

**INTEROFFICE COMMUNICATION
COUNTY OF MILWAUKEE**

DATE: April 17, 2015

TO: Central Accounting

FROM: Agency Number: 4000
Financial Manager Name: Bill Lethlean

SUBJECT: Major Variance Report for the Month of March 2015

This monthly Major Variance Report is used in place of the quarterly reporting narrative and detailed fiscal report. This report is an update to the information previously provided to Central Accounting for your agency. The major variance narrative used in the "Variance Explanations" below, in addition to fiscal information previously reported to Central Accounting, will result in your revised financial projection for the year.

Please circle YES or NO to the items below:

1. Our department is currently projecting a breakeven with the 2015 budget. YES or NO
2. Our department has a change to our previous fiscal projection. YES or NO
(For January and February reporting, it is expected that our department will break even with budget if we mark NO)

If answering YES to the second question, your department needs to update your fiscal projection by filling in the summary fiscal table below. Answering NO to the second question indicates that your agency has no changes to the fiscal projection that was previously provided to Central Accounting, or that you expect to break-even for the year.

The summary fiscal table below should display what your agency (department-wide) surplus/deficit is expected to be for 2015. This financial projection includes the major variances explained below in the Variance Explanations table plus any previously reported surpluses and deficits. Note that the budgeted dollars in the Summary Fiscal Table should match the fiscal report that was sent to you for month end.

Summary Fiscal Table			
	Budget	Annual Projection	Variance
Revenues	\$10,012,599	\$9,531,846	(\$480,753)
Expenditures	\$81,023,543	\$81,445,716	(\$422,173)
Total Surplus (Deficit)			(\$902,926)

Please provide explanations for changes from that previously reported to Central Accounting.

Variance Explanations		
Reason for Variance	Amount of Surplus (Deficit)	Corrective Action Plan (if any)
County Fines & Forfeitures	(\$785,312)	
Budget Abatement Contract Services	(\$350,000)	Contract Services Abatement entered into the 2015 budget by the County Executive will severely limit the Sheriff's ability to utilize appropriate and necessary services increasing the risk to public safety.
Budget Abatement Commodities	(\$169,621)	Commodities Abatement entered into the 2015 budget by the County Executive will severely limit the Sheriff's ability to obtain the necessary supplies and small equipment to perform his legally mandated responsibilities increasing the risk to public safety.
Budget Abatement OC Miscellaneous	(\$1,360,000)	Other Capital Outlay Abatements entered into the 2015 budget by the County Executive will severely impact the Sheriff's access to necessary capital projects and equipment to maintain daily law enforcement operations increasing the risk to public safety.

REVENUES

Traffic Citation Revenue

The 2015 adopted budget for Traffic Citation Fines and State Forfeitures is \$475,000, a decrease of \$70,000 from the 2014 budget after the actual received in 2014 was only \$450,799. The projected total for the current year is \$611,838 based upon the initial two months of the year even though citations has been impacted by the freeway construction and amount of resources required to keep the roadways clear and moving safely throughout the County and especially in the construction area of the Zoo Interchange and the Hoan Bridge construction.

County Forfeitures

The 2015 adopted budget for County Forfeitures is \$1,714,500 despite the actual amount received in 2014 was only \$873,329. The annual amount projected for 2015 is \$892,350 resulting in a deficit of \$822,150. The 2015 adopted budget includes revenue from parking citations issued at General Mitchell International Airport, on County Grounds and in County Parks and \$500,000 added to the original projection by budget amendment to be generated from the addition of 25 deputies (10 funded and 15 unfunded positions) that would increase the number and amount of citations written. Actual parking citation revenue will be impacted by construction at the Airport until the third baggage handling and pickup area is opened sometime near the end of 2015. Parking revenue is adjusted monthly based upon the citations issued by the Parks Rangers. County Parks beginning Memorial Day will have 10 Park Rangers each patrolling the Parks 32 hours each week. The majority of this revenue is realized by the Parks and not MCSO. Citation

revenue will also be adversely impacted by the difficulty of hiring and keeping Parking Checkers assigned to Expressway Patrol, County Grounds and TEU to patrol County Grounds and Parks.

The major portion of the deficit is due to the inability to immediately fill the 25 Deputy Sheriff 1 positions authorized in the 2015 budget. The authorization to open the recruitment and selection process is dependent upon the approval of DAS and discussions are ongoing regarding the actual number of positions that may be filled. Once approval is received the recruitment, selection and training of candidates will progress into 2016. New officers will not be available to patrol, issue citations and increase citation revenue until fully trained.

CORRECTIVE ACTION

The Sheriff's Office will redirect resources as available to assist in the patrol of our expressways and security on the County Grounds, Parks and Airport to increase citation revenue. This will be monitored closely with the Captains in charge of each area.

Law Enforcement Training

The adopted budget for 2015 includes \$220,905 of revenue for Law Enforcement Training of Correction Officers for the Sheriff, the HOC and Deputies that include new recruit classes, firearms training, motorcycle training, and other certifications and training. There will be a new class of recruits for new deputies and other classes to maintain the current staff of Corrections Officers due to normal turnover. Due to the delay of the approval to hire new deputies we may fall short of our goal.

State Grants & Reimbursements

The adopted budget for 2015 includes revenue of \$1,415,000 despite the 2014 budgeted amount of \$2,109,069. The reduction in State and Federal Grants is due to the removal of Emergency Management and Communications from the Sheriff's Office by the County Exec to form a separate Emergency Management unit. State and Federal Grants received by Emergency Management in 2014 totaled \$289,447. The 2014 budget included \$1,000,000 of projected revenue from housing Wisconsin Department of Corrections (DOC) sanction inmates in the Office of the Sheriff. During 2013, the HOC assumed the contract with the State of Wisconsin and was the only County entity receiving revenues from the State for these sanctioned inmates. This amount was never corrected in the budget during 2014 and no revenue was received.

As a result of these major items the adopted budget for 2015 has been reduced by \$694,069 to include State of Wisconsin grants and reimbursements for Expressway Patrol and the CJF.

Civil Defense Grants

The adopted budget for 2015 for Civil Defense Grants has been removed due to the removal of Emergency Management and Communications from the Sheriff's Office by the County Exec to form a separate Emergency Management unit. The 2014 budgeted amount was \$376,280.

Federal Grants & Reimbursements

The adopted budget for 2015 includes projected revenue of \$634,000 from Federal Grants that is a reduction of \$268,184 from the 2014 budgeted amount of \$902,184. Due to the removal of Emergency Management and Communications from the Sheriff's Office by the County Exec to form a separate Emergency Management unit, federal grants of \$12,095 were removed from

projections. The TSA Grant for the Canine Detection Team at the Airport was reduced from \$242,000 in 2014 to \$215,000 in 2015.

Reimbursements for USM Inmate Housing in 2014 were \$247,900. Combined with the anticipated annual SCAAP grant reimbursement the 2014 adopted revenue of \$538,455 has been reduced to \$331,000. We should meet this goal.

HIDTA revenue receipts in 2014 were \$84,100 and 2015 is projected at \$88,000. The opportunity to utilize all of these federal funds will be dependent on the availability of deputies to serve as HIDTA representatives.

Commissions on Executions

The 2014 adopted budget for conducting Sheriff Sales on foreclosed properties was \$680,000, however, actual receipts were only \$432,667. 2015 adopted budget revenue is projected at \$407,800 due to a recent decrease in foreclosure sales, low interest rates and a somewhat improvement in the economy.

Process Service Fees

The 2015 adopted budget includes Process Service Fees revenue of \$334,000. Actual process service fee revenue in 2014 was \$678,743, however due to severe staff shortages and the inability to serve warrants and attachments revenue will be lower but still exceed budget. The annual amount is projected at \$614,694.

Inmate Telephone Commissions

The 2015 adopted budget includes revenue in the amount of \$1,000,000 from commissions on inmate telephone calls. In 2014 actual revenue from inmate telephone commissions was \$970,081. The increase is due to a near capacity inmate population at the CJF after the HOC separated from the Sheriff's Office that will result in exceeding the budgeted amount. The annual amount is projected at \$1,200,000.

Other Service Fees

The 2015 adopted budget includes revenue of \$576,500 for County Grounds Security, \$13,750 for inmate services and \$15,000 for rental income at the Training Academy. County Grounds Security includes a Memorandum of Understanding with Children's Hospital of Wisconsin to staff a uniformed officer located in their Emergency Room 24/7/365. This arrangement will be reviewed and renegotiated in April 2015.

Inmate Services in the CJF include haircuts, fingerprinting, etc. are budgeted at \$13,750 after receiving \$17,776 in 2014. \$25,000 is projected for 2015.

Other Concessions Commissary

2014 revenue received from Commissary Sales was \$224,895. We project \$225,000 for 2015. Commissary revenue has continued to increase primarily due to the increase in inmate population after the separation of the HOC from the Sheriff has forced the CJF to operate at or nearly full capacity. Commissary revenue is processed at the House of Correction and the delay of receiving credit for the revenue can be up to 2 or 3 months. It is difficult to accurately assess this revenue without more current information being made available.

Prisoner Board Fees

In 2013 the municipal commitment inmates were directed to the HOC to be housed. There are certain commitment inmates that are temporarily housed at the CJF. Actual revenue received in 2014 was \$96,720. Actual 2015 revenue is budgeted at \$60,000 as it is still too early in the process to determine a trend since the HOC took over the housing contract with the Department of Correction (DOC), however, the budget number should be attainable.

Recoveries

Recoveries are payments made to the Civil Process Traffic Desk for fines and late payment fees on County issued parking citations that have resulted in vehicle suspensions. The 2014 budget was \$53,500, however actual revenues received were \$40,149. The 2015 adopted budget forecasts recoveries at \$45,000. A large portion of these recoveries are a result of citations written by Park Rangers, but only result in fees to the MCSO when the citations are unpaid after 10 days from the date of issue.

Special Event Overtime Reimbursement

The 2015 adopted budget includes revenue of \$52,000 for overtime expenses incurred for providing security at various special events. This was the budgeted amount in the 2014 budget. This will be attainable this year.

EXPENSES

Salary & Wages

The 2015 adopted budget unfunded sworn positions in the Sheriff's Office again. The following table indicates the sworn positions that are authorized and funded in the 2015 budget and the current number of personnel in these positions.

POSITION	AUTHORIZED	FUNDED	FILLED	VARIANCE
Inspector	1	1	2	1
Dep Insp	2	2	5	3
DS Capt	4	4	10	6
CO Capt	4	4	4	0
DS Lt	8	8	6	(2)
DS Sgt	12	12	11	(1)
DS 1	262	262	240	(22)

The cost of the unfunded Command Staff is estimated at \$1,315,806. A portion of this expense will be offset by 10 funded DS 1's that will not be hired until the last half of the year. This should reduce the Command Staff cost to \$847,106. Written testing for new DS 1's will begin in March with extended testing to follow in the succeeding months hopefully to culminate in the hiring of candidates for DS 1's.

1 Deputy Inspector is on light duty for medical reasons and two (2) Captains are on Administrative Duty.

One (1) Deputy Sheriff 1 is on Administrative Duty.

Eleven (11) Deputy Sheriff 1's are unavailable for work as follows:

- Five (5) on Workman's Compensation
- Three (3) on Extended Leave of Absence
- Three (3) on Disability Referrals due to permanent restrictions.

Ten (10) Deputy Sheriff 1's are on Light Duty.

Eight (8) Correction Officers are unavailable for work as follows:

- Two (2) on Workman's Compensation
- Four (4) on Extended Leave of Absence
- Two (2) are on Military Leave.

Seven (7) Correction Officers are on Light Duty.

In total, there are twenty two (22) Deputies and fifteen (15) Correction Officers unavailable for normal daily duties requiring their standard hours to be filled by active duty officers, mostly on overtime hours. The twenty two (22) Deputies represent almost 10% of the total authorized and funded hourly Deputy workforce.

Salaries and Wages are currently projected at \$32,392,631 and overtime at \$5,673,463 for 2015. Retro pay, shift differential and bonus pay due members of the Deputy Sheriff Association according to the 2014 contract settlement were paid in Payroll # 3, but were accrued as a 2014 payroll expense. As a result combined with current projections Salaries and Wages have been increased by \$295,126 from February projections. Hazard pay budgeted at \$211,813 will be paid in 2015 and included in these projections. Ten (10) DS 1's are projected to be added to the payroll in July for the remainder of the year if the approval is given by DAS to hire for these positions. As the sworn staff ages a number also become eligible for retirement in 2015. An undetermined number will choose to retire during 2015 and be entitled to payouts that are not included in these projections.

5199 – SALARIES & WAGES CALCULATION		
5199	Salaries & Wages Beginning Balance	\$6,387,878.18
LESS:	DSA Retro Pay ①	
	Kernan Retirement ①	
	Francis Retirement ①	
	Francis Sick Allow Payout ①	
	Adjusted Salaries & Wages	\$6,387,878.18
	Divide By # of Payrolls	5.2143
	Per Payroll	\$1,225,069.17
	Times Total Number of Payrolls	26.00
	Total Before Adjustments	\$31,851,798.45
PLUS:	10 DS 1'S for 6 Months	\$329,020.00
	Annual Hazard Pay	\$211,813.00
	TOTAL PROJECTED	\$32,392,631.45

① Reversed in Period 3. Removed for 03 March financial calculations.

Overtime is currently projected at \$5,673,463, up \$307,743 from February. It also should be mentioned there may be other overtime payouts during 2015. Due to the critical shortage of DS 1's and the necessity of maintaining the constitutional responsibilities of the Sheriff, many on a 24 hour basis, overtime will be required but strictly managed by each department head. This projection does not include provisions for unforeseen or unanticipated events such as the Dontre Hamilton protests at the end of 2014.

5201 - OVERTIME CALCULATION		
5201	Overtime Beginning Balance	\$1,196,475.78
LESS:	PP2 Overtime Payout	(\$73,379.00)
	Adjusted Overtime	\$1,123,096.78
	Divide By # of Payrolls	5.2143
	Per Payroll	\$215,387.83
	Times Total Number of Payrolls	26.00
	Total Before Adjustments	\$5,600,083.67
PLUS:	10 DS 1'S for 6 Months	\$0.00
	Annual Hazard Pay	\$0.00
	PPE Overtime Payout	\$73,379.00
	TOTAL PROJECTED	\$5,673,462.67

5312 - SOCIAL SECURITY TAXES CALCULATION		
5312	Social Security Taxes Beginning Balance	\$580,203.08
LESS:	DSA Retro Pay ①	
	PP2 Overtime Payout	(\$5,613.49)
	Kernan Retirement ①	
	Francis Retirement ①	
	Francis Sick Allow Payout ①	
	Adjusted Social Security Taxes	\$574,589.59
	Divide By # of Payrolls	5.2143
	Per Payroll	\$110,194.96
	Times Total Number of Payrolls	26.00
	Total Before Adjustments	\$2,865,069.00
PLUS:	10 DS 1'S for 6 Months	\$25,170.03
	Longevity Pay	\$5,883.92
	Annual Hazard Pay	\$16,203.69
	PP2 Overtime Payout	\$5,613.49
	TOTAL PROJECTED	\$2,917,940.14

① Reversed in Period 3. Removed for 03 March financial calculations.

Salaries and overtime have been impacted by pay increases extended to the Deputy Sheriffs and Sergeants during Pay Period 3. Deputies received an increase of \$.777 per hour and Sergeants \$.8553.

The shortage of Deputies to adequately staff the critical areas requiring monitoring and patrol continues to adversely impact overtime and social security tax expense. These areas include Airport Security, Expressway Patrol, General Investigations, Courts and Civil Process.

Airport Security has 43 Deputy Sheriff positions budgeted with only 32 positions filled. As of April 15, 2015 one of these deputies is on medical leave due to a squad accident and another is on light duty 4 hours each day (also due to a squad crash), one (1) Sergeant is on medical leave due to a back injury and one deputy is serving a 30 day suspension. Overtime hours worked by Deputy Sheriff's during the month of March totaled 841.

Expressway Patrol has 62 Deputy Sheriff positions budgeted with only 56 positions filled. Of the 56 positions filled, there are only 45 active Deputies available for service. The remainder are unavailable for duty and included in the details provided previously in this report. Expressway Patrol is responsible for maintaining safety, monitoring traffic and clearing accidents and traffic hazards on all Milwaukee County freeways, in construction zones and on adjacent streets and thoroughfares twenty four hours a day, seven days a week. This requires a dedicated staff to maintain these duties and assume additional shifts all in the name of public safety. During the two payroll periods in March 2015 there were 2,430 overtime hours worked. Deputies from Expressway Patrol are often requested and sometimes mandated to fill shift vacancies for County Grounds and TEU.

Courts has 94 Deputy Sheriff positions budgeted with only 88 positions filled. Courts has the responsibility of staffing ALL courts based upon the scheduling of the judges. The Deputies operate as bailiffs, escorting prisoners from cells to courtrooms, staffing the reception desk in the CJF and monitoring the Security Workers at entrances to the Courthouse Complex. During the two payroll periods in March, Deputies assigned to the Courts worked 2,737 hours of overtime.

These are three of the major areas that are experiencing severe manpower shortages. Deputies have not been hired for ten years and most on staff now have six (6) weeks of vacation in addition to holidays, personal days, and sick days. Unfortunately, the staffing approved in the 2015 budget did not provide any relief factor for these benefits and require overtime hours to be invested by the remaining staff. Also overlooked in the 2015 budget are the hours required for mandated training to maintain certification as a law enforcement officer and other specialized training such as SWAT, Bomb Disposal, Interdiction, Truck Inspection and Enforcement to name a few. These hours devoted to training and certification must also be filled by other officers on overtime.

A number of current Deputies are now or very shortly will be eligible to retire and this will deplete our manpower resources even further. Without the opportunity to hire an adequate number of new deputies, provide for their training and assimilate them into the force as contributing law enforcement officers, overtime will continue to be a critical method of conducting and maintaining daily operations and must be seriously considered in the 2016 budget.

The budgeted spending authority of the Sheriff has been severely limited in 2015 due to limitations imposed by the County Executive due to the following budget abatements:

400-6995 BUDGET ABATEMENT-CONT SER	(\$350,000)
400-7995 BUDGET ABATEMENT-COMMODITIES	(\$169,621)
400-8495 BUDGET ABATEMENT-OC MISC	(\$1,360,000)
TOTAL BUDGET ABATEMENTS	(\$1,879,621)

New in 2015 is the IT Centralization of purchasing as IMSD will be responsible for purchasing and managing technology for all Department needs except the Airport, Transit, Capital Projects and HR Payroll Systems. Budgets for the following accounts have been transferred to IMSD:

400-6022 COMPUTER ACCESS INFO SERVICES
400-6147 PROFESSIONAL SERVICES - DATA PROCESSING
400-6517 DP SOFTWARE LEASE/LICENSING
(software & application maintenance agreements & licenses)
400-6637 R/M COMPUTER EQUIPMENT
400-6640 OFFICE EQUIPMENT (relating to Copier & Printer maintenance)
400-6807 DP EDUCATION
400-8557 COMPUTER EQUIP NEW (CAP)
400-8558 COMPUTER EQUIP REPL (CAP)

Expenses for the top five (5) accounts will be charged back to the Sheriff into 9700 accounts. At this time we do not have a definite direction on how DP Education will be charged. The following budgeted accounts and amounts have been transferred to the IMSD department budget and will be expensed in that department:

400-7915 COMPUTER SOFTWARE
400-7917 DP SUPPLIES
400-7977 MINOR DP EQUIPMENT

All purchases for these accounts must receive the appropriate Office of the Sheriff approvals and then submitted to IMSD for final approval prior to the order being placed.

As of this date, there is not an established reporting system available to provide the requesting department a history or summary of purchases submitted, accepted, placed or rejected by IMSD and we are uncertain how this will benefit the Sheriff during the year.

RECONCILIATION OF PROJECTED RESULTS OF FEBRUARY TO MARCH 2015				
	SUB ACCOUNTS	FEBRUARY	MARCH	DIFFERENCE
REVENUE		\$9,598,588	\$9,531,846	\$(66,742)
	5199 SALARIES & WAGES	\$32,097,505	\$32,392,631	
	5201 OVERTIME	\$5,365,719	\$5,673,463	
PERSONNEL SERVICES		\$37,463,224	\$38,066,094	\$602,870
	5312 SOCIAL SECURITY TAXES	\$2,871,821	\$2,917,940	
FRINGE BENEFITS		\$32,541,059	\$32,587,178	\$46,119
CONTRACTUAL SERVICES		\$3,957,508	\$3,889,128	\$(68,380)
INTERNAL SERVICE CHARGES		\$18,331,573	\$18,331,573	\$0.00
COMMODITIES		\$1,250,335	\$1,250,665	330
CAPITAL OUTLAY		\$992,810	\$1,096,810	\$104,000.00
OTHER EXPENDITURES		\$992,810	\$992,810	\$0.00
	REVENUE DECREASE			\$(66,742)
	PERSONNEL SERVICES INCREASE			\$(602,870)
	FRINGE BENEFIT INCREASE			\$(46,120)
	CONTRACTUAL SERVICES DECREASE			\$68,380
	COMMODITIES INCREASE			\$(330)
	CAPITAL OUTLAY INCREASE			\$(104,000)
	TOTAL DIFFERENCE			\$(751,681)
	REVENUE LESS EXPENDITURES PROJECTED RESULTS			
		FEB 2015		\$(151,248)
		MAR 2015		\$(902,926)
	DIFFERENCE			\$(751,681)