	2025	705,000	102.00%	_____%
2021	715,000	101.00%	_____%	2026	705,000	102.25%	_____%

* Preliminary, subject to change.

In making this offer, we accept the terms and conditions as defined in the Official Terms of Offering published in the Preliminary Official Statement dated October 5, 2016. All blank spaces of this offer are intentional and are not to be construed as an omission. Our good faith deposit in the amount of \$71,200 will be wired in federal funds to the County within two hours after verbal award is made according to the Official Terms of Offering.

<p>NOT PART OF THE BID</p> <p>Explanatory Note: According to our computation this bid involves the following:</p> <p>_____</p> <p>Net Interest Cost</p> <p>_____</p> <p>True Interest Rate (TIC)</p>

Respectfully submitted,

Account Manager

Please list minority underwriting firms who have participated in our bidding group and their initial percentages:

If we receive the award of the 2016B Bonds, we agree to provide to the County Board of Milwaukee County a list of all firms that are participating with us in the underwriting of the 2016B Bonds so awarded and the amount of each firm's participation, specifying which are minority-owned and specifying the amount of the initial participation and the final participation of each firm. We further agree to supply to the County all necessary pricing information and any Participating Underwriter identification necessary to complete the final Official Statement within 24 hours after the award of the 2016B Bonds.

The foregoing offer is hereby accepted by and on behalf of Milwaukee County, Wisconsin on this 12th day of October, 2016.

Scott Manske, Milwaukee County Comptroller