

**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE : July 1, 2013

TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM : Scott B. Manske, Comptroller

SUBJECT: Monthly Update of the 2013 Fiscal Projection of Milwaukee County (May 2013 Report) **(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. A new requirement calls for a monthly update of the fiscal condition of the County to the County Board. To comply with this ordinance, the Comptroller has provided the County Board with monthly updates to the projection of 2013 year-end financial results. The County's 2013 fiscal year ends on December 31, 2013. For each fiscal year, the County prepares a balanced budget in which revenues equal expenditures. Therefore, a report of surplus or deficit for the County represents actual results that are in total above (surplus) or below (deficit) net budgeted funds.

Year-end Projection

Based on financial results through May 31, 2013 and quarterly reports submitted by departments, Milwaukee County's projected 2013 year-end fiscal condition is a surplus of \$4.3 million. This is a \$2.0 million reduction from the \$6.3 million surplus reported as of April 30, 2013. The projected surplus assumes that the available balance in the contingency fund of \$4.6 million is applied to offset departmental and non-departmental deficits. To the extent the contingency fund is used during the year for deficit reduction, the projected surplus will decrease.

The reduction in the surplus is due to updated figures from the House of Correction (HOC), discussed in further detail below. Due to various legal actions including the transfer of control for the HOC to the County Executive and the provision of inmate medical services, prior review of the financial condition at the HOC was delayed. The preliminary resolution of these matters has resulted in an ability to provide for a year end projection for the HOC.

Attachment A lists department's projected year end as of the first quarter and as of May 31, 2013

| | | |
|--|--------------------------|-----------------------|
| House of Correction (Agency 430) | Projected Deficit | (\$ 3,891,000) |
| Capital Projects (Fund 1850 Agency 120) | Projected Surplus | \$ 2,000,000 |

In May of 2013, the County was ordered by Judge Brash to enter into a contract with Armor Correctional Health Services Inc. to provide health care services to inmates of the Milwaukee County Jail and House of Correction. The County signed a contract with Armor on May 10,


2013 with a monthly cost of \$747,317 and an annual cost of \$9,092,361. The contract provides for Armor staffing of 45.3 FTEs with the remaining positions being County employees. However, whenever a vacancy occurs within the County staff the person will be replaced with Armor personnel. This results in a projected deficit of \$2.0 million for the Inmate Medical Unit for 2013. The 2013 Adopted Capital Improvements Budget included a cash provision of \$2.0 million for an Electronic Medical Records project. The savings from the non-implementation of this project negates the currently projected deficit in Inmate Medical Unit.

The HOC has incurred an overtime deficit of \$968,330 as of the June 6 pay period and it is estimated that an additional overtime deficit of \$528,180 will occur during 2013. It is expected that once the HOC hires additional officers, projected to be in early fall 2013, overtime will return to budgeted levels. The HOC has also incurred a straight time deficit of \$255,019 as of the June 6, 2013 pay period and it is estimated that an additional deficit of \$139,101 will occur during 2013.

The Superintendent of the HOC has recently begun to re-institute the Electronic Surveillance Unit at the HOC. It is unknown at this time what impact this may have upon year end estimates for the HOC. The Office of the Comptroller will continue to monitor the HOC and will provide an update at the next meeting of the Finance, Audit and Personnel Audit when it provides the second quarter report.

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

cc: Chris Abele, County Executive
Supervisor Willie Johnson, Jr., Co-Chairman, Finance, Audit and Personnel Committee
Supervisor David Cullen, Co-Chairman, Finance, Audit and Personnel Committee
Finance, Audit and Personnel Committee
Don Tyler, Director, Department of Administrative Services
Josh Fudge, Interim Fiscal and Budget Administrator
Stephen Cady, Fiscal and Budget Analyst, County Board
Department Heads

Attachment A

| Milwaukee County | | | |
|---|---|---------------------|-----------------------|
| Projection for 2013 - Based on Activity as of May 31, 2013 | | | |
| Dept | Department Name | May 31, 2013 | April 30, 2013 |
| 1150 | DAS - Risk Management | \$ - | \$ - |
| 1160 | Information Management Services Division | - | - |
| 1135 | Labor Relations | 103,000 | 103,000 |
| 2000 | Combined Courts | (271,300) | (271,300) |
| 2900 | Pre Trial Services | 153,300 | 153,300 |
| 3400 | Register of Deeds | 101,000 | 101,000 |
| 4000 | Sheriff's Office | (1,395,800) | (1,395,800) |
| 4300 | House of Correction | (3,891,000) | - |
| 4500 | District Attorney | - | - |
| 4900 | Medical Examiner | 136,400 | 136,400 |
| 5100 | DOT Highway | (130,600) | (130,600) |
| 5600 | DOT - Transit/Paratransit System | 74,800 | 74,800 |
| 5800 | DOT - Administration | 23,000 | 23,000 |
| 6300 | Behavioral Health Division | (195,800) | (195,800) |
| 7900 | Department on Aging | - | - |
| 7990 | Department of Family Care (CMO) | 546,200 | 546,200 |
| 7990 | Contribution From/(To) Family Care Reserve | (546,200) | (546,200) |
| 8000 | Department of Health and Human Services | 342,000 | 342,000 |
| 9000 | Department of Parks, Recreation and Culture | - | - |
| 9500 | Zoological Department | (535,300) | (535,300) |
| | Other Departments not shown above | 580,891 | 580,891 |
| | Departmental Total | (4,905,409) | (1,014,409) |
| | Capital Projects Funding | 2,000,000 | - |
| 1945 | Unallocated Contingency Fund | 4,660,829 | 4,660,829 |
| 1950 | Fringe Benefits | 3,000,000 | 3,000,000 |
| 1991 | Reserve for Delinquent Property Taxes | (500,000) | (500,000) |
| 1993 | State Shared Revenue | - | - |
| 1996 | Sales Tax Revenue | - | - |
| 9960 | Debt Service Fund/Froedtert Lease Payment | - | - |
| | Non-Departmental Total | 9,160,829 | 7,160,829 |
| | Projected County Surplus (Deficit) | \$ 4,255,420 | \$ 6,146,420 |