

**County of Milwaukee
Inter-Office Communication**

Date: September 23, 2014

To: Willie Johnson Jr., Co-Chair, Finance, Personnel, & Audit Committee, David Cullen, Co-Chair, Finance, Personnel, & Audit Committee

From: Michael Hafemann, Superintendent – House of Correction (HOC)

Subject: Projected Deficit in Telephone Revenue Account

Per Milwaukee County Ordinance 56.02, the HOC is reporting a projected line item revenue deficit for the calendar year of 2014. Overall revenues for the HOC are projected to surplus. Yet, the account specifically for telephone commission revenues is now expected to deficit. Recent reports for our highest commission months of July & August did show expected improvement, however, it cannot make up the entire shortfall.

Comparison of budgeted and actual revenues to date (August 31,2014)*

Account #	Description	2013 YTD	2014 YTD	YTD Surplus/(Deficit)
HOC-3566	Utility Fees - Telephone	\$948,467	\$773,583	(\$174,884)
Sheriff-3566	Utility Fees – Telephone	\$585,001	\$663,115	\$ 78,114

*Revenue amounts are known through August but may not yet be fully up-to-date deposited/reported in County Fiscal Reports.

Projected revenues for the year

Account #	Description	Budget	Projection	Surplus/(Deficit)
HOC-3566	Utility Fees - Telephone	\$1,359,059	\$1,104,151	(\$254,908)**
Sheriff-3566	Utility Fees - Telephone	<u>\$ 840,000</u>	<u>\$ 966,810</u>	<u>\$126,810</u>
Total Budget / Combined HOC Estimate for Both		\$2,199,059	\$2,070,961	(\$128,098)**

Cause of deficit

An FCC ruling did impact revenues somewhat. However, the main reason for the change is a decrease in the Average Daily Population (ADP) at the HOC. The Sheriff's department has reported an increase in their phone revenues due to an increase in ADP at the jail. Therefore, the HOC is estimating that the overall deficit for both facilities may only be (\$128,098).**

Availability of funds to offset the deficit in current and future years

The HOC's did request a decrease in the revenue projection for telephone commissions in the 2015 budget. Furthermore, the HOC will continue to find other sources of revenues to remedy any deficits. For example, the HOC is growing scrap sale revenues, as well as revenues from several other new programs.

Recommended plan of action or alternatives to offset deficit

Since the revenues are variable, based on ADP, the HOC does not have a plan of action for this line item. However, as stated above, the HOC will continue to grow or develop other sources to achieve revenue forecasts for the facility overall.

Respectfully Submitted,



Michael Hafemann, Superintendent

cc: Chris Abele, County Executive
Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors
Josh Fudge, Fiscal & Budget Administrator, DAS
Scott Manske, Comptroller
Janelle Jensen, Committee Clerk-Finance, County Board Staff