

**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

DATE : February 25, 2013

TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM : Scott B. Manske, Comptroller

SUBJECT: Monthly Update of the 2012 Fiscal Projection of Milwaukee County (Feb 2013 Report)  
**(For Information Only)**

**Policy Issue**

County Ordinance 56.02(2) was modified to reflect changes adopted under 2011 Wisconsin Act 62 which created the Office of the Comptroller. A new requirement calls for a monthly update of the fiscal condition of the County to the County Board. To comply with this ordinance, the Comptroller is providing the County Board with a monthly update to the projection of 2012 year-end financial results fiscal report that was submitted to the County Board and County Executive during the January 2013 cycle of the County Board.

**Updated 2012 Year-end Fiscal Projection – December 2012**

Based on financial results through the 3<sup>rd</sup> quarter of 2012, updated information from certain departments, and analysis performed by the Office of the Comptroller on preliminary 2012 financial results, the County is projected to have a 2012 surplus that exceeds \$11.0 million. As of January 2012, Milwaukee County's projected surplus was \$7.0 million. Milwaukee County's projected 2012 surplus as of the third quarter was \$ 8.7 million.

The projected surplus assumes a balance of \$864,685 in the contingency fund is applied to offset departmental and non-departmental deficits.

This is a *preliminary estimate* and should not be considered the final results for 2012. The 2012 year-end results will be impacted significantly as departments close accounts for the year, and as the Office of the Comptroller prepares for the year-end audit.

**Updates to 2012 Fiscal Status since the January 2013 Report was Issued**

The following changes were made to departmental year-end projections previously submitted to the County Board in January 2013:

<b>Department</b>	<b>Description</b>	<b>Previous Projection</b>	<b>New Projection</b>	<b>Change</b>
Treasurer	Additional penalty and interest revenue on delinquent property taxes	\$582,000	\$1,224,000	\$642,000
Transit/ Paratransit	Continuing improvement in operating results for 2012 from Paratransit and Transit Operations	\$4,926,000	\$5,438,000	\$512,000
Fringe Benefits	Analysis shows that the County will have a surplus of \$4.9 million in medical costs and \$3.3 million in drug costs. Previous projection of the combined healthcare surplus was \$3.8 million.	\$3,800,000	\$8,000,000	\$4,200,000
<b>Total Change</b>				<b>\$5,354,000</b>

### **Transit Surplus**

The Transit/Paratransit system is projecting an overall surplus of \$5.4 million, an increase of \$512,000 from the 3rd quarter projected. The 3<sup>rd</sup> Quarter surplus included a surplus of \$ 0.2 million in Transit operations, and a surplus in Paratransit operations of \$ 4.7 million. For Transit operations, it is projected to have a slight deficit in passenger revenue, a surplus in fixed route expenses of \$2.4 million, and a deficit in depreciation and asset write-off of \$2.3 million. The Paratransit surplus of \$4.7 million is due to a reduction in the number of trips for Paratransit clients and the resulting reduction in costs and related revenues. In 2012, the County had budgeted tax levy of \$19.1 million. An operating surplus for the Transit/Paratransit system reduces the amount of County property tax levy required to operate the system in a fiscal year. Likewise, if the Transit/Paratransit system ends the year with a deficit as compared to the Adopted Budget, the County assumes that deficit.

Current projections indicate the County will have funding needs for Transit in the 2014 budget related to the loss of Federal funding. Discussions have occurred regarding transferring a substantial portion of the 2012 surplus to the debt service reserve for use by the Transit system in 2014 when federal funds that are currently being utilized will expire.

### Committee Action

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



Scott B. Manske  
Comptroller

cc: Chris Abele, County Executive  
Supervisor Willie Johnson, Jr., Co-Chairman, Finance, Audit and Personnel Committee  
Supervisor David Cullen, Co-Chairman, Finance, Audit and Personnel Committee  
Finance, Audit and Personnel Committee  
Don Tyler, Director, Department of Administrative Services  
Craig Kammholz, Fiscal and Budget Administrator  
Stephen Cady, Fiscal and Budget Analyst, County Board  
Carol Mueller, Head Committee Clerk, County Board  
Department Heads