



## Office of the Comptroller

Scott B. Manske, Comptroller

DATE: November 4, 2022

TO: Supervisor Marcelia Nicholson, Chairwoman, County Board of Supervisors

FROM: Cynthia (C.J.) Pahl, Financial Services Director, Office of the Comptroller

SUBJECT: 2022 Fiscal Projection for Milwaukee County – (For Information Only)

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### Policy Issue

Wisconsin Statutes Section 59.255(2) and County Ordinance Section 56.02(2) require the Comptroller to provide a monthly update of the fiscal condition of the County.

### 2022 Year-end Fiscal Projection as of September 30, 2022

Based on financial results through September 30, 2022, prior monthly reports submitted by departments and known projected actions, Milwaukee County's projected 2022 year-end fiscal status is a **breakeven**. This projection is based on the most current reports from departments and best estimates of countywide revenue impacts. This fiscal report assumes that \$0.5 million of the budgeted \$4.0 million in correctional officer premium pay/\$3.00 salary increase is funded pursuant to File 21-941 with surplus funding of \$0.5 million currently projected.

Period	Projected Year End Position	Annual Projection	Change from Prior Projection
September 2022	Breakeven	\$0 <sup>1</sup>	\$0
July 2022	Breakeven	\$0 <sup>2</sup>	\$0.8 million
May 2022	Deficit	(\$0.8 million)	\$0.1 million
April 2022	Deficit	(\$0.9 million)	(\$0.9 million)
March 2022	Breakeven	\$0 <sup>3</sup>	N/A

Major changes since the last report are:

- DAS – deficit decrease of \$0.6 million
- Office of Strategy, Budget, Performance – surplus increase of \$0.1 million
- Combined Court Related Operations – surplus of \$2.4 million
- Register of Deeds – surplus increase of \$0.1 million
- District Attorney – surplus decrease of \$0.3 million
- Medical Examiner – surplus decrease of \$0.1 million
- Department of Health and Human Services – deficit increase of \$0.2 million
- Parks Department – surplus increase of \$0.9 million
- Earnings on Investment – deficit increase of \$7.0 million
- Contingency Fund – surplus decrease of \$0.9 million
- Sales Tax – surplus increase of \$1.5 million

The following table shows the September fiscal status of each department.

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<sup>1</sup> September projection included a surplus of \$0.5 million which was reduced to \$0 to offset CO premium pay per File 21-941.

<sup>2</sup> July projection included a surplus of \$3.4 million which was reduced to \$0 to offset CO premium pay per File 21-941.

<sup>3</sup> March projection included a surplus of \$2.4 million which was reduced to \$0 to offset CO premium pay per File 21-941.

Milwaukee County								
Annual Fiscal Report of Surplus/Deficit as of September 30, 2022 Period 09								
Agency	Description	2022 Projected Revenues	2022 Budgeted Revenues	Revenue Variance	2022 Projected Expenditures	2022 Budgeted Expenditures	Expenditure Variance	Surplus / (Deficit)
<b>General Fund Departments</b>								
100	County Board	-	-	-	1,246,318	1,246,318	-	-
103	Governmental Affairs	-	-	-	300,932	297,320	(3,612)	(3,612)
109	Office of Equity	(101,500)	(100,000)	1,500	980,470	1,314,163	333,693	335,193
110	County Executive	-	-	-	891,168	892,382	1,214	1,214
112	Personnel Review Board	-	-	-	203,658	260,528	56,870	56,870
113	Corporation Counsel	(206,189)	(206,189)	-	1,520,062	1,520,062	-	-
114	Human Resources	(6,000)	(6,000)	-	5,747,033	5,747,033	-	-
115	Dept of Administrative Services	(12,381,615)	(13,618,273)	(1,236,658)	40,513,881	41,798,946	1,285,065	48,407
118	Strategy, Budget, and Performance	(95,733)	(95,733)	-	2,310,119	2,560,860	250,741	250,741
200	Combined Court Related Operations	(12,548,695)	(12,012,959)	535,736	27,844,074	30,200,486	2,356,412	2,892,149
243	Dept. of Child Support Enforcement	(16,398,515)	(16,563,182)	(164,667)	18,384,724	18,644,823	260,099	95,432
290	Courts - Pre-Trial Services	(1,289,912)	(1,238,981)	50,931	6,797,393	6,793,929	(3,464)	47,467
301	Election Commission	(79,428)	(79,428)	-	953,661	953,661	-	-
309	County Treasurer	(2,030,000)	(2,030,000)	-	850,000	922,472	72,472	72,472
327	County Clerk	(553,001)	(553,001)	-	1,096,516	1,096,516	-	-
340	Register of Deeds	(5,868,547)	(4,854,667)	1,013,880	2,169,117	1,275,032	(894,085)	119,795
370	Office of the Comptroller	(211,469)	(143,000)	68,469	5,100,000	5,153,291	53,291	121,760
400	Sheriff	(13,199,781)	(13,194,007)	5,774	49,920,622	49,926,257	5,635	11,409
430	House of Correction	(4,542,362)	(6,881,209)	(2,338,847)	51,472,040	53,909,155	2,437,115	98,268
450	District Attorney	(6,027,094)	(8,169,487)	(2,142,393)	13,186,256	15,559,025	2,372,769	230,376
480	Emergency Management	(1,419,187)	(1,360,486)	58,701	9,992,866	9,703,890	(288,976)	(230,275)
490	Medical Examiner	(3,770,490)	(3,845,490)	(75,000)	5,398,690	5,405,255	6,565	(68,435)
509	Transportation Services	(1,797,312)	(2,151,763)	(354,451)	2,182,937	2,537,388	354,451	-
510	DOT - Highway Maintenance	(24,365,311)	(24,365,311)	-	24,628,398	24,628,398	-	-
580	DOT - Admin Div	(946,263)	(946,263)	-	1,439,827	1,439,827	-	-
800	Department of Human Services	(198,916,470)	(197,028,680)	1,887,790	240,054,223	233,126,875	(6,927,348)	(5,039,557)
900	Department of Parks	(22,419,293)	(21,687,165)	732,128	42,708,676	43,090,878	382,202	1,114,330
950	Zoological Department	(18,003,250)	(19,404,089)	(1,400,839)	24,241,539	25,642,378	1,400,839	-
970	Milwaukee Public Museum	-	-	-	3,500,000	3,500,000	-	-
991	University Extension	(68,775)	(100,000)	(31,225)	361,390	444,694	83,304	52,079
<b>Non-Departmentals</b>								
190	Revenue Non-Departmental	(431,095,379)	(434,520,626)	(3,425,247)	-	-	-	(3,425,247)
1996	Sales Tax	(86,582,984)	(82,069,864)	4,513,120	-	-	-	4,513,120
1992	Earnings on Investments	8,300,000	(1,720,839)	(10,020,839)	-	-	-	(10,020,839)
194	General Non-Departmental	(626,464)	(537,464)	89,000	91,770,913	96,180,216	4,409,304	4,498,304
1945	Contingency	(165,159)	(76,159)	89,000	-	3,055,967	3,055,967	3,144,967
1950	Fringe Benefits	(111,919,981)	(111,919,981)	-	218,590,719	222,590,719	4,000,000	4,000,000
1972	Wage/Benefit Supplemental	-	-	-	2,500,000	(100,000)	(2,600,000)	(2,600,000)
199	Parks Non-Departmental	-	-	-	3,329,688	3,329,688	-	-
<b>Total General Fund</b>		<b>(778,968,035)</b>	<b>(785,693,453)</b>	<b>(6,725,418)</b>	<b>681,097,189</b>	<b>689,101,747</b>	<b>8,004,558</b>	<b>1,279,140</b>
<b>Other Funds</b>								
116	Information Management Services	(167,780)	(186,799)	(19,019)	14,891,380	14,975,349	83,969	64,950
117	Risk Management	-	-	-	11,195,701	11,229,866	34,165	34,165
504	DOT - Airport Division	(93,072,706)	(95,143,248)	(2,070,542)	93,072,706	95,143,269	2,070,563	21
530	DOT - Fleet Management	(19,025,591)	(18,828,941)	196,650	18,634,297	18,437,647	(196,650)	-
560	DOT - Transit/Paratransit System	(131,844,355)	(131,844,355)	-	140,504,293	140,504,293	-	-
550	DAS - Utility	(654,935)	(4,271,714)	(3,616,779)	1,569,618	4,282,736	2,713,118	(903,661)
630	Behavioral Health Division	(184,441,878)	(209,449,344)	(25,007,466)	245,114,283	264,576,878	19,462,595	(5,544,871)
996	Debt Retirement and Interest	(8,459,311)	(8,459,311)	-	44,918,870	44,918,870	-	-
50004	COVID Expendable Funds	-	-	-	-	-	-	-
10024	COVID Expendable Funds	-	-	-	-	-	-	-
120	Capital Improvements	(139,500,315)	(139,500,315)	-	203,523,270	203,523,270	-	-
<b>Total Other Funds</b>		<b>(576,999,091)</b>	<b>(607,497,228)</b>	<b>(30,498,137)</b>	<b>758,533,040</b>	<b>782,616,830</b>	<b>24,083,791</b>	<b>(6,349,396)</b>
<b>Expendable Trusts</b>								
50003	Zoo Expendable Trusts	(1,212,295)	(1,394,107)	(181,812)	158,098	1,400,248	1,242,150	1,060,338
50005	Parks Expendable Trusts	(47,685)	-	47,685	24,150	383,064	358,914	406,599
50006	OPD Expendable Trusts	991	-	(991)	-	-	-	(991)
50007	BHD Expendable Trusts	-	-	-	179,541	17,200	(162,341)	(162,341)
50008	Airport Expendable Trusts	-	-	-	-	-	-	-
50010	DAS Expendable Trusts	(11,937)	-	11,937	-	-	-	11,937
50011	Fleet Expendable Trusts	-	-	-	8,332	-	(8,332)	(8,332)
<b>Total Expendable Trusts</b>		<b>(1,270,926)</b>	<b>(1,394,107)</b>	<b>(123,181)</b>	<b>370,121</b>	<b>1,800,512</b>	<b>1,430,391</b>	<b>1,307,211</b>
<b>Projected Surplus (Deficit)</b>		<b>(1,357,238,053)</b>	<b>(1,394,584,788)</b>	<b>(37,346,735)</b>	<b>1,440,000,349</b>	<b>1,473,519,089</b>	<b>33,518,740</b>	<b>(3,763,045)</b>
Less Expendable Trusts								(1,307,211)
Contribution (to)/from Behavioral Health Reserves								5,544,871
Correctional Officer Premium Pay/\$3.00 Salary Increase								(474,615)
<b>Total Projected Surplus (Deficit)</b>								<b>(0)</b>

<b>Debt Service Reserve Activity and Projected 2022 Ending Balance</b>	
<b>2022 Starting Balance</b>	<b>\$ 118,635,736</b>
<i>2022 Activity</i>	
2022 Budget Commitment	\$ (7,339,034)
File #22-628 April 2022 Lapsed Projects	\$ 2,378,133
File #22-701 Bond/Note Reallocation	\$ (1,910,395)
File #22-704 Other Project Adjustments	\$ (505,661)
File #22-850 MCPA Contribution Agreement	\$ (750,000)
<b>2022 Projected Balance</b>	<b>\$ 110,508,779</b>
<b>Unallocated Contingency Fund</b>	
<b>2022 Adopted Balance</b>	<b>\$ 5,000,464</b>
<i>County Board Approved Actions</i>	
File #21-985 MATC FAST Fund	\$ (50,000)
File #22-292 Climate Adaption Group	\$ (30,000)
File #21-1089 Irgens Land Sale Revenue	\$ 76,159
File #22-436 Capital Project WI020701	\$ (150,000)
File #22-395 Goat Landscaping Demonstration Project	\$ (11,000)
File #22-400 Rock Sports Center Sound Study	\$ (200,000)
File #22-308 One Milwaukee Taskforce	\$ (100,000)
File #22-109 HR Life Works Contract	\$ (36,000)
File #22-525 MCAP and Shelter Care Program	\$ (538,128)
File #22-662 Commission on Youth	\$ (27,000)
File #22-681 ARPA Funds Match for Aging Services	\$ (300,513)
File #22-701 Unspent Bond Proceeds	\$ 1,028,583
File #22-704 Unspent Bond Proceeds	\$ 359,608
File #22-761 McKinley Beach Restoration	\$ (712,190)
File #22-969 Trimborn Farms	\$ (220,000)
File #22-776 Advisory Referendum - Firearms	\$ (18,000)
File #22-800 Advisory Referendum - Marijuana	\$ (18,000)
File #22-887 Voter Education	\$ (50,000)
File #22-769 Frederick Law Olmsted Way	\$ (14,000)
La Fave Restitution	\$ 89,000
File #22-958 ERS Trust Reimbursement	\$ (427,266)
File #22-992 Racine Correctional Services	\$ (497,000)
File #22-1014 Clarence and Cleopatra Johnson Park	\$ (9,750)
<b>Current Available Balance</b>	<b>\$ 3,144,967</b>

### Committee Action

This is an informational report only.



Cynthia (CJ) Pahl, Financial Services Director  
Office of the Comptroller

## DESCRIPTION OF SIGNIFICANT SURPLUS AND DEFICIT PROJECTIONS FOR 2022

### **Office of Equity (Agency 109)** ***\$0.3 million surplus***

The Office of Equity is projecting a surplus of \$0.3 million largely due to vacancies within the department.

### **Personnel Review Board (Agency 112)** ***\$0.1 million surplus***

Personnel Review Board has a surplus due to a vacancy in the department.

### **Department of Administrative Services (Agency 115)** ***Breakeven***

The Department of Administrative Services (DAS) is now projecting a breakeven from a prior deficit of \$0.6 million which was largely due to events in the Facilities Management Division (FMD). The expected termination of the State of Wisconsin rental agreement for the Coggs Center as of November 30, 2022, results in a revenue loss of \$0.3 million. The FMD is also anticipating a revenue shortfall of \$0.8 million as labor charges to capital and operating projects are less than budgeted due to vacancies and reorganization efforts; this is offset by salary savings of \$0.6 million throughout the FMD and \$0.6 million in savings from reduced repair and maintenance requirements and a decrease in parking expense.

### **DAS – Information Management Services Division (Agency 116)** ***\$0.1 million surplus***

The DAS – Information Management Services Division is projecting a surplus of \$0.1 million which is largely driven by vacancy savings of \$0.4 million; increases in major contract due to growing digital storage, digital telephone support, and other IT services of \$0.3 million offset this savings.

### **Office of Strategy, Budget, and Performance (Agency 118)** ***\$0.3 million surplus***

The Office of Strategy, Budget, and Performance is projecting a surplus due to vacancies within the department and lower than budgeted professional service expenses.

### **Combined Court Related Operations (Agency 200)** ***\$2.9 million surplus***

The Combined Court Related Operation is currently projecting a surplus of \$2.9 million. Salary surplus is contributing \$1.5 million to the surplus. The department is also experiencing surplus in expenditures related to guardian ad litem fees, adversary counsel fees, and psychiatrist fees resulting in savings of \$0.8 million. Revenue surpluses in bail forfeiture, legal fee recoveries, and other fees result in savings of \$0.5 million.

### **Department of Child Support Services (Agency 243)** ***\$0.1 million surplus***

The Department of Child Support Services is projecting a surplus due to lower than anticipated expenditures from the District Attorney's Office. This expenditure surplus is offset by a revenue loss for the same service.

### **County Treasurer (Agency 309)** ***\$0.1 million surplus***

The Office of the Treasurer is currently projecting a surplus of \$0.1 million. This is largely due to salary surplus.

**Register of Deeds (Agency 340)**

***\$0.1 million surplus***

The Register of Deeds is currently projecting a surplus of \$1.0 million due to revenue surpluses in real estate transfer fees. The Register of Deeds is asking for a fund transfer in December 2022 to spend approximately \$0.9 million of the surplus, resulting in a \$0.1 million surplus.

**Office of the Comptroller (Agency 370)**

***\$0.1 million surplus***

The Office of the Comptroller is currently projecting a surplus of \$0.1 million. This is largely due to revenue surplus relating to P-Card rebates earned.

**House of Correction (Agency 430)**

***\$0.1 million surplus***

The House of Correction is projecting a surplus in its salary and social security account of roughly \$3.3 million which offsets the overtime deficit of roughly \$2.2 million. An additional surplus of \$1.0 million is projected in commodities. Revenue is expected to deficit by approximately \$2.3 million as less inmates are housed from the Wisconsin DOC due to staffing shortages.

**District Attorney (Agency 450)**

***\$0.2 million surplus***

The District Attorney is projecting a smaller surplus than previous reports due to a reduction in child support services provided to the Department of Child Support Services. Other surpluses in salaries and in various objects within the Commodities and Services accounts are contributing to the overall surplus.

**Emergency Management (Agency 480)**

***(\$0.2 million deficit)***

The Office of Emergency Management is projecting a deficit largely due to salaries and overtime exceeding budget resulting in deficit of \$0.3 million. This is offset by \$0.1 million in additional revenue.

**Medical Examiner (Agency 490)**

***(\$0.1 million deficit)***

The Medical Examiner is now projecting a deficit of \$68,000 due to the retirement payout of the Chief Medical Examiner. Expenses relating to body transport have increased due to an increase in costs of 50 percent with newly signed contracts.

**Department of Health and Human Services (Agency 800)**

***(\$5.0 million deficit)***

The Department of Health and Human Services is projecting a deficit of \$5.0 million. Overall, the deficit is largely due to the average daily population (ADP) at the Lincoln Hills, Copper Lake, and Mendota Juvenile Treatment Center exceeding budget by 20 at this time; this results in a deficit of \$7.7 million. Additional expenses of \$0.4 million are expected due to the increased census in the detention, \$0.3 million in additional out of home care costs, and \$0.4 million for Racine detention center costs. These deficits are offset by \$1.3 million in savings expected from reduced enrollment in Wraparound and Bakari. Vacancies result in a surplus of \$0.2 million. Additional revenue of \$1.7 million in Youth Aids and \$0.2 million in BCA are expected to be carried over from the 2021 State contract to offset the deficit. Additionally, a deficit of approximately \$0.5 million in Wisconsin Medicaid Cost Reporting (WIMCR) is anticipated for 2022.

**Parks Department (Agency 900)**

***\$1.1 million surplus***

The Department of Parks, Recreation, and Culture is projecting of surplus of \$1.1 million. Revenue surpluses of \$0.7 million are due to revenues exceeding budget relating to marina rentals, golf, and

restaurant concessions. Salary and social security savings of \$1.1 million offsets deficits of \$0.8 million in commodities and services.

### **Non-Departmental Revenue**

#### **Potawatomi Revenue (*Org 1937*)**

***\$1.0 million surplus***

The current projection for the Appropriation for Contingency assumes that the entire \$4.1 million of the current contingency appropriation is not spent and is used to offset departmental and non-departmental deficits.

#### **Earnings on Investments (*Org 1992*)**

***(\$10.0 million deficit)***

Due to GASB rules, the County is required to book the market loss or gain on investments held by the County. Since many of the County's investments have book values that are below the current market value, the County is required to book the market value loss. Through September, the market value loss exceeded \$10.7 million. These market value losses are offset by earnings on the investments, which were approximately \$4.0 million through September. The Office of the Comptroller has worked closely with investment advisors to understand the potential impact of further market value changes. As the market rates are likely to go up over the final quarter of 2022, the Office of the Comptroller is predicting that the market loss will be \$13.8 million for 2022, offset by \$7.9 million in earnings.

#### **Sales Tax (*Org 1996*)**

***\$4.5 million surplus***

The 2021 sales tax collections of approximately \$92 million represents the greatest annual growth (16%) in over a decade after experiencing negative growth (-4%) in 2020 because of the global pandemic. The 2022 Budget anticipates total sales tax collections of approximately \$90 million. The County has received five of the twelve sales tax collections related to 2022. Based on the last 12 months of collections, the Office of the Comptroller is currently projecting 2022 sales tax collections to be \$94.5 million for 2022. This estimate is approximately \$4.5 million higher than the 2022 budget.

As more collections are received, the Office of the Comptroller will continue to monitor and adjust the estimate as appropriate.

### **Non-Departmental Expenditures**

#### **Appropriation for Contingency (*Org 1945*)**

***\$3.1 million surplus***

The current projection for the Appropriation for Contingency assumes that the entire \$3.1 million of the current contingency appropriation is not spent and is used to offset departmental and non-departmental deficits.

#### **Fringe Benefits (*Org 1950*)**

***\$4.0 million surplus***

The surplus in fringe benefits is currently due to rebates received that are \$5.0 million over the budgeted amount.

**Wage/Benefit Modification (*Org 1972*)**

***(\$2.6 million deficit)***

The funding in this unit includes an appropriation of \$2.5 million for salary adjustments which is projected to be spent in 2022. Additionally, a centralized salary abatement of \$2.6 million is included, which reduces the overall County budget for salaries by \$2.6 million. The \$2.6 million amount will need to be offset by other surpluses throughout the County.