



**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

Office of the Comptroller

**DATE** : May 28, 2015  
**TO** : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors  
**FROM** : Scott B. Manske, Comptroller  
**SUBJECT:** 2015 Fiscal Projection for Milwaukee County – (April 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 – April 2015**

<b>Period</b>	<b>County Projected Year End Position</b>	<b>Annual Projection</b>	<b>Change from Prior Projection</b>
March 2015	Surplus	\$17.5 million	
<b>April 2015 (Current Period)</b>	<b>Surplus</b>	<b>\$20.0 million</b>	<b>\$2.5 million</b>

Based on financial results through April 30, 2015 and quarterly reports submitted by departments, Milwaukee County's projected 2015 year-end fiscal status is a projected surplus of \$20.0 million. The projected surplus assumes that the available balance in the contingency fund of \$5.4 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 department's projected year end statuses. Following the table is a discussion of any department with a major variance.

<b>Org Unit</b>	<b>Department</b>	<b>As of March 30</b>	<b>As of April 30</b>	<b>Change</b>
1000	County Executive	\$ (12,300)	\$ 49,000	\$ 61,300
1140	Human Resources	\$ 99,400	\$ 130,100	\$ 30,700
2000	Courts	\$ (150,400)	\$ (22,300)	\$ 128,100
3700	Office of the Comptroller	\$ -	\$ 381,500	\$ 381,500
4000	Sheriff	\$ (902,900)	\$ (882,300)	\$ 20,600
4300	HOC	\$ 41,700	\$ 194,400	\$ 152,700
6300	BHD	\$ -	\$ 1,091,000	\$ 1,091,000
6300	BHD Reserve	\$ -	\$ (1,091,000)	\$ (1,091,000)
7990	CMO	\$ -	\$ (345,000)	\$ (345,000)
7990	CMO Reserve	\$ -	\$ 345,000	\$ 345,000
8000	DHHS	\$ -	\$ 890,000	\$ 890,000
9000	Parks	\$ -	\$ 1,051,000	\$ 1,051,000

### **County Executive**

The 2015 Adopted Budget for the County Executive included an expenditure of \$100,000 for security services. The latest projection from the County Executive's Office is an expenditure of \$50,000 in this account for a projected year end surplus of \$50,000.

### **Human Resources**

The Department of Human Resources is projecting an expenditure surplus of \$130,000 due to a salary surplus of \$83,000 and a projected surplus of \$47,000 in Temporary Help and Professional Services.

### **Combined Court Operations**

The Courts had previously projected a deficit of (\$0.15) million but has improved its projected fiscal outcome to essentially breakeven due to a projected revenue deficit of (\$0.30) million in federal reimbursement and an expenditure surplus of \$0.30 million in contractual services. These projections are due to the Foreclosure Mitigation Program which is near completion and fully offset each other.

### **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. The surplus in 2015 is primarily due to Motorola 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** (No change from prior report)

The Sheriff's Department is projecting a 2014 deficit of (\$0.9) million due to a revenue deficit of (\$0.5) million and an expenditure deficit of (\$0.4) million.

The revenue deficit is due to a projected deficit in citation revenue of (\$0.8) million. The 2015 Adopted Budget totals \$1,714,500. Actual collections in 2014 were \$873,000. Partially offsetting this deficit is a projected surplus of \$0.2 million in Telephone fees.

Salaries are projected to surplus by \$2.1 million and overtime is projected by the Office of the Sheriff to deficit by (\$1.4) million. An adopted budget abatement of \$1.3 million results in a projected expenditure deficit of (\$1.3) million. A projected surplus of \$0.2 million is anticipated in Repair and Maintenance of Buildings and Structures.

The Office of the Comptroller will continue to monitor the overtime deficit as it has some concerns about the potential for a higher overtime deficit based on prior year's activities as compared to overtime costs so far in 2015. The Office of the Sheriff expends a higher percentage of its overtime funds during the summer months so a more accurate projection will be available as a part of the second quarter report which will be presented in September to the Finance Committee.

**House of Correction (HOC)**

The House of Correction is projecting a revenue deficit of (\$0.2) million due to Electronic Surveillance and Huber revenues. This deficit is offset by a projected expenditures surplus of \$0.4 million. Overtime is projected to deficit by (\$0.5) million since the HOC has recently filled a number of Correctional Officer positions which is anticipated to reduce overtime in future months. In addition, the following results are anticipated: 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 and other contractual services and a deficit of (\$0.1) million due to Employee Merit awards.

**Behavioral Health Division (BHD)**

The Behavioral Health Division is projecting a \$1.1 million surplus. BHD is anticipating a surplus of \$2.5 million in contractual services due to lower expenditures for dietary and pharmacy services. Offsetting this surplus is an anticipated deficit of (\$1.1) million in overtime.

**Department of Health and Human Services**

The Department of Health and Human Services is projecting a revenue deficit of (\$1.9) million which is offset by a projected surplus of \$2.7 million in expenditures for an overall projected surplus of \$0.9 million.

Federal reimbursement for the HUD program is expected to be lower than budget by (\$0.9) million due to a reduction in expenditures for the program.

State reimbursement revenue is projected to surplus by \$0.6 million mainly due to increased Youth Aids revenues of \$1.5 million offset by a projected deficit in Prior Year State Reimbursement of (\$0.6) million, a deficit of (\$0.2) million in Children's Long Term Support and (\$0.1) million in other State Grant and Reimbursements. Health care revenues are projected to deficit by (\$1.1) million and Recoveries are projected to deficit by (\$0.5) million.

Salaries and Wages are projected to surplus by \$0.6 million. Purchase of services, less the HUD expenses above, are projected to surplus by \$1.5 million. A slight deficit of (\$0.2) million is projected in services and commodities.

### **Department of Parks**

The Department of Parks 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:**

#### **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 1980's 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 Reimbursement	\$7,200,000	\$7,200,000	\$0
Life Insurance	\$1,998,035	\$1,998,035	\$0
Other	\$2,173,455	\$2,173,455	\$0
<b>Subtotal Health Insurance</b>	<b>\$108,495,239</b>	<b>\$97,416,932</b>	<b>\$11,078,307</b>
Pension Related Costs	\$64,076,491	\$64,076,491	\$0
<b>Total Fringe Benefits</b>	<b>\$172,571,730</b>	<b>\$161,493,423</b>	<b>\$11,078,307</b>

**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 \$5.37 million which for purposes of this report, is being utilized to offset deficits projected by various departments in order to arrive at a net surplus for the County of \$20.0 million.

<b>Unallocated Contingency Fund</b>	
<b>2015 Adopted Balance</b>	<b>\$5,463,531</b>
Actions	
SafeRide Program	(\$5,000)
IGA for Election Equipment	(\$90,000)
<b>Current Available Balance</b>	<b>\$5,373,621</b>

**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 and Audit Committee.



Scott B. Manske  
Comptroller

**Attachments**

- cc: Chris Abele, County Executive
- Supervisor Willie Johnson, Jr., Co-Chairman, Finance, Audit & Personnel Committee
- Supervisor Theo Lipscomb, Sr., Co-Chairman, Finance, Audit & Personnel 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 Clerk, County Clerk
- Department Heads