



**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

Office of the Comptroller

DATE : September 8, 2015
TO : Supervisor Theodore Lipscomb, Sr., Chairman, County Board of Supervisors
FROM : Scott B. Manske, Comptroller
SUBJECT: 2015 Fiscal Projection for Milwaukee County as of the 2nd Quarter – (June 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 – June 2015

Period	Projected Year End Position	Annual Projection	Change from Prior Projection
May 2015	Surplus	\$19.9 million	
June 2015 (Current Period)	Surplus	\$18.5 million	(\$1.4) million

Based on financial results through June 30, 2015 and quarterly reports submitted by departments, Milwaukee County's projected 2015 year-end fiscal status is a projected surplus of \$18.5 million.

The projected surplus assumes that the available balance in the contingency fund of \$0.6 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.

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	Org	May 2015 Projection	June 2015 Projection	Change May to June
2000	Courts	\$ (195,700)	\$ (397,700)	\$ (202,000)
2900	Pre-Trial Services	\$ 281,600	\$ 46,900	\$ (234,700)
3700	Comptroller	\$ 381,500	\$ 571,800	\$ 190,300
4000	Sheriff	\$ (200,000)	\$ 120,200	\$ 320,000
4500	District Attorney	\$ 0	\$ 148,100	\$ 148,100
6300	BHD	\$ 1,220,000	\$ 3,457,600	\$ 2,237,600
	BHD Reserve	\$ (1,220,000)	\$ (3,457,600)	\$ (2,237,600)
7990	Family Care	\$ 0	\$ 3,406,300	\$ 3,406,300
	Family Care Reserve	\$ 0	\$ (3,406,300)	\$ (3,406,300)
8000	DHHS	\$ 2,296,000	\$ 2,330,700	\$ 34,700
9000	Parks	\$ 1,051,000	\$ 1,051,000	\$ 0
1937	Potawatomi Revenue	\$ 0	\$ (104,200)	\$ (104,200)
1945	Contingencies	\$ 3,617,621	\$ 663,524	\$ (2,954,097)
1950	Fringe Benefits	\$ 11,000,000	\$ 12,500,000	\$ 1,500,000
1996	Sales Tax Revenue	\$ 1,500,000	\$ 1,500,000	\$ 0
	Other	\$ 167,979	\$ 57,676	\$ (110,303)
	Total	\$ 19,900,000	\$ 18,487,600	\$ (1,412,400)

Unallocated Contingency Fund	
2015 May 2015 Balance	\$3,617,621
Actions	
Radio Project	(\$1,480,000)
1.5% Raise	(\$969,097)
MidAmerican Minimum Wage	(\$505,000)
Current Available Balance	\$663,524

Combined Court Operations Org. Unit 2000 (\$0.4) million

The Courts are projecting a deficit of (\$0.4) million due a projected revenue deficit of (\$0.1) million and a projected expenditure deficit of (\$0.3) million.

State Revenue is projected to surplus by 0.2 million revenue primarily due to the cost for Collection of Child Support being received in 2015 that was not anticipated to be received until 2016 and was therefore not included in the 2015 Adopted Budget. Federal Reimbursement revenue is projected to deficit by (\$0.3) million due to the Foreclosure Mitigation Program not anticipating receiving any additional revenue. This deficit is offset by a projected surplus of \$0.3 million in the Courts Professional services account for a net zero tax levy impact.

Expenditures are projected to deficit by (\$0.3) million. Salary and Wages are projected to deficit by (\$0.1) million primarily due to a sick pay balance payout. In

resulting from higher census and decreased in dietary and pharmacy spending.

- Crisis services is projected to surplus by \$0.6 million largely due to pharmacy savings
- Central Rehab is projected to deficit by (\$0.7) million due to higher staffing costs associated with unit closures not aligning with the budget.
- Community Services AODA is projected to surplus by \$0.8 million due to under spending resulting from more clients have insurance from Affordable Care Act.

Family Care	Org. Unit 7990	\$3.4 million
Contribution to the Family Care Reserve		\$3.4 million

The Family Care CMO is projecting to surplus by \$3.4 million primarily due to a one time retroactive payment for 2014 received from the State of Wisconsin for the Hilltop downsizing.

Department of Health and Human Services	Org. Unit 8000	\$2.3 million
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The DHHS is projecting a surplus of \$2.3 million due a projected revenue deficit of (\$0.2) million and a projected expenditure surplus of \$2.6 million.

Increased Youth Aids revenues of \$2.5 million is offset by a projected deficit in Prior Year State Reimbursement of (\$0.5) million, a deficit of (\$0.5) million in Audit Recoveries and other revenue, a deficit of (\$0.4) million in other state grants, a deficit of (\$0.2) million in Federal and other governmental entity revenue and (\$1.1) million in Health care revenue.

Salaries and Wages are projected to deficit by (\$0.3) million. Commodities and contractual services are projected to surplus by \$0.3 million. Crosscharges and abatements result in an anticipated deficit of (\$0.1) million. A surplus in vendor payments of \$2.0 million is projected.

Program Area Projections:

- Disabilities Services Division is projecting a surplus of \$1.0 million due to lower spending in salaries, family support and professional services contracts.
- Delinquency and Court Services Division is projecting a surplus of \$2.2 million due to increased Youth Aid revenue.
- Housing is projecting a deficit of (\$0.5) million due to budgeted Community Comprehensive Services program which will be paid by Medicare eventually.
- Management services is projecting a deficit of (\$0.4) million due to lower audit recovery revenue than budgeted.

Due to the surplus in health benefits, the County will allocate the surplus back to departments during the year-end process. The allocation of the fringe surplus increases the surplus for departments and reduces the non-departmental surplus for fringe benefits, which maintains the overall county-wide surplus. As a result, the allocation neither increases nor decreases the overall county-wide surplus. However, the reduced fringe charge to certain departments who receive revenue to offset expenses will result in a loss of revenue and therefore, the County-wide surplus projection should be reduced now to account for this eventual revenue loss. The Comptroller is projecting that \$2.5 million of the \$15.0 million surplus in health care expenses will result in a loss of revenue and decrease the current County-wide surplus projection to \$12.5 million for Employee Fringe Benefits.

At present, the 2015 Fiscal Projection assumes that pension expenditures are made in accordance with the budget. The 2015 Pension Expense is based on an actuarial estimate in 2014 for the 2015 required pension contributions. The County learned in July 2015 that the 2015 actuarial projection was understated by approximately \$19 million. The budgeted pension contribution was \$38 million, while recent calculations show this amount at \$57 million. Under current rules, the County is only required to pay the \$38 million, requiring the under-payment to be amortized and charged to future years. The surplus in health care expenditures for 2015 offers an opportunity to pay down a portion of this underpayment in 2015, and thus avoid the interest costs charged by the pension plan if the underpayment is charged to future years. The Comptroller will be proposing a resolution to pay-down a portion of the under-payment in 2015 during the October 2015 cycle of the County Board. Any amount that is used toward the pay-down will reduce the projected surplus of the County net of the offset discussed above for departments with revenue offsets.

Sales Tax	Org. Unit 1996	<i>\$1.5 million</i>
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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 Jim Schmitt, 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 June 30, 2015							
	2015 Projected Revenues	2015 Budgeted Net Revenues	Revenue Variances	2015 Projected Expenditures	2015 Budgeted Net Expenditures	Expense Variance	Surplus (Deficit)
Legislative, Executive & Staff							
1000							
County Board	-	-	-	3,506,546	3,506,546	-	-
County Executive							
1011	3	-	3	1,474,812	1,474,812	-	3
General Office							
1021	13,000	13,000	-	318,915	318,915	-	-
Veterans Service							
1020				364,045	415,006	30,961	30,961
Governmental Relations							
1120	18	-	18	352,533	413,796	61,263	61,261
Personnel Review Board							
1130	120,000	120,000	-	2,088,601	2,088,601	-	-
Corporation Counsel							
1140	1,290,733	1,452,260	(161,527)	7,052,345	7,249,097	196,752	35,225
Human Resources							
115	38,654,896	38,902,845	(247,949)	49,037,855	49,286,686	248,831	882
Dept of Administrative Services							
DAS includes: Persons with Disabilities 1019, Community Business Dev Partners 1040, Procurement 1152, Economic Development 1190 and DAS - Facilities Mngmnt 5700							
1150	12,872,412	12,872,412	-	13,685,883	13,685,883	-	-
Risk Management							
1160	13,904,805	14,057,220	(152,415)	14,913,977	15,066,392	152,415	-
Information Management Services							
3010	52,750	52,750	-	690,731	690,731	-	-
Election Commission							
3090	3,549,705	3,505,000	44,705	1,429,116	1,347,814	(81,302)	(36,597)
County Treasurer							
3270	469,450	469,450	-	1,379,159	1,379,159	-	-
County Clerk							
3400	4,231,585	4,097,496	134,089	3,610,619	3,538,949	(71,670)	62,420
Register of Deeds							
3700	635,328	196,793	438,535	7,301,646	7,434,923	133,277	571,812
Office of the Comptroller							
Total Legislative, Executive & Staff	75,794,685	75,739,226	55,459	107,226,783	107,897,310	670,527	725,987
Courts and Judiciary							
2000	11,274,364	11,405,679	(131,315)	43,913,524	43,647,896	(265,628)	(397,743)
Combined Court Related Operations							
2430	17,557,426	17,570,032	(12,606)	19,653,048	19,672,304	19,256	6,650
Dept. of Child Support Enforcement							
2500	717,764	717,289	475	5,006,272	5,052,887	46,415	46,890
Courts - Pre-Trial Services							
Total Courts and Judiciary	29,549,554	29,693,000	(143,446)	68,572,844	68,372,087	(200,757)	(344,203)
Public Safety							
4800	2,206,933	2,206,933	-	11,408,057	11,408,057	-	-
Emergency Management							
4900	2,065,825	2,165,825	(100,000)	5,107,558	5,149,330	41,772	(58,228)
Medical Examiner							
4000	10,380,410	10,769,953	(389,543)	82,771,157	83,280,897	509,740	120,197
Sheriff							
4300	6,435,131	6,533,468	(98,337)	64,829,388	64,969,308	139,920	41,583
House of Correction							
4500	6,072,000	6,163,050	(91,050)	18,960,533	19,199,724	239,191	148,141
District Attorney							
Total Public Safety	27,160,299	27,839,229	(678,930)	183,076,693	184,007,316	930,623	251,693
Public Works & Development							
5040	87,954,315	92,607,826	(4,653,511)	87,954,315	92,607,826	4,653,511	-
DOT - Airport Division							
5100	20,782,983	20,910,034	(127,051)	22,095,594	22,222,645	127,051	-
DOT - Highway Maintenance							
5300	12,003,664	12,003,664	-	11,161,509	11,161,509	-	-
DOT - Fleet Management							
5600	98,770,783	100,203,309	(1,432,526)	118,604,730	120,120,482	1,435,752	3,226
DOT - Transit/Paratransit System							
5800	1,677,949	1,695,238	(17,289)	1,683,062	1,700,351	17,289	-
DOT - Admin Dev							
5500	4,662,432	4,662,432	-	4,976,034	4,976,034	-	-
DAS - Utility							
Total Public Works & Development	225,852,126	232,082,503	(6,230,377)	246,555,244	252,788,847	6,233,603	3,226

	2015 Projected Revenues	2015 Budgeted Net Revenues	Revenue Variance	2015 Projected Expenditures	2015 Budgeted Net Expenditures	Expense Variance	Surplus (Deficit)
Health & Human Services							
6300 Behavioral Health Division	112,473,963	120,486,239	(8,022,276)	170,956,548	182,436,405	11,479,857	3,457,581
7900 Department on Aging	17,391,943	17,391,943	-	18,498,720	18,498,720	-	-
7990 Department of Family Care (CMO)	295,473,642	284,787,456	10,686,186	292,660,758	285,380,851	(7,279,907)	3,406,279
8000 Department of Human Services	65,847,529	66,077,914	(230,385)	85,472,065	88,033,142	2,561,077	2,330,692
Total Health & Human Services	491,187,077	488,751,552	2,435,525	567,588,891	574,349,118	6,761,027	9,194,552
Parks, Recreation & Culture							
9000 Department of Parks	19,960,352	18,904,220	1,056,132	48,449,740	48,444,571	(5,169)	1,050,963
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	39,315,784	38,259,652	1,056,132	79,742,897	79,737,728	(5,169)	1,050,963
Debt Retirement and Interest							
9950 Ran Promissory Note Repay	-	-	-	-	-	-	-
Debt Retirement and Interest Adj for Budget of Propr Fnds	16,565,597	16,565,597	-	50,522,841	50,522,841	-	-
9960 Total Debt Retirement and Interest	16,565,597	16,565,597	-	50,522,841	50,522,841	-	-
1200-1899 Capital Improvements	203,684,773	203,684,773	-	265,714,680	265,714,680	-	-
Non-Departmental's							
1937 Potawatomi Revenue	3,922,304	4,026,477	(104,173)	-	-	-	(104,173)
1945 Contingency	-	-	-	5,577,767	6,241,291	663,524	663,524
1950 Fringe Benefits	191,510,736	191,510,736	-	179,206,497	191,706,497	12,500,000	12,500,000
1991 Property Taxes	282,985,125	282,985,125	-	-	-	-	-
1992 Interest Income	1,321,000	1,321,000	-	-	-	-	-
1993 State Shared Revenue	31,163,647	31,163,647	-	-	-	-	-
1996 Sales Taxes	61,143,731	59,643,731	1,500,000	-	-	-	1,500,000
Other Non-Departmental	20,436,462	20,436,462	-	(2,068,401)	(2,158,488)	(90,087)	(90,087)
1900'S Total Non-Departmental	592,483,805	591,087,178	1,396,627	182,715,863	195,789,300	13,073,437	14,469,264
Expendable Trusts							
FUND 3 Zoo Trust Funds	6,419	1,017,290	(1,010,871)	-	1,028,610	1,028,610	17,739
FUND 4 IMSD Expendable Trust	-	-	-	-	-	-	-
FUND 5 Parks Trust Funds	6,000	-	6,000	11,455	189,524	178,069	184,069
FUND 6 Office on Handicapped Trust Fund	-	-	-	-	-	-	-
FUND 7 Behavioral Health Complex Trust Funds	-	17,600	(17,600)	-	17,600	17,600	-
FUND 8 Airport PFC	-	-	-	372,953	-	(372,953)	(372,953)
FUND 9 DAS - Trust	-	-	-	-	-	-	-
FUND 10 DAS - Trust	-	-	-	-	-	-	-
FUND 11 Fleet Facilities Reserve Trust	-	-	-	(300)	-	300	300
Total Expendable Trusts	12,419	1,034,890	(1,022,471)	384,028	1,235,734	851,706	(178,765)
Projected Surplus (Deficit)	1,701,605,319	1,704,739,688	(3,134,281)	1,752,099,963	1,788,414,961	28,314,998	25,188,717
Reserves Expendable Trusts							178,765
Contribution to Family Care Reserves							(3,406,279)
Contribution to Behavioral Health Reserves							(3,457,581)
Total Projected Surplus (Deficit)							18,487,622