

**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

DATE : March 12, 2013

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

FROM : Scott B. Manske, Comptroller

SUBJECT: **REVISED** - 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 \$15.0 million. The projected surplus assumes a balance of \$864,685 in the contingency fund is applied to offset departmental and non-departmental deficits. On February 25, 2013, the Comptroller issued a report with a projected 2012 year end estimate of a surplus that would exceed \$11.0 million. Based upon updated information received by the Comptroller after the report was issued a revised report was deemed necessary.

As of January 2013, 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 Office of the Comptroller was notified on February 27, 2013 that there were changes in the year end projections for the Behavioral Health Division and the Department of Health and Human Services.

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	\$4,984,000	\$58,000
BHD	Increased Wraparound revenue, patient revenue and decreased pharmacy costs	(\$790,000)	\$3,210,000	\$4,000,000
DHHS	Increased in Youth Aids Surplus	\$1,671,000	\$3,580,000	\$1,909,000
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
Pending 2012 Fiscal Issues	There a number of pending issues for 2012 with potential fiscal impacts.	\$0	(\$2,000,000)	(\$2,000,000)

**Transit Surplus**

The Transit/Paratransit system is projecting an overall surplus of \$4.9 million, which reflects a minor increase over the 3<sup>rd</sup> quarter projection. The 4th Quarter projection includes a breakeven in Transit operations, and a surplus in Paratransit operations of \$ 4.9 million.

Transit operations will breakeven. Included in the breakeven is a slight deficit in passenger revenue of \$0.3 million, a deficit in Federal and State revenue of \$1.5 million and a deficit in depreciation and asset write-off of \$0.6 million. These deficits will be offset by a surplus in fixed route expenses of \$2.4 million.

The Paratransit surplus of \$4.9 million is due to a reduction in the number of trips for Paratransit clients. The majority of the trip reductions were for those trips that were funded by outside agencies. Paratransit costs were reduced by \$10.6 million and revenues from outside entities were reduced by \$5.7 million.

In 2012, the County had budgeted tax levy of \$19.1 million to support Transit and Paratransit operations. 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. For 2012, the County tax levy is \$15.3 million for 2012.

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 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.

### **Behavioral Health Division**

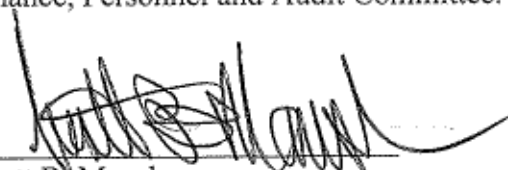
As of the third quarter, BHD was projected a \$700,000 surplus in patient revenue, that estimate has increased by \$200,000 to an estimated surplus of \$900,000. Medicaid cost reporting revenue was projected to surplus by \$380,000 as of the third quarter and is now projected to surplus by \$1,000,000. In addition, State and Federal revenue reductions were \$900,000 less than previously projected. There was a reduction in Pharmacy costs of \$900,000 over what was previously projected. The Wraparound program is also anticipating a surplus of \$1,000,000 after funds are transferred to a reserve created in January of 2013.

### **Department of Health and Human Services**

The DHHS is now projecting a \$3 million surplus in Youth Aids over its 3<sup>rd</sup> quarter projection.

### **Committee Action**

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



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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