

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 06/05/2012

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Transfer of Surplus Funds from 2011 to the Debt Service Reserve

FISCAL EFFECT:

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

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

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	5,000,000	
	Revenue	-5,000,000	
	Net Cost	0	
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

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

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

A. The County Board is being requested to authorize, by resolution, a transfer from available 2011 surplus to the Debt Service Reserve a total of \$5.0 million. The surplus for 2011 is estimated to be \$11.5 million. If this transfer is not made, the surplus for 2011 would be applied against the 2013 budget, as an offset to tax levy needs. The County does not have the ability, at present, to maintain the surplus in a reserve to offset unexpected operating or capital deficits. The County uses the transfer to the Debt Service Reserve to provide a reserve for 2012 operations for unexpected costs or shortfalls in revenues. In the event of a surplus, State Statute 59.60 (5)(g) and County Ordinance 32.91 (4)(a)(3) allow the County to transfer surplus funds into a Debt Service Reserve. The transfer must have the approval of 2/3 of the voting members of the County Board.


B. The Debt Service Reserve as of the end of 2011 has a balance of \$4,266,000. The 2012 budget will be using \$1,738,000 of the Debt Service Reserve for debt interest payments, which will reduce the available balance to \$2,528,000. The projected surplus for 2011 is expected to be \$11.5 million. The resolution requests that \$5.0 million of the 2011 surplus be transferred to the Debt Service Reserve. This would increase the available Debt Service Reserve balance from \$2.5 million to \$7.5 million. The County's projection of results for 2012 is showing a projected deficit of \$0.5 million, which includes a contingency reserve offset of \$1.5 million. By transferring the funds into the Debt Service Reserve, this make the funds available to 2012. This, however, will reduce the surplus made available to the 2013 budget from \$11.5 million to \$6.5 million.

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

C. The transfer for \$5.0 million of 2011 surplus funds to the Debt Service Reserve will provide additional contingency funds of \$5.0 million for 2012. This however will reduce the funds available to offset the budget for 2013 by \$5.0 million from \$11.5 million to \$6.5 million. If however, the debt service reserve funds remain untouched for 2012 needs, the funds could be used for 2013 budget purposes.

D. The estimated surplus for 2011 of \$11.5 million is based on a preliminary analysis of the County's activity for 2011. The County is still in the midst of an audit for 2011, and final figures will not be known, until early July. The results for 2011, while preliminary, will still provide for sufficient funds to transfer to the Debt Service Reserve. If any major changes are made to the fiscal results for 2011, the Board and County Executive will be immediately notified.

Department/Prepared By Office of the Comptroller - Scott B. Manske

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No