

**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE : April 10, 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 (Mar 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 March 2013 cycle of the County Board.

Updated 2012 Year-end Fiscal Projection – December 2012

Based on financial results through the 3rd 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 \$24.6 million. The projected surplus assumes a balance of \$950,306 in the contingency fund is applied to offset departmental and non-departmental deficits.

Attached is a spreadsheet which displays projected year-end results by department.

As of March 2013, Milwaukee County's projected surplus was \$15.0 million. Milwaukee County's projected 2012 surplus as of the third quarter was \$ 8.7 million.

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.

Options for Use of the Surplus

There are three options that are available to the committee regarding the use of the 2012 projected surplus:

1. Allow the surplus to fall to the bottom line of 2012 which by State Statute then becomes part of the 2014 budget. In the fiscal year ended December 31, 2011, 43% of the surplus or \$5,538,786.03 fell to the bottom line and was applied to the 2013 Adopted Budget.

2. Deposit surplus into the debt reserve fund. At the end of fiscal 2011, 57% of the surplus or \$7,311,168.00 was moved into the debt reserve fund.
3. Establish and deposit the funds into a tax stabilization fund.

Any option above can be utilized as a stand-alone. In addition, options 1 and 2 may be combined, or options 2 and 3 can be combined; however, options 1 and 3 cannot be combined because the committee cannot allow funds to fall to the bottom line if it uses the tax stabilization fund option.

Tax Stabilization Fund

If Milwaukee County should choose to create a tax stabilization fund, State Statute 59.60(13) would require the County to deposit into the fund its entire year-end surplus from the preceding year, as determined by the Comptroller by April 15 of each year.

Withdrawals from the tax stabilization fund largely would be limited to the annual budget adoption process for use in stabilizing the property tax rate in a given year. Use of these funds as part of the budget would require a three-quarters vote of the County Board, or a majority vote of the County Board if the County's total levy rate is projected to increase by more than 3% in the current fiscal year and the withdrawn funds would prevent an increase of more than 3%.

The County would be prohibited from using the fund to offset deficits that may occur in the course of a given year. State Statute 59.60(9) grants counties authority to use unappropriated surplus funds from the preceding fiscal year to meet a public emergency "affecting life, health, property or the public welfare."

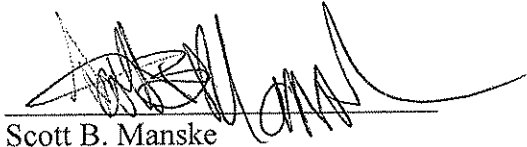
Comptroller's Recommendation

The Comptroller's recommendation is to allow \$5,500,000 to fall to the bottom line and be applied to the 2014 Budget. In addition, the remaining funds should be transferred to the debt service reserve.

It is also recommended that a review of the tax stabilization fund be conducted to determine its utility for Milwaukee County and any proposed changes to the statute to add flexibility to the fund.

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

Attachment

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

Annual Fiscal Report of Surplus/Deficit as of December 31, 2012

	2012				2012				2012				Surplus (Deficit)	3rd Quarter 2012
	Projected Revenues	Budgeted Net Revenues	Revenue Variance	% Variance	Projected Expenditures	Budgeted Net Expenditures	Expense Variance	% Variance	Projected Expenditures	Budgeted Net Expenditures	Expense Variance	% Variance		
Legislative, Executive & Staff														
1000 County Board	548	6,165	(5,617)	-91%	6,176,904	6,417,039	240,135	4%	6,176,904	6,417,039	240,135	4%	234,518	33,099
1001 Department of Audit				N/A	1,264,098	1,348,103	84,005	6%	1,264,098	1,348,103	84,005	6%	84,005	
1040 Disadv Bus Development	66,620	45,000	21,620	48%	876,624	933,476	56,852	6%	876,624	933,476	56,852	6%	78,472	
County Executive														
1011 General Office				N/A	1,180,159	1,197,310	17,151	1%	1,180,159	1,197,310	17,151	1%	17,151	(2,932)
1021 Veterans Service	13,000	13,000		0%	275,141	309,363	34,222	11%	275,141	309,363	34,222	11%	34,222	
1110 Civil Service Commission				N/A	11,648	13,821	2,173	16%	11,648	13,821	2,173	16%	2,173	18
1120 Personnel Review Board	1,365		1,365	N/A	227,023	281,204	54,181	19%	227,023	281,204	54,181	19%	55,546	
1130 Corporation Counsel	149,488	155,000	(5,512)	-4%	1,352,265	1,649,984	297,719	18%	1,352,265	1,649,984	297,719	18%	292,206	
1140 Human Resources	1,275,887	1,375,209	(99,322)	-7%	4,011,277	4,334,367	323,090	7%	4,011,277	4,334,367	323,090	7%	223,768	336,378
Dept of Administrative Services														
1019 Persons with Disabilities	186,125	142,034	44,091	31%	1,020,242	1,007,739	(12,503)	-1%	1,020,242	1,007,739	(12,503)	-1%	31,588	10,933
1135 Labor Relations				N/A	367,352	466,973	99,621	21%	367,352	466,973	99,621	21%	99,621	77,481
1150 Risk Management	6,553,078	8,199,237	(1,646,159)	-20%	6,559,969	8,405,098	1,845,129	22%	6,559,969	8,405,098	1,845,129	22%	198,971	115,000
1151 Fiscal Affairs Division	6,073	38,898	(32,825)	-84%	3,003,958	3,056,867	52,909	2%	3,003,958	3,056,867	52,909	2%	20,085	81,383
1152 Procurement				N/A	806,228	867,484	61,256	6%	806,228	867,484	61,256	6%	61,256	39,116
1160 Information Management Services	16,577,760	16,355,864	221,896	1%	16,544,906	17,527,098	982,192	6%	16,544,906	17,527,098	982,192	6%	1,204,089	
1190 Economic Development	5,110,444	3,716,706	1,393,738	37%	3,041,798	4,171,959	1,130,161	27%	3,041,798	4,171,959	1,130,161	27%	2,523,900	
Election Commission	53,814	80,500	(26,686)	-33%	1,580,939	1,607,038	26,099	2%	1,580,939	1,607,038	26,099	2%	(587)	
3090 County Treasurer	3,980,692	3,205,250	775,442	24%	1,061,645	1,511,159	449,514	30%	1,061,645	1,511,159	449,514	30%	1,224,956	582,823
3270 County Clerk	455,792	470,500	(14,708)	-3%	752,593	757,994	5,401	1%	752,593	757,994	5,401	1%	(9,307)	
3400 Register of Deeds	5,183,647	4,720,111	463,536	10%	4,802,082	4,919,738	117,656	2%	4,802,082	4,919,738	117,656	2%	581,192	330,195
3700 Office of the Comptroller	77,098	38,514	38,584	100%	2,469,554	2,637,729	178,175	7%	2,469,554	2,637,729	178,175	7%	216,760	199,986
Total Legislative, Executive & Staff	39,691,433	38,561,988	1,129,445	3%	57,376,402	63,411,523	6,035,121	10%	57,376,402	63,411,523	6,035,121	10%	6,947,806	1,603,494
Courts and Judiciary														
2000 Combined Court Related Operations	8,993,823	9,735,878	(742,055)	-8%	37,391,815	38,369,565	977,750	3%	37,391,815	38,369,565	977,750	3%	235,696	29,451
2430 Dept. of Child Support Enforcement	18,532,715	19,432,309	(899,594)	-5%	19,580,212	20,469,070	888,858	4%	19,580,212	20,469,070	888,858	4%	(10,736)	(1,548)
2900 Courts - Pre-Trial Services	762,378	957,024	(194,647)	-20%	5,591,234	5,442,254	148,980	-3%	5,591,234	5,442,254	148,980	-3%	(343,626)	110,939
Total Courts and Judiciary	28,288,916	30,125,211	(1,836,295)	-6%	62,563,260	64,280,889	1,717,529	3%	62,563,260	64,280,889	1,717,529	3%	(118,666)	138,842
Public Safety														
4900 Medical Examiner	1,928,063	1,953,422	(25,359)	-1%	4,475,810	4,602,382	126,572	3%	4,475,810	4,602,382	126,572	3%	101,213	64,265
4000 Sheriff	17,749,666	18,808,132	(1,058,466)	-6%	141,345,745	142,344,214	998,469	1%	141,345,745	142,344,214	998,469	1%	(59,997)	(2,546,911)
4500 District Attorney	6,602,742	7,032,683	(429,941)	-6%	17,524,349	18,708,806	1,184,457	6%	17,524,349	18,708,806	1,184,457	6%	754,515	(189,121)
Total Public Safety	26,280,470	27,794,237	(1,513,767)	-5%	163,345,904	165,655,402	2,309,498	1%	163,345,904	165,655,402	2,309,498	1%	795,731	(2,671,767)
Non-Departmental's														
1945 Contingency				N/A		950,306	950,306	100%		950,306	950,306	100%	950,306	988,895
1950 Fringe Benefits	17,076,406	19,452,031	(2,375,625)	-12%	16,849,475	27,243,197	10,393,722	36%	16,849,475	27,243,197	10,393,722	36%	8,018,097	3,803,898
1991 Property Taxes	275,370,836	275,370,837	(1)	0%	(1)	(1)		N/A	(1)	(1)		N/A	(1)	
1993 State Shared Revenue	31,069,090	30,890,224	178,866	1%				N/A				N/A	178,866	(195,000)
1996 Sales Taxes	64,295,039	64,000,880	294,159	0%				N/A				N/A	294,159	600,000
Other Non-Departmental	16,566,883	16,096,750	470,133	3%	(386,829)	(1,841,393)	(1,454,564)	79%	(386,829)	(1,841,393)	(1,454,564)	79%	(984,431)	(107,193)
1900'S Total Non-Departmental	405,879,085	407,522,133	(1,643,048)	0%	16,462,647	26,352,110	9,889,463	38%	16,462,647	26,352,110	9,889,463	38%	8,246,416	5,050,590

	2012 Projected Revenues	2012 Budgeted Net Revenues	2012 Revenue Variance	% Variance	2012 Projected Expenditures	2012 Budgeted Net Expenditures	2012 Expense Variance	% Variance	2012 Preliminary Surplus (Deficit)	2012 Surplus (Deficit)	
Public Works & Development											
5040 DOT - Airport Division	84,228,488	86,682,853	(2,454,365)	-3%	82,028,128	89,087,865	7,059,737	8%	4,665,372	398,500	
5100 DOT - Highway Maintenance	19,216,126	19,031,621	184,505	1%	19,430,344	20,008,415	579,071	3%	763,576	(245,690)	
5300 DOT - Fleet Management	11,326,768	11,481,392	(154,623)	-1%	9,748,484	9,820,819	72,335	1%	(82,289)	4,926,426	
5600 DOT - Transit/Paratransit System	95,945,534	104,048,407	(8,102,873)	-8%	112,385,166	125,472,868	13,087,702	10%	4,984,829	146,807	
5800 DOT - Admin Div	246,270	250,000	(3,730)	-1%	(19,894)	78,611	98,505	125%	94,775	(919,069)	
5500 DAS - Utility	3,339,176	4,164,625	(825,449)	-20%	4,503,845	4,657,614	153,769	3%	(671,680)	386,254	
5700 DAS - Facilities Mngmnt	28,431,540	28,179,921	251,619	1%	27,650,053	27,784,688	134,635	0%	386,254	4,306,973	
Total Public Works & Development	242,733,902	253,838,819	(11,104,917)	-4%	256,247,410	276,911,880	20,664,470	7%	9,559,553	4,306,973	
Health & Human Services											
6300 Behavioral Health Division	126,440,146	125,960,007	480,139	0%	188,563,047	191,101,295	2,538,248	1%	3,018,387	(789,801)	
7900 Department on Aging	16,781,972	17,106,602	(324,630)	-2%	18,077,667	18,911,353	833,686	4%	509,056	500,000	
7990 Department of Family Care (CMO)	277,501,214	275,740,045	1,761,169	1%	275,773,563	278,229,657	2,456,094	1%	4,217,263	(1,200,837)	
8000 Department of Human Services	63,800,329	62,260,768	1,539,561	2%	84,101,336	86,483,855	2,382,519	3%	3,932,080	1,671,422	
Total Health & Human Services	484,523,661	481,067,422	3,456,239	1%	566,515,613	574,736,160	8,220,548	1%	11,676,787	180,783	
Parks, Recreation & Culture											
9000 Department of Parks	18,317,964	19,197,559	(879,595)	-5%	40,808,991	41,918,701	1,109,710	3%	230,114	(236,869)	
9500 Zoological Department	17,375,149	19,695,056	(2,319,907)	-12%	23,020,341	24,791,244	1,770,903	7%	(549,004)	(259,223)	
9700 Milwaukee Public Museum	117,423	121,080	(3,657)	-3%	4,142,375	3,502,376	(639,999)	-18%	(639,999)	337,632	
9910 University Extension	35,810,536	39,013,695	(3,203,159)	-8%	68,428,314	70,872,094	2,443,780	3%	(959,379)	(158,460)	
Total Parks, Recreation & Culture	33,892,901	12,219,792	21,673,109	177%	92,762,406	68,772,393	(23,990,013)	-35%	(2,316,905)	(1,000,000)	
9960 Debt Retirement and Interest	75,081,125	95,752,476	(20,671,351)	-22%	176,860,545	199,875,592	23,015,047	12%	2,343,696	-	
1200-1899 Capital Improvements	775,797	952,424	(176,627)	-19%	739,638	958,779	219,141	23%	42,514	758	
Expendable Trusts											
FUND 3 Zoo Trust Funds	47,085	47,085	0	N/A	1,483	157,632	156,149	99%	203,234	(2,109)	
FUND 5 Parks Trust Funds	110	25,000	(24,890)	-100%	5,184	25,000	19,816	79%	(5,074)	300	
FUND 6 Office on Handicapped Trust Fund	4,032,911	35,100	3,997,811	11390%	1,216,612	35,100	(1,181,512)	-3366%	2,816,299	-	
FUND 7 Behavioral Health Complex Trust Funds	11,363,253	11,363,253	0	N/A	9,099,042	9,099,042	0	N/A	2,264,211	-	
FUND 8 Airport PFC	1,184,379	1,184,379	0	N/A	264,145	264,145	0	N/A	920,233	24,326	
FUND 11 Fleet Facilities Reserve Trust	24,301,602	1,012,524	23,289,078	2300%	11,469,740	1,320,147	(10,149,593)	-769%	13,139,484	7,514,792	
Total Expendable Trusts	1,396,483,630	1,386,908,297	9,575,333	1%	1,472,032,242	1,511,988,190	39,955,948	3%	49,314,521	-24,326	
Reserves Expendable Trusts									(13,139,484)	1,200,837	
Contribution to Family Care Reserves									(4,217,263)	-	
Contrib to Airport Reserves									(4,605,372)	-	
Debt Service Resv Adj for Capital Surplus									(1,679,000)	-	
Other (MPM, PAC, Froedtert)									(1,064,516)	-	
Change in Reserves									24,608,886	8,691,293	
Total Projected Surplus (Deficit)										8,691,293	