

NON-DEPARTMENTAL DESCRIPTION

The objective of the non-departmental revenue agencies is to properly account for revenue sources that are not under the jurisdiction of any single department. The Department of Administrative Services (DAS) has primary responsibility for budgeting and accounting for these revenues. The Non-Departmental revenue budgets are based on historical trends, current economic data, contract terms, and policy changes at the State and Federal level as appropriate.

NON-DEPARTMENTAL REVENUE SUMMARY				
Org	2011 Actual	2012 Budget	2013 Budget	Budget Change
1901 Unclaimed Money	\$ 1,800,000	\$ 0	\$ 1,335,000	\$ 1,335,000
1933 Land Sales	0	0	0	0
1937 Potawatomi Allocation	3,984,441	4,011,477	4,011,477	0
1969 Medicare Part D Revenues	501,779	3,023,647	850,000	(2,173,647)
1991 Property Taxes	269,476,582	275,370,836	275,370,836	0
1992 Earnings on Investments	3,021,426	1,711,411	1,711,411	0
1993 State Shared Taxes	38,198,637	30,890,224	30,990,382	100,158
1994 State Exempt Computer Aid	3,592,344	3,561,551	3,561,551	0
1996 County Sales Tax Revenue	63,968,447	64,000,880	60,243,482 ¹	(3,757,398) ¹
1997 Power Plant Revenue	356,880	0	0	0
1998 Surplus from Prior Years	4,144,018	8,179	5,538,786	5,530,607
1999 Other Misc. Revenue	864,457	140,000	205,000	65,000
TOTAL NON-DEPT. REVENUES	\$ 389,909,011	\$ 382,718,205	\$ 383,817,925¹	\$ 1,099,720¹

¹Includes a \$5,452,766 reduction for allocations to capital projects that is fully offset by contributions from the debt service reserve. Accounting for this offset, County Sales Net Tax Revenue would increase \$1,695,368 to \$65,696,248. Total Non-Departmental Revenues would increase \$6,552,486 to \$389,270,691

Recommended Amounts are based on the following:

Unclaimed Money: Represents payments to vendors and individuals that go unclaimed. The Office of the Treasurer must publish notice of outstanding funds; if no claim is made, all funds plus interest are to be turned over to the General Fund per State Statute 59.66 (2a). Unclaimed funds are realized in odd years only. In 2013, unclaimed funds are projected to be \$1,335,000. Monies identified and submitted to the County Treasurer as unclaimed from calendar years 2011 and 2012 will be published in early 2013.

Land Sales: Accounts for the sale of County land approved by the County Board. As in previous years, \$400,000 is budgeted in Real Estate Services to cover their operating expenditures. This represents the first \$400,000 of unallocated land sales and is historically realized through the sale of foreclosed properties and other miscellaneous land.

The first \$50,000 in land sale revenue received by the County, above the amount budgeted in Real Estate Services to cover operating expenditures, shall be appropriated to establish a public art capital project. The Department of Administrative Services shall process an administrative transfer to allocate the funds to a public art capital project. The Milwaukee County Public Art Committee shall make funding recommendations for the repair or refurbishment of existing public art owned by Milwaukee County or for the purchase of new public art. If the Committee does not recommend allocation of the money, the funding balance will roll over to the following year in the public art capital project for use in future years. Additionally, the Milwaukee Public Art Committee may solicit donated funds to supplement the County allocation or for inclusion into the public art capital budget.

Potawatomi Revenues: Represents payments, based on Class III Net Win during the period July 1, 2012 to June 30, 2013 by the Potawatomi Bingo Casino per contract. The amount is net of allocations to operating departments (see below). The 2011 net win payment (after allocations) was \$3,984,441. Based on actual receipts in 2012 and the projected level of gaming activity, the amount is unchanged from the 2012 Budget. Allocations to departments total \$1,488,523 and are also unchanged from the 2012 Adopted Budget.

COUNTY EXECUTIVE'S 2013 BUDGET

DEPT: Non-Departmental Revenues

UNIT NO. Multiple
FUND: General - 0001

DHHS-Behavioral Health Division (Org. 6300)

An allocation of \$337,203 is budgeted to support the Community Services Section programs.

An allocation of \$500,000 is budgeted to support Alcohol and Other Drug Abuse (AODA) treatment through the Non-Temporary Assistance to Needy Families (TANF) AODA Voucher System.

Department of Health and Human Services (Org. 8000)

An allocation of \$350,000 is budgeted to increase the level of revenue in the Division's Birth-to-Three program to avoid a reduction in Federal revenue due to non-compliance with the Maintenance of Effort expenditure requirement.

An allocation of \$201,320 is budgeted to support the programs of the Delinquency and Court Services Division.

Safe Alternatives for Youth program (SAY)

An allocation of \$100,000 is budgeted for the SAY program to continue community-based services to low-income, "at risk youth."

Medicare Part D Revenues: Due to the implementation of the Employee Group Waiver Plan (EGWP) for prescription drug benefits, the County will no longer receive a direct reimbursement from the Federal government for retiree drug benefits. Instead, savings will be achieved directly through lower expenditures paid for prescription drug benefits in Org 1950 – Employee Fringe Benefits. The remaining \$850,000 accounts for the anticipated 2012 fourth quarter payment which will be received in 2013.

Earnings on Investments: Represents the County's income earned on the investment of funds not immediately needed as estimated by the County Treasurer. Based on 2011 actual experience, the average daily balance for 2013 is projected at \$382 million. Of this amount, the average daily balances in all cash bank and fund holdings are projected at \$115 million. In addition, the average daily balance in the County's collateralized main bank account is approximately \$45 million for which Milwaukee County receives interest earnings of 5 basis points (.05%). With the Federal Reserve rate continue to hover around zero, overall earned interest rates for cash holding in 2013 are projected to average 0.12% - which would yield approximately \$192,500 in interest revenue. The average daily investment balance is projected at \$190 million with an average projected rate of return calculated at 1.08%. That would yield approximately \$2,060,000 in earnings on investments. In addition, with the introduction of the first stage of cash-flow analysis, a new category of \$32,000,000 in shorter term liquid investments with a projected return of 30 basis points which would yield approximately \$96,000. Therefore, the total earnings on all funds (including trusts and bonds holdings) in 2013 are projected at \$2,347,071.

Statistical Reporting Data	2011 Actual	2012 Budget	2013 Budget
Earnings on all Funds (net of Mark-to-Market)	\$3,887,463	\$2,441,385	\$2,347,071
Earnings on Trust Fund Reserves and other Deferred Interest Liabilities	(\$800,378)	(\$458,980)	(\$400,660)
Earnings on Bonds Allocated to Capital Fund and Debt Service Fund	(\$690,944)	(\$270,994)	(\$235,000)
General Fund Earnings	\$2,396,141	\$1,711,411	\$1,711,411

COUNTY EXECUTIVE'S 2013 BUDGET

DEPT: Non-Departmental Revenues

UNIT NO. Multiple
FUND: General - 0001

Mark-to-Market

The General Accounting Standards Board in Statement 31 (GASB 31) requires governmental entities to report investments that have maturities greater than one year at fair market value. Therefore, the County will report a loss when the book value is greater than the fair market value. This amount is recorded in the investment earnings budget. When the book value is less than the fair market value, the County books the gain to a reserve to offset future losses. The losses have been captured in the Earnings on all Funds (net of Mark-to-Market) line in the table above.

Earnings on Trust Funds, Reserves and Other Deferred Interest Liabilities

Restricted earnings are budgeted for a total of \$400,660 for 2012. The budgeted amount includes earnings on the following funds: Airport (non-bonds), Zoo, Office for Persons with Disabilities, Federated Library System, Art Museum, Charles Allis Art Museum, Friends of Boerner, Law Enforcement Block Grant, Wolcott Memorial, HUD-Rent Assistance and Milwaukee County Historical Society. Based on actual experience, earnings on trust funds and other deferred interest liabilities were estimated at 18.8% of the Earnings on all Funds.

Earnings on Bonds Allocated to Capital Fund and Debt Service Fund

The 2013 Budget includes \$235,000 allocated to earnings on unspent bond proceeds for all departments. The earnings are recorded in the capital projects fund. These investment earnings are used to offset capitalized interest expense for projects that are under construction or in progress. Investment earnings on bonds that have lapsed to the sinking fund are recorded in the debt service fund. Earnings on bonds were estimated at 11.1% of the Earnings on All Funds.

State Shared Taxes: Represents payment from the State under the County and Municipal Aid payment program. The State Shared Taxes are budgeted to increase by \$100,158 from \$30,890,224 to \$30,990,382. The change is a result of an increase in the utility payment.

<u>STATISTICAL SUPPORTING DATA</u>	2011 <u>Actual</u>	2012 <u>Budget</u>	2013 <u>Budget</u>
Base Payment	\$ 55,343,365	\$ 47,026,480	\$ 47,026,480
Utility Payment	<u>2,956,572</u>	<u>3,965,044</u>	<u>4,065,202</u>
Subtotal State Shared Taxes	\$ 58,299,937	\$ 50,991,524	\$ 51,091,682
State Child Welfare Reallocation	(20,101,300)	(20,101,300)	(20,101,300)
Total State Shared Taxes	<u>\$ 38,198,637</u>	<u>\$ 30,890,224</u>	<u>\$ 30,990,382</u>

Utility Payment Component

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 of Wisconsin changed the methodology for calculating the utility payment. 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 will receive a utility payment based on the higher of the net book value formula amount or the megawatt capacity formula amount. The estimated utility payment component for 2013 is \$4,065,202.

COUNTY EXECUTIVE'S 2013 BUDGET

DEPT: Non-Departmental Revenues

UNIT NO. Multiple
FUND: General - 0001

State Child Welfare Reallocation

In accordance with Wisconsin State Statute 48.561(3), the Wisconsin Department of Administration has reallocated \$20,101,300 from Milwaukee County's State Shared Revenue allocation to the State's Child Welfare Program. These funds are for the purpose of defraying the State costs for program administration.

State Exempt Computer Aid: Represents State payments to compensate for the exemption of computers from property tax rolls, per 1997 Wisconsin Act 237. Revenue amount is provided by the Wisconsin Department of Revenue. The 2013 Requested Budget of \$3,561,551 is the same amount that was included in the 2012 Adopted Budget.

County Sales Tax Revenue: Based on an analysis of recent trends, 2013 gross collections of the County's 0.5 percent sales and use tax are anticipated to increase \$2,090,049, or 3.4%. The net sales tax budgeted in Org 1996 is the gross sales tax collections of \$66,646,248, less an allocation of \$6,402,766 for capital improvements for a total of \$60,243,482. \$53,083,478 is dedicated to debt service for 2013, resulting in a net of \$7,160,004 for general fund purposes.

<u>STATISTICAL SUPPORTING DATA</u>	2011 <u>Actual</u>	2012 <u>Budget</u>	2013 <u>Budget</u>
Estimated County Sales Tax Collections, Excluding Retailer's Discount	\$ 65,494,603	\$ 65,593,771	\$ 67,833,331
State Administrative Fee	(1,146,156)	(1,147,891)	(1,187,083)
County Sales Tax Collections	\$ 64,348,447	\$ 64,445,880	\$ 66,646,248
Less County Sales Tax Allocated to Capital Improvements	\$ (380,000)	\$ (445,000)	\$ (6,402,766)
County Net Sales Tax Collections	\$ 63,968,447	\$ 64,000,880	\$ 60,243,482
Less Sales Tax Dedicated to Debt Service	(53,259,873)	(56,552,601)	(53,083,478)
Available for General Fund	\$ 10,708,574	\$ 7,448,279	\$ 7,160,004

The apparent decrease in net sales collections is due to the inclusion of \$5,452,766 in capital allocations that are fully offset by contributions from the debt service reserve. Refer to the 2013 Capital Improvements Budget for detailed information. Accounting for this offset, net sales tax would increase \$1,695,368, or 2.6%.

Power Plant Revenue: In 1995, the County negotiated the sale of its co-generation power plant, located at the Milwaukee Regional Medical Center, to the Wisconsin Electric Power Company. Phase I of the sale related to power plant electrical generation and distribution and was finalized on December 29, 1995. Phase II of the sale, related to all remaining portions of the power plant, including steam and chilled water generation, occurred on December 2, 1996. Sales revenues totaling \$58 million were realized over several years. The 2011 payment of \$356,880 represented the final payment by WE Energies for the sale, therefore there is no revenue budgeted for 2013.

Surplus (Deficit) from Prior Year: Represents the County's 2011 surplus per 59.60 of Wisconsin State Statutes. The final 2011 surplus is \$5,538,786.

Other Miscellaneous Revenue: Includes all other revenue sources, including closure of Tax Increment Financing (TIF) districts. The Budget of \$205,000 is a reflection of excess Milwaukee County taxes collected by a TIF that is anticipated to close in the City of Oak Creek in 2013.