



COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

Office of the Comptroller

DATE : July 9, 2015
TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors
FROM : Scott B. Manske, Comptroller
SUBJECT: 2015 Fiscal Projection for Milwaukee County – (May 2015) (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 and requires 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 this fiscal report.

Updated 2015 Year-end Fiscal Projection – May 2015

Period	Projected Year End Position	Annual Projection	Change from Prior Projection
April 2015	Surplus	\$20.0 million	
May 2015 (Current Period)	Surplus	\$19.9 million	(\$0.1 million)

Based on financial results through May 31, 2015 and quarterly reports submitted by departments, Milwaukee County's projected 2015 year-end fiscal status is a projected surplus of \$19.9 million.

The projected surplus assumes that the available balance in the contingency fund of \$3.6 million is applied to offset departmental and non-departmental deficits. To the extent the contingency fund is used during the year for other purposes, the projected surplus will decrease.

Fringe Benefits are projected to surplus by \$11.0 million as in the first quarter report. The surplus from Sales Tax also remains at \$1.5 million as it was in the first quarter report.

The following table reports when a significant change in a department's projected year end occurred since the prior report and includes major departments' projected year end

statuses. Following the table is a discussion of any department with a major variance. Attachment A details all departments' current fiscal year-end projections.

Org Unit	Department	As of April 30	As of May 31	Change
2000	Courts	\$ (22,300)	\$ (195,700)	\$ (173,400)
2900	Pre-Trial Services	\$ 281,000	\$ 281,600	\$ 600
3700	Office of the Comptroller	\$ 381,500	\$ 381,500	\$ 0
4000	Sheriff	\$ (882,300)	\$ (200,000)	\$ 682,300
4300	HOC	\$ 194,400	\$ 76,600	\$ (117,800)
6300	BHD	\$ 1,091,000	\$ 1,220,000	\$ 129,000
6300	BHD Reserve	\$ (1,091,000)	\$ (1,220,000)	\$ (129,000)
8000	DHHS	\$ 890,000	\$ 2,296,000	\$ 1,406,000
9000	Parks	\$ 1,051,000	\$ 1,051,000	\$ 0
1945	Contingency Fund	\$ 5,373,621	\$ 3,617,621	\$ (1,756,000)
1950	Fringe Benefits	\$ 11,000,000	\$ 11,000,000	\$ 0
1996	Sales Tax	\$ 1,500,000	\$ 1,500,000	\$ 0
	Other Departments	\$ 233,079	\$ 91,379	\$ (141,700)
	TOTAL	\$ 20,000,000	\$ 19,900,000	\$ (100,000)

Unallocated Contingency Fund	
2015 April 2014 Balance	\$5,373,621
Actions	
Sheriff's Office	(\$1,500,000)
MC Foreclosure Mediation Project	(\$56,000)
Beech Street Pedestrian Bridge	(\$200,000)
Current Available Balance	\$3,617,621

Combined Court Operations

The Courts are projecting a deficit of (\$0.2) million due a projected deficit of (\$0.1) million in Sick Balance payouts and there is a projected deficit of (\$0.1) million in contractual services.

Pre-Trial Services

Pre-Trial Services is projecting a surplus of \$0.3 million due to a portion of contractual services being paid for with encumbered funds that were rolled into 2015 from 2014.

Office of the Comptroller

The Office of the Comptroller is projecting a revenue surplus of \$0.3 million due to the collection from the Payment Plus Program which provides for a percentage of revenue to the County when vendors are paid using the Payment Plus Program. The 2015 Adopted Budget anticipated \$0.1 million from this revenue. The actual payment in 2015 is \$0.4 million. The surplus in 2015 is primarily due to Motorola, a Payment

Plus Program participant, agreeing to participate in the program for the purchase of radios. In addition, staffing vacancies result in a projected expenditure surplus of \$0.1 million.

Office of the Sheriff

The Sheriff's Department was projecting a 2014 deficit of (\$0.9) million as of April 2015. During the June County Board Meeting, a transfer of \$1.5 million from the Contingency Fund was approved for the Office of the Sheriff. The funding was to eliminate the existing deficit in the Office of the Sheriff and allow for the hiring of 30 deputies as of July 2015. This action would have resulted in a break even position for the Sheriff, however, subsequent to the action, the Office of the Sheriff increased its year end projection slightly by (\$0.2) million.

House of Correction (HOC)

The House of Correction is projecting an overall surplus of \$0.1 million which is comprised of a revenue deficit of (\$0.2) million due to Electronic Surveillance and Huber revenues. This deficit is offset by a projected expenditures surplus of \$0.3 million. Overtime is projected to deficit by (\$0.9) million. The HOC has recently filled a number of Correctional Officer positions which is anticipated to reduce overtime in future months and maintain the current projected deficit. In addition, the following results are anticipated: a surplus of \$0.2 million in other personal services accounts, a surplus of \$0.3 million in unemployment compensation, a surplus of \$0.7 million due to increased savings from the Aramark food services contract, the Armor Medical Services contract and other contractual services.

Behavioral Health Division (BHD)

The Behavioral Health Division is projecting an overall \$1.2 million surplus. A surplus of \$0.2 million in other revenues is anticipated. Total expenditures are projected to surplus by \$1.0 million. BHD is anticipating a surplus of \$2.5 million in contractual services due to lower expenditures for dietary and pharmacy services. A surplus of \$0.3 million in internal service charges, commodities and capital outlay is also anticipated. Offsetting these surpluses is an anticipated deficit of (\$1.1) million in overtime and a deficit of (\$0.7) million in abatements.

Department of Health and Human Services

The Department of Health and Human Services is projecting a revenue deficit of (\$0.6) million which is offset by a projected surplus of \$2.9 million in expenditures for an overall projected surplus of \$2.3 million.

Federal reimbursement for the HUD program is expected to be lower than budget by (\$0.4) million due to a reduction in expenditures for the program. A surplus of \$0.4 million is anticipated from the Revolving Program Income account.

State reimbursement revenue is projected to surplus by \$0.8 million mainly due to increased Youth Aids revenues of \$2.3 million offset by a projected deficit in Prior Year State Reimbursement of (\$0.5) million, a deficit of (\$0.5) million in Children's Long Term Support and a deficit of (\$0.4) million in other State Grant and Reimbursements. Health care revenues are projected to deficit by (\$1.0) million and Recoveries are projected to deficit by (\$0.2) million.

Salaries and Wages are projected to surplus by \$0.4 million. Purchase of services, including HUD expenses of \$0.4 million, are projected to surplus by \$2.4 million. A slight surplus of \$0.1 million is projected in services and commodities. Crosscharges and abatements result in an anticipated surplus of \$0.2 million.

Department of Parks, Recreation and Culture

The Department of Parks, Recreation and Culture is projecting a revenue surplus of \$1.3 million offset by an expenditure deficit of (\$0.3) million for an overall surplus of \$1.0 million. The surplus is primarily due to revenues being received for parking at O'Donnell Park which was not anticipated for 2015 due to a possible sale of the facility. The Adopted Budget was based upon O'Donnell Park no longer being operated by the Parks Department after the first quarter of 2015. The current projection assumes Milwaukee County will retain and operate O'Donnell Park for all of 2015.

Non - Departmental:

Unallocated Contingency Fund

The contingency account was appropriated at \$8.5 million in 2015. Of that amount, \$3.1 million was specifically allocated in the 2015 Adopted Budget and is therefore unavailable to be counted toward the 2015 year end surplus at this time. The unallocated contingency fund was budgeted at \$5.46 million and currently has an available balance of \$3.8 million which for purposes of this report, is being utilized to partially offset deficits projected by various departments in order to arrive at a net surplus for the County.

Unallocated Contingency Fund	
2015 April 2014 Balance	\$5,373,621
Actions	
Sheriff's Office	(\$1,500,000)
MC Foreclosure Mediation Project	(\$56,000)
Beech Street Pedestrian Bridge	(\$200,000)
Current Available Balance	\$3,617,621

Fringe Benefits *(No change from prior report)*

For 2015, the County budgeted \$172.5 million of fringe benefit costs, including \$64.0 million of pension related costs and \$108.5 million of health and other related costs. Actual costs for 2015 are projected to be \$161.5 million which consists of \$64.0 million of pension related costs and \$97.5 million of health and other related costs.

There is no expected difference between pension related expenditures as compared to budget. Pension related costs includes the annual actuarial payment to the Milwaukee County Employee Retirement System (ERS), annual principal and interest payment on Pension Obligation Bonds, payments for the OBRA pension plan and the URMS pension plan, offset by contributions from County employees for the Milwaukee County ERS plan. The OBRA pension plan is for summer employment positions that are not eligible to be covered by the County pension plan. The URMS pension plan is for employees who transferred to the County Grounds medical center in the 1980s for a joint operation between Froedtert and the County medical operations.

The health related costs are expected to surplus by \$11.0 million. The Health Care budget consists of medical and drug related expenditures. The majority of the savings, as shown in the chart below, is coming from medical related expenses (\$8.8 million) and drug related expenditures (\$2.2 million). The savings in medical expenses for active employees is due to a drop in census from budget for this group, and additional savings due to a drop in trend for 2014. The medical expense savings for retired employees is mainly due to the increased utilization of the new Medicare Advantage program. The budget had projected a 60% utilization of the new Medicare Advantage program and the actual sign-up was over 95%. The savings in drug program costs represents additional drug rebates that are being received versus what was projected in the budget. The drug rebates come both from our third party provider and from Federal reimbursement for Medicare eligible participants.

Description	2015 Budget	2015 Projection	Variance
Medical Care – Active	\$41,229,952	\$37,611,942	\$3,618,010
Medical Care – Retired	\$27,828,295	\$22,599,868	\$5,228,427
Drug Program - Active	\$8,800,338	\$8,028,443	\$771,895
Drug Program – Retired	\$16,679,829	\$15,219,854	\$1,459,975
Dental Care	\$2,585,335	\$2,585,335	\$0
Medicare Part B	\$7,200,000	\$7,200,000	\$0
Life Insurance	\$1,998,035	\$1,998,035	\$0
Other	\$2,173,455	\$2,173,455	\$0
Subtotal Health Insurance	\$108,495,239	\$97,416,932	\$11,078,307
Pension Related Costs	\$64,076,491	\$64,076,491	\$0
Total Fringe Benefits	\$172,571,730	\$161,493,423	\$11,078,307

Sales Tax (*No change from prior report*)

The 2014 sales tax collections improved subsequent to the estimate provided for the 2015 Budget. The 2014 Milwaukee County sales tax collections were approximately \$69.8 million. Based on the actual 2014 collections and an estimated growth percentage of approximately 1.0%, the current estimate of 2015 collections is \$70.5 million. The current estimate for 2015 is \$1.5 million higher than the 2015 Budget amount of \$69.0 million.

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

Attachments

cc: Chris Abele, County Executive
Supervisor Willie Johnson, Jr., Co-Chairman, Finance, Personnel &
Audit Committee
Supervisor Theo Lipscomb, Sr., Co-Chairman, Finance, Personnel &
Audit Committee
Finance, Audit and Personnel Committee
Teig Whaley-Smith, Director, Department of Administrative Services
Steven Kreklow, Director, Office of Performance, Strategy and Budget
Janelle Jensen, Committee Coordinator, Office of the County Clerk
Department Heads

Milwaukee County							
Annual Fiscal Report of Surplus/Deficit as of May 31, 2015							
	2015	2015		2015	2015		
	Projected	Budgeted Net	Revenue	Projected	Budgeted Net	Expense	Surplus
	Revenues	Revenues	Variance	Expenditures	Expenditures	Variance	(Deficit)
Legislative, Executive & Staff							
1000	County Board	-	-	-	3,506,546	3,506,546	-
	County Executive						
1011	General Office	3	-	3	1,474,812	1,474,812	-
1021	Veterans Service	13,000	13,000	-	318,915	318,915	-
1020	Governmental Relations	-	-	-	369,241	415,006	45,765
1120	Personnel Review Board	16	-	16	354,695	413,796	59,101
1130	Corporation Counsel	120,000	120,000	-	2,088,601	2,088,601	-
1140	Human Resources	1,452,815	1,452,260	555	7,197,852	7,249,097	51,245
115	Dept of Administrative Services	38,902,845	38,902,845	-	49,286,686	49,286,686	-
	DAS Includes: Persons with Disabilities 1019, Community Business Dev. Partners 1040, Procurement 1152, Economic Development 1190 and DAS - Facilities Mngmnt 5700						
1150	Risk Management	12,872,412	12,872,412	-	13,685,863	13,685,863	-
1160	Information Management Services	13,955,649	14,057,220	(101,571)	14,964,821	15,068,392	101,571
3010	Election Commission	52,750	52,750	-	690,731	690,731	-
3090	County Treasurer	3,553,950	3,505,000	48,950	1,347,904	1,347,814	(90)
3270	County Clerk	488,450	488,450	-	1,379,159	1,379,159	-
3400	Register of Deeds	4,106,643	4,097,496	9,147	3,499,998	3,538,949	38,951
3700	Office of the Comptroller	464,500	196,793	267,707	7,324,811	7,434,923	110,312
	Total Legislative, Executive & Staff	75,964,033	75,739,226	224,807	107,490,455	107,897,310	406,855
	Courts and Judiciary						
2000	Combined Court Related Operators	11,132,478	11,405,679	(273,201)	43,569,585	43,647,098	77,511
2430	Dept of Child Support Enforcement	17,570,032	17,570,032	-	19,672,304	18,672,304	-
2900	Courts - Pre-Trial Services	717,764	717,299	475	4,771,612	5,052,687	281,075
	Total Courts and Judiciary	29,420,274	29,693,000	(272,726)	68,013,501	68,372,087	358,586
	Public Safety						
4800	Emergency Management	2,206,933	2,206,933	-	11,408,057	11,408,057	-
4900	Medical Examiner	2,065,825	2,165,825	(100,000)	5,105,908	5,149,330	43,422
4000	Sheriff	10,353,366	10,789,953	(436,587)	81,564,310	81,780,897	216,587
4300	House of Correction	6,318,167	6,533,466	(215,281)	64,677,407	64,969,308	291,901
4500	District Attorney	6,163,050	6,163,050	-	19,199,724	19,199,724	-
	Total Public Safety	27,107,361	27,839,229	(731,868)	181,955,408	182,507,316	551,910
	Public Works & Development						
5040	DOT - Airport Division	92,607,826	92,607,826	-	92,607,826	92,607,826	-
5100	DOT - Highway Maintenance	20,910,034	20,910,034	-	22,222,645	22,222,645	-
5300	DOT - Fleet Management	12,003,664	12,003,664	-	11,161,509	11,161,509	-
5600	DOT - Transit/Paratransit System	100,203,309	100,203,309	-	120,120,482	120,120,482	-
5800	DOT - Admin Div	240,000	1,695,238	(1,455,238)	245,113	1,700,351	1,455,238
5500	DAS - Utility	4,662,432	4,662,432	-	4,976,034	4,976,034	-
	Total Public Works & Development	230,627,266	232,082,503	(1,455,238)	251,333,609	252,786,647	1,455,238
	Health & Human Services						
6300	Behavioral Health Division	111,996,744	120,496,239	(8,499,495)	172,716,905	182,436,405	9,719,500
7900	Department on Aging	17,310,443	17,310,443	-	18,417,220	18,417,220	-
7990	Department of Family Care (CMO)	284,787,456	284,787,456	-	285,725,780	285,380,851	(344,929)
8000	Department of Human Services	65,428,666	66,077,914	(649,248)	85,087,777	88,033,142	2,945,365
	Total Health & Human Services	479,523,309	488,672,052	(9,148,743)	561,947,682	574,267,618	12,319,936
	Parks, Recreation & Culture						
9000	Department of Parks	20,234,902	18,892,770	1,342,132	48,724,290	48,433,121	(291,169)
9500	Zoological Department	19,245,432	19,245,432	-	27,261,113	27,261,113	-
9700	Milwaukee Public Museum	-	-	-	3,500,000	3,500,000	-
9910	University Extension	110,000	110,000	-	532,044	532,044	-
	Total Parks, Recreation & Culture	39,590,334	38,248,202	1,342,132	80,017,447	79,726,278	(291,169)

	2015	2015	Revenue	2015	2015	Expense	Surplus
	Projected	Budgeted Net	Variance	Projected	Budgeted Net	Variance	(Deficit)
	Revenues	Revenues		Expenditures	Expenditures		
Non-Departmental's							
1933	-	-	-	-	-	-	-
1937	4,026,477	4,026,477	-	-	-	-	-
1945	-	-	-	4,123,670	7,741,291	3,617,621	3,617,621
1950	191,510,736	191,510,736	-	180,706,497	191,706,497	11,000,000	11,000,000
1972	-	-	-	-	-	-	-
1991	282,965,125	282,965,125	-	-	-	-	-
1992	1,321,000	1,321,000	-	-	-	-	-
1993	31,163,647	31,163,647	-	-	-	-	-
1996	61,143,731	59,643,731	1,500,000	-	-	-	1,500,000
	20,436,462	20,436,462	-	(2,068,401)	(2,158,488)	(90,087)	(90,087)
1900'S Total Non-Departmental	592,567,178	591,087,178	1,500,000	182,761,766	197,289,300	14,527,534	16,027,534
9950	-	-	-	-	-	-	-
	16,565,597	16,565,597	-	50,522,841	50,522,841	-	-
	-	-	-	-	-	-	-
9960	16,565,597	16,565,597	-	50,522,841	50,522,841	-	-
1200-1899	205,115,781	205,115,781	-	265,283,713	265,283,713	-	-
Expendable Trusts							
FUND 3	4,064	1,017,290	(1,013,206)	-	1,028,610	1,028,610	15,404
FUND 4	-	-	-	-	-	-	-
FUND 5	-	-	-	2,905	4,115	1,210	1,210
FUND 6	-	-	-	-	-	-	-
FUND 7	-	17,600	(17,600)	-	17,600	17,600	-
FUND 8	-	-	-	-	-	-	-
FUND 9	-	-	-	-	-	-	-
FUND 10	-	-	-	-	-	-	-
FUND 11	-	-	-	(380)	-	380	380
Total Expendable Trusts	4,064	1,034,890	(1,030,806)	2,525	1,050,325	1,047,800	16,995
Projected Surplus (Deficit)	1,696,505,216	1,706,077,658	(9,572,442)	1,749,328,944	1,779,705,635	30,376,691	20,804,249
Addback the following:							
Reserves Expendable Trusts							(16,995)
Contribution to Family Care Reserves							344,929
Contribution to Behavioral Health Reserves							(1,220,005)
Total Projected Surplus (Deficit)							19,912,178