

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICAITON

DATE : June 5, 2012
TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors
FROM : Scott B. Manske, Comptroller
SUBJECT : Fiscal Report 4th Quarter 2011 Preliminary Surplus for Milwaukee County

Policy Issue:

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.

Due to the size of the County surplus for 2011, and due to fiscal uncertainties for 2012, the Comptroller will be recommending the transfer of \$5.0 million of the 2011 surplus to the Debt Service Reserve.

Annual Report of Surplus:

Section 32.91 of the Milwaukee County Ordinances requires the Comptroller to submit a report on the County's financial results following the close of each fiscal year.

The 2011 fiscal year ended in a surplus. The unaudited projected surplus for 2011 is projected to be \$11,485,000. The 2010 surplus was \$8,179, which was reserved for 2012 operations. Without further action, County policy would require the entire 2011 surplus to be reserved for 2013 appropriations. An option available to the County is to transfer a portion of the 2011 surplus into the Debt Service Reserve, and therefore make it available to offset any issues in the 2012 fiscal year.

This report is a preliminary report of the annual results since the 2011 year-end audit has not been completed.

Attachment A provides a schedule of the surpluses and deficits by major departments, as compared to the projection made in the third quarter of 2011. The schedule will show an improvement in department operating results from departmental projections of \$7.6 million, and in non-operating results from quarterly projections of \$0.5 million.

Attachment B, which provides a written discussion of the major surpluses and deficits in operating and non-operating departments has not been prepared yet, but will be made available for the Finance, Audit and Personnel Committee in the future.

Attachment C is the Fiscal Report for the year ended December 31, 2011, by department, within functional categories. Attachment C is preliminary and will be modified based on final audited results.

2011 Surplus Available to offset 2013 Budgeted Tax Levy:

The annual County surplus can be viewed as a revenue source for the 2013 budget. Under State Statute, the ending surplus of the County is required to be applied against the tax levy requirements of the subsequent year's budget: 2013 budget. Since this policy occurs every year, it is important to note the amount of 2010 surplus that was used offset the 2012 budget, and at least provide that amount of surplus for the 2013 budget. Since the 2010 surplus was near breakeven, the 2011 surplus would reduce the tax levy needs for 2013 by over \$11 million, as compared to the 2012 budget.

Debt Service Reserve:

The State Statute allows the County to transfer any portion of the annual surplus to be used for a bond sinking fund: Debt Service Reserve. It is recommended that due to the size of the 2011 surplus, a portion of the annual surplus be applied to the County Debt Service Reserve.

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 Comptroller has completed a preliminary fiscal analysis of the 2012 projected surplus/deficit, based on first quarter reporting by departments and additional analysis performed by the Department of Administrative Services (DAS) and the Comptrollers Office. The Comptroller is projecting a 2012 county-wide deficit of \$0.5 million. The contingency account for 2012 is only \$1.5 million, and was used in arriving at the projected deficit.

Due to the fact that the 2012 County-wide projection is still early in the year, and the County has fiscal uncertainties that could arise, the Comptroller is recommending that the County place \$5.0 million of the 2011 County-wide surplus into the Debt Service Reserve.

By placing the funds into the Debt Service Reserve, the funds would be available in 2012 to offset a potential deficit should the Comptroller's office continue to project a 2012 County-wide deficit later in the year. If that were the case, then DAS would submit a report and resolution to the County Board seeking authorization to remove some or all of the \$5.0 million from the Debt Service Reserve to offset 2012 debt service costs, thus making tax levy available.

If a County-wide deficit does not appear likely for 2012, then the funds would remain in the Debt Service Reserve and could be utilized to offset debt service costs in 2013 or subsequent years.

Recommendation:

The Office of the Comptroller recommends the approval of the attached resolution to transfer \$5,000,000 to the Debt Service Reserve from 2011 available Surplus.



Scott B. Manske
Comptroller

Attachments

cc: Chris Abele, County Executive
Supervisor William Johnson, Co-Chairman, Finance, Audit and Personnel
Committee
Supervisor David Cullen, Co-Chairman, Finance, Audit and Personnel Committee
Patrick Farley, Director, Department of Administrative Services
Craig Kammholz, Fiscal and Budget Administrator
Stephen Cady, Fiscal and Budget Analyst, County Board
Department Heads

The following is a high level summary by major department of the projected county-wide surplus, with a comparison to the third quarter 2011 projection of a surplus of \$3.3 million.

Milwaukee County				
Projection for 2011 - Based on Preliminary Audit Analysis				
Dept	Department Name	Fourth Quarter 2011 Projection	Third Quarter 2011 Projection	Variance Gain (Loss)
1000	County Board	\$ 390,000	\$ 351,100	38,900
1150	DAS - Risk Management	(471,200)	-	(471,200)
2000	Combined Courts	(302,900)	(956,000)	653,100
2430	Child Support Enforcement	643,500	541,100	102,400
3090	Treasurer	1,281,400	-	1,281,400
3400	Register of Deeds	(222,300)	(545,100)	322,800
4000	Sheriff's Office	237,100	-	237,100
4900	Medical Examiner	(200,800)	(188,000)	(12,800)
5080	Architectural/ Environmental Svc	1,020,900	-	1,020,900
5100	DTPW - Highways	1,155,900	-	1,155,900
5300	DTPW - Fleet Services	288,100	324,000	(35,900)
5600	DTPW - Transit/Paratransit System	40,000	1,793,700	(1,753,700)
5800	DTPW - Admin	1,108,100	-	1,108,100
6300	Behavioral Health Division	(757,300)	(3,615,000)	2,857,700
7900	Department on Aging	1,030,600	-	1,030,600
7990	Department of Family Care (CMO)	-	-	-
8000	Department of Health and Human Services	4,752,600	4,931,600	(179,000)
9000	Department of Parks, Recreation and Culture	1,934	(250,000)	251,934
9500	Zoological Department	(1,921,600)	(2,384,400)	462,800
	Other	92,295	522,788	(430,494)
	Departmental Total	8,166,329	525,788	7,640,541
	Capital Projects Funding	\$ (2,681,405)	\$ (3,100,000)	418,595
1945	Unallocated Contingency Fund	3,685,867	5,423,445	(1,737,578)
1950	Fringe Benefits	(463,699)	(1)	(463,699)
1972	Wage and Benefit Modifications	-	-	-
1991	Reserve for Delinquent Property Taxes	(78,123)	(500,000)	421,877
1992	Investment Income	616,303	500,000	116,303
1996	Sales Tax Revenue	(457,918)	(1,500,000)	1,042,082
9960	Debt Service Fund/Froedtert Lease Payment	2,697,737	2,000,000	697,737
	Non-Departmental Total	3,318,761	2,823,445	495,316
	Projected County Surplus (Deficit)	\$ 11,485,090	\$ 3,349,233	\$ 8,135,857

(1) - This is the result of fringe benefits after allocating savings in org unit 1950 to all departments. There were overall savings in fringe benefits for 2011, before allocations were made to departments.

Preliminary Annual Fiscal Report of Surplus/Deficit as of December 31, 2011

	2011 Projected Revenues	2011 Budgeted Net Revenues	Revenue Variance	% Variance	2011 Projected Expenditures	2011 Budgeted Net Expenditures	Expense Variance	% Variance	Surplus (Deficit)	
Legislative, Executive & Staff										
1000	County Board	96	6,165	(6,069)	-98%	6,334,671	6,730,787	396,116	6%	390,047
1001	Department of Audit	-	-	-	N/A	2,615,936	2,682,487	66,551	2%	66,551
1040	Disadv Bus Development	43,757	45,000	(1,243)	-3%	1,014,879	1,180,921	166,042	14%	164,799
1011	County Executive - General Office	-	-	-	N/A	1,163,750	1,222,733	58,983	5%	58,983
1021	Cnty Exec - Veterans Service	13,000	13,000	-	0%	289,227	331,733	42,506	13%	42,506
1110	Civil Service Commission	-	-	-	N/A	50,426	54,048	3,622	7%	3,622
1120	Personnel Review Board	-	-	-	N/A	209,707	216,909	7,202	3%	7,202
1130	Corporation Counsel	106,108	155,000	(48,892)	-32%	1,626,345	1,706,186	79,841	5%	30,950
Dept of Administrative Services										
1019	Persons with Disabilities	185,451	172,500	12,951	8%	1,043,304	1,042,028	(1,276)	0%	11,675
1140	Human Resources	6,174	6,200	(26)	0%	1,864,101	2,105,981	241,880	11%	241,853
1188	Employee Benefits	1,549,807	1,861,560	(311,753)	-17%	2,185,683	2,589,904	404,221	16%	92,468
1135	Labor Relations	-	-	-	N/A	462,491	522,157	59,666	11%	59,666
1150	Risk Management	7,490,221	8,138,795	(648,574)	-8%	8,091,741	8,269,153	177,412	2%	(471,162)
1151	Fiscal Affairs Division	100,578	57,412	43,166	75%	4,121,040	4,318,634	197,594	5%	240,760
1152	Procurement	-	-	-	N/A	692,823	717,282	24,459	3%	24,459
1160	Information Management Services	17,140,789	17,555,382	(414,593)	-2%	17,277,890	18,232,291	954,401	5%	539,808
3010	Election Commission	51,264	40,500	10,764	27%	869,803	863,170	(6,633)	-1%	4,131
3090	County Treasurer	3,832,531	2,988,423	844,108	28%	1,195,550	1,632,886	437,336	27%	1,281,444
3270	County Clerk	441,063	512,350	(71,287)	-14%	788,845	800,495	11,650	1%	(59,637)
3400	Register of Deeds	4,353,248	5,077,857	(724,609)	-14%	4,451,893	4,954,216	502,323	10%	(222,286)
Total Legislative, Executive & Staff										
35,314,086 36,630,144 (1,316,058) -4% 56,350,106 60,174,001 3,823,895 6% 2,507,837										
Courts and Judiciary										
2000	Combined Court Related Operations	9,020,432	9,961,354	(940,922)	-9%	38,928,852	39,566,901	638,049	2%	(302,873)
2430	Dept. of Child Support Enforcement	17,964,766	18,733,727	(768,961)	-4%	18,632,663	20,045,132	1,412,469	7%	643,508
Total Courts and Judiciary										
26,985,199 28,695,081 (1,709,882) -6% 57,561,515 59,612,033 2,050,518 3% 340,635										
Public Safety										
4900	Medical Examiner	1,451,120	1,659,500	(208,380)	-13%	4,739,754	4,747,331	7,577	0%	(200,803)
4000	Sheriff	20,595,779	22,582,918	(1,987,139)	-9%	154,972,141	157,196,407	2,224,266	1%	237,127
4500	District Attorney	7,010,658	7,180,238	(169,580)	-2%	18,481,431	19,194,216	712,785	4%	543,204
Total Public Safety										
30,508,676 33,082,156 (2,573,480) -8% 182,933,079 185,885,285 2,952,206 2% 378,725										
Non-Departmental's										
1937	Potawatami Revenue	3,984,441	4,058,477	(74,036)	-2%	-	-	-	N/A	(74,036)
1945	Contingency	(1,737,578)	3,863,350	(5,600,928)	-145%	-	9,286,795	9,286,795	100%	3,685,867
1950	Fringe Benefits	12,319,907	7,072,042	5,247,865	74%	12,890,761	7,179,197	(5,711,564)	-80%	(463,699)
1972	Wage and Benefit Modifications	-	-	-	N/A	-	-	-	N/A	-
1991	Property Taxes	269,476,582	269,554,705	(78,123)	0%	-	-	-	N/A	(78,123)
1992	Interest Income	2,396,142	1,779,839	616,303	35%	-	-	-	N/A	616,303
1993	State Shared Revenue	38,198,637	39,207,108	(1,008,471)	-3%	-	-	-	N/A	(1,008,471)
1996	Sales Taxes	63,968,447	64,426,365	(457,918)	-1%	-	-	-	N/A	(457,918)
	Other Non-Departmental	17,071,671	21,506,198	(4,434,527)	-21%	(3,232,313)	(184,518)	3,047,795	-1652%	(1,386,732)
1900'S	Total Non-Departmental	401,693,808	407,409,607	(5,715,799)	-1%	9,658,448	16,281,474	6,623,026	41%	907,227

December 31, 2011 Fiscal Report										Attachment C
		2011	2011			2011	2011			
		Projected	Budgeted Net	Revenue	%	Projected	Budgeted Net	Expense	%	Surplus
		Revenues	Revenues	Variance	Variance	Expenditures	Expenditures	Variance	Variance	(Deficit)
Public Works & Development										
5040	Airport Division	82,950,200	83,462,667	(512,467)	-1%	86,951,329	87,463,696	512,367	1%	(100)
5070	Transportation Services Div	1,396,270	2,231,593	(835,323)	-37%	1,467,657	2,403,119	935,462	39%	100,139
5080	Architectural/ Environmental Svc	6,874,080	6,277,565	596,515	10%	6,905,022	7,329,390	424,368	6%	1,020,883
5100	Highway Maintenance	19,359,965	18,057,409	1,302,556	7%	19,209,728	19,063,064	(146,664)	-1%	1,155,893
5300	Fleet Management	11,001,883	11,067,281	(65,398)	-1%	9,615,105	9,968,599	353,494	4%	288,096
5500	Utility	2,491,293	3,095,466	(604,173)	-20%	2,824,133	3,208,785	384,652	12%	(219,521)
5600	Transit/Paratransit System	100,099,756	108,648,625	(8,548,869)	-8%	118,591,293	127,180,145	8,588,852	7%	39,983
5700	Public Works Facilities Mngmnt	25,000,141	24,464,956	535,185	2%	24,180,902	23,875,939	(304,963)	-1%	230,222
5800	Public Works Admin Div	3,250,413	2,438,500	811,913	33%	1,810,690	2,106,852	296,162	14%	1,108,074
Total Public Works & Development		252,424,002	259,744,062	(7,320,060)	-3%	271,555,859	282,599,589	11,043,730	4%	3,723,670
Health & Human Services										
6300	Behavioral Health Division	133,501,302	133,924,965	(423,663)	0%	196,316,694	195,983,056	(333,638)	0%	(757,301)
7900	Department on Aging	17,360,833	17,001,574	359,259	2%	18,119,072	18,790,373	671,301	4%	1,030,560
7990	Department of Family Care (CMO)	277,148,768	280,663,150	(3,514,382)	-1%	273,643,579	277,157,961	3,514,382	1%	0
8000	Department of Human Services	96,706,557	107,548,942	(10,842,385)	-10%	119,646,321	135,241,354	15,595,033	12%	4,752,648
Total Health & Human Services		524,717,459	539,138,631	(14,421,172)	-3%	607,725,665	627,172,744	19,447,079	3%	5,025,907
Parks, Recreation & Culture										
9000	Department of Parks	15,955,609	17,561,092	(1,605,483)	-9%	41,650,848	43,258,266	1,607,418	4%	1,934
9500	Zoological Department	15,817,908	19,683,056	(3,865,148)	-20%	22,771,295	24,714,838	1,943,543	8%	(1,921,605)
9700	Milwaukee Public Museum	-	-	-	N/A	3,502,376	3,502,376	-	0%	-
9910	University Extension	112,982	121,080	(8,098)	-7%	449,912	462,438	12,526	3%	4,428
Total Parks, Recreation & Culture		31,886,499	37,365,228	(5,478,729)	-15%	68,374,432	71,937,918	3,563,486	5%	(1,915,243)
9960	Debt Retirement and Interest	51,890,072	14,657,723	37,232,349	254%	102,452,208	67,917,596	(34,534,612)	-51%	2,697,737
1200-1899	Capital Improvements	77,331,064	91,055,952	(13,724,887)	-15%	186,288,486	197,331,968	11,043,482	6%	(2,681,405)
Expendable Trusts										
FUND 3	Zoo Trust Funds	857,994	985,049	(127,055)	-13%	701,336	988,030	286,694	29%	159,639
FUND 5	Parks Trust Funds	-	-	-	N/A	-	25,000	25,000	100%	25,000
FUND 6	Office on Handicapped Trust Fund	366	25,000	(24,634)	-99%	6,000	25,000	19,000	76%	(5,634)
FUND 7	Mental Health Complex Trust Funds	1,640	35,100	(33,460)	-95%	1,192,493	35,100	(1,157,393)	-3297%	(1,190,853)
FUND 8	Airport PFC	13,243,452	-	13,243,452	N/A	12,827,602	-	(12,827,602)	N/A	415,850
FUND 11	Fleet Facilities Reserve Trust	-	-	-	N/A	402,020	-	(402,020)	N/A	(402,020)
Total Expendable Trusts		14,174,996	1,045,149	13,129,847	1256%	15,339,232	1,283,130	(14,056,102)	-1095%	(926,254)
Projected Surplus (Deficit)		1,446,925,861	1,448,823,733	(1,897,872)	0%	1,558,239,030	1,570,195,738	11,956,708	1%	10,058,836
Reserves Expendable Trusts										926,254
Reserve Change										500,000
Total Projected Surplus (Deficit)										11,485,090