

**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

DATE : January 25, 2011

TO : Supervisor Michael Mayo, Chairman, Milwaukee County Board of Supervisors

FROM : Scott B. Manske, Controller

SUBJECT: **Update of 2010 Fiscal Status**

As requested by the Finance and Audit Committee, the Department of Administrative Services (DAS) is providing *an update to the September 30, 2010 estimate* of the County's 2010 year-end fiscal position. In September, the third quarter fiscal estimate of the County's year-end deficit was approximately (\$4.4) million. This estimate was based upon financial information through September 2010.

Based upon a review of the County's financial status to-date, we are currently estimating a 2010 deficit of approximately (\$2.0) million. This represents a \$2.4 million increase in revenue which reduces the projected deficit for 2010. The WIMCR settlement for BHD and DHHS will provide an additional \$2.9 million of revenue to Milwaukee County for 2010. Offsetting entries are being made to decrease the Sales Tax revenue projection by \$1.0 million but increase the fringe benefit projected surplus by \$1.0 million.

Attachment A provides the surplus (deficit) projection of major departments.

**Pension Contribution 2010**

Previous reports had indicated that the County's budgeted pension contribution exceeded the actuarial estimate by \$3.7 million. It was noted to the Finance and Audit Committee that a resolution could be prepared which could apply the excess pension funding toward the deficit. After further review, it was determined that a resolution would have to be made to change County Ordinance Chapter 201 Section 3.1 (2) which currently requires "that the amount appropriated in the budget be paid to the system, regardless if the amount is more or less than the amount required... by the system's actuary". In the 2011 budget, a new ordinance was proposed, and included in the final budget document, which requires any excess pension contributions to be applied to the County's pension Stabilization Fund, as long as the County is not in a deficit position. In consultation with Corporation Counsel, this ordinance is not effective until presented separately to the County Board. Any ordinance change effecting the pension contribution may require a report from the County's actuary and also be presented to the pension study commission.

**Land Sales 2010**

The 2010 budget included \$5.0 million for land sales. The budget was split between the General Fund and the Capital Projects Fund. No revenues have been received to date to offset the budgeted revenue. The land sale to UWM Innovation Park is suppose to conclude during January or February 2011, with an initial payment of \$5.0 million, which would cover the budget. If the sale and the receipt of proceeds from UWM Innovation Park occurs by or before February 28, 2011 then the County will be able to recognize the first \$5.0 million payment as a

2010 revenue. If the sale and proceeds are completed and received after February 28, 2011, then the first payment of \$5.0 million from UWM will be counted as 2011 revenue, and the 2010 projected deficit will increase from (\$2.0) million to a deficit of (\$7.0) million.

This is still a *preliminary estimate* and should not be considered to be the final results for 2010. We are at the beginning stages of the closing process, and have yet to have our accounts reviewed by the external auditors.

Committee Action: This is an informational report only. This report should be referred to and reviewed by the Finance and Audit Committee.



Scott B. Manske  
Controller  
Attachments

cc: Lee Holloway, County Executive  
Supervisor John Thomas, Chairman, Finance and Audit Committee  
Finance and Audit Committee  
Renee Booker, Director, Department of Administrative Services  
John Ruggini, Acting Fiscal and Budget Administrator  
Stephen Cady, County Board Fiscal and Budget Analyst  
Department Heads

<b>Milwaukee County</b>				
<b>Projection for 2010 - Based on Activity after September 30, 2010</b>				
<b>Dept</b>	<b>Department Name</b>	<b>September 30, 2010</b>	<b>Change</b>	<b>Updated 2010</b>
1150	DAS - Risk Management	\$ (37,300)	-	\$ (37,300)
1160	Information Management Services Division	263,900	-	263,900
1188	DAS - Employee Benefits	94,900	-	94,900
2000	Combined Courts	(991,000)	-	(991,000)
2430	Child Support Enforcement	300,900	-	300,900
3400	Register of Deeds	(316,300)	-	(316,300)
4000	Sheriff's Office	189,000	-	189,000
4900	Medical Examiner	(277,600)	-	(277,600)
5300	DTPW - Fleet Services	600	-	600
5600	DTPW - Transit/Paratransit System	262,500	-	262,500
5800	DTPW - Administration	227,800	-	227,800
6300	Behavioral Health Division	(5,017,200)	2,400,000	(2,617,200)
7900	Department on Aging	577,000	-	577,000
7990	Department of Family Care (CMO)	2,092,600	-	2,092,600
7990	Contribution to Family Care Reserve	(2,092,600)	-	(2,092,600)
8000	Department of Health and Human Services	4,281,600	523,000	4,804,600
9000	Department of Parks, Recreation and Culture	(350,000)	-	(350,000)
	O'Donnell Parking Lost Revenue	(1,000,000)	-	(1,000,000)
9500	Zoological Department	(1,445,900)	-	(1,445,900)
	Other	292,658	(193,000)	99,658
	<b>Departmental Total</b>	<b>(2,944,442)</b>	<b>2,730,000</b>	<b>(214,442)</b>
	Capital Projects Funding	(598,000)	-	(598,000)
1933	Land Sales	-	-	-
1945	Unallocated Contingency Fund	5,498,500	1,871,590	7,370,090
1950	Fringe Benefits	2,000,000	1,000,000	3,000,000
1972	Wage and Benefit Modifications	(7,192,000)	-	(7,192,000)
1991	Reserve for Delinquent Property Taxes	-	-	-
1993	State Shared Revenue	(1,101,300)	-	(1,101,300)
1996	Sales Tax Revenue	(3,000,000)	(1,000,000)	(4,000,000)
9960	Debt Service Fund/Froedtert Lease Payment	2,917,000	(2,175,000)	742,000
	<b>Non-Departmental Total</b>	<b>(1,475,800)</b>	<b>(303,410)</b>	<b>(1,779,210)</b>
	<b>Projected County Surplus (Deficit)</b>	<b>\$ (4,420,242)</b>	<b>\$ 2,426,590</b>	<b>\$ (1,993,652)</b>

(1) This amount is only related to the estimated fringe benefit savings budgeted for in Org 1972. It does not include savings related to wages and overtime.

(2) The current projections include estimated costs related to the O'Donnell Park parking structure inspections and County building inspections.

(3) For 2010, the budgeted pension contribution for Milwaukee County is \$3.7 million higher than the required contribution from the actuary. County Ordinance 201 (3.1) (2) currently requires that the full amount of the budgeted contribution be paid to the Employee Retirement System. An ordinance change was included in the 2011 budget which would require the County to take any contribution in excess of the Actuarial requirement and contribute it to the Pension Stabilization Fund. The Stabilization Fund contribution cannot be made if the County is in a deficit. This would imply that the excess contribution shall not be made and shall reduce the expenditures of the County to achieve a breakeven for the County.