

County of Milwaukee
Inter-Office Communication

Date: June 14, 2013

To: Willie Johnson, Jr., Co-Chair, Finance, Personnel, & Audit Committee
David Cullen, Co-Chair, Finance, Personnel, & Audit Committee

From: David P. Ehlinger, CPA
Fiscal Operations Administrator -- Courts

Subject: Projected expenditure surplus

Milwaukee County Ordinance 56.02 requires that departments report any line item revenue deficits exceeding \$75,000. In following the spirit of that reporting requirement, the Department of Pre-Trial Services is reporting a combined total projected surplus for Professional Services (6148) and Purchase of Services (8148) of \$687,953 for calendar year 2013.

The requested budget for 2014 includes \$585,175 for a new Case Management System created in cooperation with IMSD. In addition, the requested 2014 budget includes \$52,000 in annual support and maintenance cross-charges from IMSD for this Case Management System. This resulted in a total increased levy request of \$637,175.

We are respectfully requesting that the projected surplus for 2013 within the Department of Pre-Trial Service be held in reserve to pay for the creation of the Case Management System. This would allow the usage of funds already authorized for our department and also not create a levy increase for the 2014 calendar year.

The determination of this large surplus was the result of a long process that was recently completed.

- During the course of analyzing program activity during 2012, it became apparent that putting 13 different programs through one account did not lead to ease of analysis.
- As a result of this, it was requested of your committee and the County Board during 2013 to split the remaining 9 programs into multiple organizational units.
- The budget amendment was approved and was recorded by DAS during April 2013.
- Multiple journal entries were made during May 2013 to transfer year-to-date activity into the newly created organization units.

While it was suspected earlier that this large surplus could exist, it was not confirmed until within the past week that this surplus truly will occur. Conservatism dictated that we not bring up this surplus until we were sure that the elected officials could truly rely upon the calculations.

The following items recap the source of the projected surplus. All are the results of current accounting and budgetary practices within Milwaukee County.

- A. A total of \$628,611 is included in the amended budget for 2013 for vendors that our department no longer has a contract for services with. Sufficient funds are already contained within the 2013 budget for these services being provided by a different vendor.
- B. A total of \$77,497 is included in the amended budget for 2013 for services performed during 2012 by currently used vendors and recorded as an expenditure during 2012.
- C. A total of \$79,631 is included in the amended budget for 2013 for authorized services by current vendors during 2012 but the services were not actually performed. No expenditure was recorded during 2012. Sufficient funds are already contained within the 2013 budget for these services being provided by the same vendor.
- D. From these surplus amounts listed above, the County Board recently authorized a Fund Transfer to pay for an Intake Court Coordinator position. This lowered the projected surplus by (\$97,786).

The net of these four sources equals the projected surplus of \$687,953.

Attached to this cover memo are the following documents to assist your understanding of this issue:

- Excel spreadsheet detailing the various sources of the vendor surpluses
- 2014 requested budget showing both prior year adopted budget as well as the increased budget effect of the Case Management System
- IMSD project summary and cost estimate for the Case Management System
- Current year budget detail to substantiate the reconciliation of the amended budget amounts listed on the Excel spreadsheet

This memo and the related attachments are just a broad overview of the analysis of this large projected surplus. If you have any additional questions, please feel free to contact me.

Dave

C: Chris Abele, County Executive

Marina Dimitrijevic, County Board Chair

Theodore Lipscomb, Sr., Chair, Judiciary, Safety, & General Services Committee

Scott Manske, Controller

Steve Cady, County Board Fiscal and Budget Analyst

Janelle Jensen, Committee Clerk, Finance, Personnel, & Audit Committee

Alexis Gassenhuber, Committee Clerk, Judiciary, Safety & General Services Committee

Don Tyler, Administrator, Department of Administrative Services

Josh Fudge, Interim Fiscal & Budget Administrator, Department of Administrative Services

Veronica Rudychev, Fiscal Management Analyst, Department of Administrative Services

Jeffrey A. Kremers, Chief Judge

Bruce Harvey, District Court Administrator

Holly Szablewski, Judicial Review Coordinator

John Barrett, Milwaukee County Clerk of Circuit Court / Register in Probate

James J. Smith, Chief Deputy, Milwaukee County Clerk of Circuit Court