

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE : September 6, 2011
TO: Supv. Johnny Thomas, Chairman, Finance and Audit Committee
FROM: Scott Manske, Controller
SUBJECT: Report on 2011 Investment Earnings as of July 31, 2011

Informational Report

This memorandum is an informational report only.

In previous years the Treasurer's Office has submitted a quarterly information report on investment earnings to the Finance and Audit Committee of the County Board. Due to a change in the 2011 budget, the investment reporting will now be made by the Controller's office.

Background

Based upon investment earnings for the first seven months of 2011 the Controller's office is projecting a surplus of \$500,000 on an annual basis. This projection is based on the County having average cash and investments of \$400 million for 2011, or \$121 million over budgeted estimates of \$278 million. In addition, the average interest rate earned for 2011 is expected to 1.16%, or .25% over the 0.91% budgeted earnings rate.

	12/31/2011 Budget	Seven Mnths 2011 Actual	12 Mnths 2011 Projected
Average Investments			
Fixed Income	\$ 162,000,000	\$ 257,091,000	\$ 227,091,000
Money Market type	116,000,000	207,434,000	172,434,000
Total	<u>278,000,000</u>	<u>464,525,000</u>	<u>399,525,000</u>
Average Rate on Investments			
Fixed Income	1.43%	1.90%	1.90%
Money Market type	0.19%	0.18%	0.18%
Total	0.91%	1.16%	1.16%
Earnings on Investments			
Fixed Income	\$ 2,316,600	\$ 2,809,000	\$ 4,326,000
Money Market type	223,000	213,000	304,000
Total	<u>\$ 2,539,600</u>	<u>\$ 3,022,000</u>	<u>\$ 4,630,000</u>
Mark to Market	-	(17,000)	(34,000)
Earnings on Trust Fund Reserves	(477,332)	(400,000)	(800,000)
Earnings on Bonds allocated to Capital Fund and Debt Svc	(281,829)	(800,000)	(1,500,000)
Total Investment Earnings	<u>\$ 1,780,439</u>	<u>\$ 1,805,000</u>	<u>\$ 2,296,000</u>

The average investments are above budget due to the borrowing for capital projects that occurred in July and November of 2010. Most of these additional earnings will be allocated to capital projects, as is required under accounting rules. The earnings allocated to bonds on capital projects will be analyzed in coming weeks to determine if the projection is accurate.

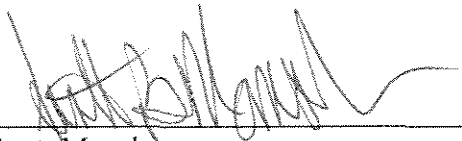
The County Treasurer invests a portion of the cash with investment advisors, who invest the cash in fixed income securities. There are currently three investment advisors, who are managing the funds identified above as fixed income. These funds are currently earning approximately 1.90%, and generally in longer term securities.

The remaining funds identified as money market type are invested by US Bank, the County's central banking group. The Treasurer has an agreement with US Bank to invest unused funds, and pay us rates similar to current money market rates. These funds are current and available for County needs.

Action by Committee

Receive the report and place on file.

Submitted by:



Scott Manske
Controller

Cc: Dan Diliberti, Treasurer
Patrick Farley Director of Administrative Services
Pamela Bryant, Interim Fiscal and Budget Administrator