



**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

Office of the Comptroller
Scott B. Manske, Comptroller

DATE : May 4, 2015
TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors
FROM : Scott B. Manske, Comptroller
SUBJECT: Fiscal Report 1st Quarter 2015 for Milwaukee County

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.

This fiscal report is a projection of 2015 financial results based on first quarter financial data. The County's 2015 fiscal year ends on December 31, 2015. 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 March 31, 2015 and quarterly reports submitted by departments, Milwaukee County's projected 2015 year-end fiscal status is a surplus of \$17.5 million. The projected surplus assumes that the full unallocated 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 deficit reduction, the projected surplus will decrease.

This report projects a year-end departmental operating surplus of \$0.4 million in the Courts – Pre-Trial Services. Non-departmental surpluses include a surplus in projected savings from fringe benefits of \$11.0 million and \$1.5 million from Sales Tax Revenue.

These surpluses are offset by projected departmental deficits including: Combined Courts of (\$0.2) million and the Office of the Sheriff of (\$0.9) million.

The following attachments provide further detail:

- Attachment A: provides the projected surpluses and deficits for any other department in amounts in excess of \$100,000.
- Attachment B: provides narrative explanations of the amounts in excess of \$100,000 as reported in Attachment A.
- Attachment C: provides the projected surplus or deficit for 2015 by agency.

Overview of Process for Determining County-wide Year End Financial Projections:

The projection of the County's year-end results begins with an analysis of year-to-date actual results by each Department for the most recent quarter that has ended. These actual results become the basis for each department projecting twelve months of actual activity. Departments then submit a report of projected year-end results to the Comptroller. The departmental projections include a fiscal report of budget versus projected actual results by appropriation category, a written report of variances between budgeted and projected actual results, and a written report of any corrective action plan that the department intends to implement to reduce any projected deficit.


The Comptroller reviews the reports submitted by departments. During the review, questions may arise regarding departmental projections. Discussions will then occur with department personnel on the expected annual results. In rare instances, when the Comptroller projections differ from departmental financial results, the County-wide report will reflect the Comptroller projection, which will be noted in this report.

The Comptroller analyzes and projects financial results for most non-departmental accounts including fringe benefits, sales taxes, delinquent property taxes, investment income, unallocated contingency fund, debt service fund and capital projects fund. In addition, the Comptroller prepares salary projections for each department and compares the results to the salary projections prepared by departments.

The projections by departments and the Comptroller are combined to arrive at a year-end projection of financial results for the County. The fiscal report is then submitted to the County Board and County Executive.

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 and Audit Committee
Supervisor Theo Lipscomb, Sr., Co-Chairman, Finance, Personnel and Audit Committee
Finance, Audit and Personnel Committee
Teig Whaley-Smith, Director, Department of Administrative Services
Janelle Jensen, Committee Clerk, County Clerk
Stephen Cady, Research Director, Office of the Comptroller
Department Heads

Departmental Financials	
2015 Budget	2015 Actual
2015 Available Balance	2015 Available Balance

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2015 Budget	2015 Actual
2015 Available Balance	2015 Available Balance

Fiscal Position as of March 31, 2015

Org	Name	Projection
2000	Combined Courts	(\$150,400)
2900	Courts – Pre Trial Services	\$359,600
4000	Sheriff	(\$902,900)
1945	Unallocated Contingency Fund	\$5,463,531
1945	Allocated Contingency Fund - Released	\$0
1950	Fringe Benefits	\$11,000,000
1996	Sales Tax	\$1,500,000

Unallocated Contingency Fund	
2015 Adopted Balance	\$5,463,531
Actions	
None	\$0
Current Available Balance	\$5,463,531

Allocated Contingency Fund	
2015 Adopted Balance	\$3,117,760
Actions	
Release Property Deductible	\$750,000
Current Balance	\$2,367,760

Description of Significant Surplus and Deficit Projections for 2015:

Departmental Surpluses and Deficits:

Combined Court Related Operations (Org 2000) *(\$0.2 million deficit)*

The Combined Courts is projecting an expenditure deficit of \$100,000 primarily due to projected sick balance payouts due to anticipated retirements in 2015. In addition, a deficit of \$50,000 is projected due to the budgeting of a contribution from Reserves from the Family Court Medication Services which will not be received.

Courts – Pre-Trial Services (Org 2900) *\$0.4 million surplus*

The Courts Pre-Trial Services area is projecting a surplus of \$350,000 due to encumbered funds for professional services contracts being utilized in 2015 to provide for their services rather than adopted funds for 2015.

Office of the Sheriff (Org 4000) *(\$0.9 million deficit)*

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.

DAS-Utilities (Org 5500) *(\$0 million deficit)*

DAS Water Utility is projecting a revenue deficit of \$475,000 in Fire Protection payments budgeted to be received from tenants on the County Grounds. The deficit of \$475,000 is for WE Energies and Wisvest's proportional share of fire protection services. The 2015 Adopted Budget for the Contingency Fund included a dedicated amount of \$1.3 million for DAS Utilities due to a concern over the ability of Milwaukee County to collect any fire protection payments in 2015. Since the funding was allocated in the Contingency fund once a transfer is processed to move the funding to DAS Utilities, the deficit here will be eliminated and the Department is therefore shown as breakeven.

Non - Departmental Surpluses and Deficits:

Fringe Benefits (Org 1950)

\$11.0 million surplus

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
Subtotal Health Insurance	\$108,495,239	\$97,416,932	\$11,078,307
Pension Related Costs	\$64,076,491	\$64,076,491	\$0
Total Fringe Benefits	\$172,571,730	\$161,493,423	\$11,078,307

Unallocated Contingency Fund (Org 1945)

\$5.4 million surplus

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 \$5.4 million and currently has an available balance of \$5.4 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 \$17.5 million.

Sales Tax (Org 1996)

\$1.5 million surplus

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.

Milwaukee County Annual Fiscal Report of Surplus/Deficit as of March 31, 2015										
		2015 Projected Revenue	2015 Budgeted Net Revenue	Revenue Variance	% Variance	2015 Projected Expenditure	2015 Budgeted Net Expenditure	Expense Variance	% Variance	Surplus (Deficit)
Legislative, Executive & Staff										
1000	County Board	-	-	-	N/A	3,500,540	3,500,540	-	0%	-
County Executive										
1011	General Office	3	-	3	N/A	1,487,128	1,474,812	(12,316)	-1%	(12,313)
1021	Veterans Service	13,000	13,000	-	0%	318,915	318,915	-	0%	-
103	Governmental Relations	-	-	-	N/A	304,108	415,005	50,898	12%	50,898
1120	Personnel Review Board	16	-	16	N/A	338,200	413,796	75,596	18%	75,612
1130	Corporation Counsel	120,000	120,000	-	0%	2,088,601	2,088,601	-	0%	-
1140	Human Resources	1,447,102	1,452,290	(5,188)	0%	7,144,511	7,249,067	104,556	1%	99,428
115	Dept of Administrative Services	38,788,058	38,788,058	-	0%	48,643,393	48,643,393	-	0%	-
Persons with Disabilities 1019										
Community Business Dev. Partners 1040										
Procurement 1152										
Economic Development 1190										
DAS - Facilities Mgmt 5700										
1150	Risk Management	12,872,412	12,872,412	-	0%	13,685,683	13,685,683	-	0%	-
1160	Information Management Services	13,075,952	14,057,220	(981,268)	-1%	14,985,124	15,086,302	81,288	1%	-
3010	Election Commission	52,750	52,750	-	0%	690,731	690,731	-	0%	-
3090	County Treasurer	3,536,133	3,505,000	31,133	1%	1,348,068	1,347,614	(454)	0%	29,959
3270	County Clerk	469,450	469,450	-	0%	1,370,159	1,370,159	-	0%	-
3400	Register of Deeds	4,104,763	4,067,496	37,267	0%	3,539,249	3,538,949	(300)	0%	6,987
3700	Office of the Comptroller	199,793	199,793	-	0%	7,434,923	7,434,923	-	0%	-
Total Legislative, Executive & Staff		75,876,332	75,823,338	(52,994)	0%	199,955,459	197,254,017	2,701,442	0%	2,701,442
Courts and Judiciary										
2000	Combined Court Related Operations	11,355,248	11,406,670	(51,422)	0%	43,747,098	43,647,098	(100,000)	0%	(100,000)
2430	Dept of Child Support Enforcement	17,570,032	17,570,032	-	0%	19,672,304	19,672,304	-	0%	-
2900	Courts - Pre-Trial Services	717,289	717,289	-	0%	4,993,140	5,052,887	59,747	7%	59,747
Total Courts and Judiciary		29,642,569	29,693,981	(51,412)	0%	68,412,542	68,372,087	(40,455)	0%	(40,455)
Public Safety										
4900	Medical Examiner	2,114,825	2,165,825	(51,000)	-2%	5,093,877	5,149,330	55,453	1%	4,463
4000	Sheriff	9,531,848	10,012,590	(480,742)	-5%	81,446,716	81,023,543	(423,173)	-1%	(902,926)
4300	House of Correction	6,254,412	6,443,550	(189,138)	-3%	64,550,501	64,781,308	230,807	0%	41,668
4500	District Attorney	8,163,050	8,163,050	-	0%	19,199,724	19,199,724	-	0%	-
Total Public Safety		24,064,135	24,785,015	(720,880)	-3%	170,289,818	170,153,905	(135,913)	0%	(135,913)
Non-Departmental										
1933	Land Sales	-	-	-	N/A	-	-	-	N/A	-
1937	Potawatami Revenue	4,026,477	4,026,477	-	0%	-	-	-	N/A	-
1945	Contingency	-	-	-	N/A	2,367,700	7,831,291	5,463,531	70%	5,463,531
1950	Fringe Benefits	191,510,736	191,510,736	-	0%	180,708,467	191,708,497	11,000,000	6%	11,000,000
1972	Wage and Benefit Modifications	-	-	-	N/A	-	-	-	N/A	-
1991	Property Taxes	282,985,125	282,985,125	-	0%	-	-	-	N/A	-
1992	Interest Income	1,321,000	1,321,000	-	0%	-	-	-	N/A	-
1993	State Shared Revenue	31,163,647	31,163,647	-	0%	-	-	-	N/A	-
1996	Sales Taxes	61,143,731	59,643,731	1,500,000	3%	-	-	-	N/A	1,500,000
Other Non-Departmental		17,000,850	17,000,850	-	0%	(5,414,013)	(5,504,100)	(90,087)	2%	(90,087)
1900's Total Non-Departmental		589,241,586	587,741,586	1,500,000	0%	177,660,244	184,033,688	16,373,444	8%	17,673,444

	2015 Projected Revenues	2015 Budgeted Net Revenues	Revenue Variance	% Variance	2015 Projected Expenditures	2015 Budgeted Net Expenditures	Expense Variance	% Variance	Surplus (Deficit)	
Public Works & Development										
5040	DOT - Airport Division	89,531,823	89,531,823	-	0%	93,773,660	93,773,660	-	0%	-
5100	DOT - Highway Maintenance	20,910,034	20,910,034	-	0%	22,200,520	22,200,520	-	0%	-
5300	DOT - Fleet Management	12,003,664	12,003,664	-	0%	11,161,509	11,161,509	-	0%	-
5600	DOT - Transit/Paratransit System	101,442,586	101,442,586	-	0%	121,575,720	121,575,720	-	0%	-
5800	DOT - Admin Div	240,000	240,000	-	0%	245,113	245,113	-	0%	-
5500	DAS - Utility	4,662,432	4,662,432	-	0%	4,976,034	4,976,034	-	0%	-
	Total Public Works & Development	228,780,539	228,780,539	-	0%	253,932,556	253,932,556	-	0%	-
Health & Human Services										
6300	Behavioral Health Division	120,498,239	120,498,239	-	0%	182,307,405	182,307,405	-	0%	-
7000	Department on Aging	17,310,443	17,310,443	-	0%	18,417,220	18,417,220	-	0%	-
7900	Department of Family Care (CMO)	284,787,458	284,787,458	-	0%	284,635,298	284,635,298	-	0%	-
8000	Department of Human Services	65,975,700	65,975,700	-	0%	67,804,630	67,804,630	-	0%	-
	Total Health & Human Services	488,569,839	488,569,838	-	0%	673,464,553	673,464,553	-	0%	-
Parks, Recreation & Culture										
9000	Department of Parks	18,506,335	18,506,335	-	0%	47,664,531	47,664,531	-	0%	-
9500	Zoological Department	19,245,432	19,245,432	-	0%	27,261,113	27,261,113	-	0%	-
9700	Milwaukee Public Museum	-	-	-	N/A	3,500,000	3,500,000	-	0%	-
9910	University Extension	110,000	110,000	-	0%	532,044	532,044	-	0%	-
	Total Parks, Recreation & Culture	37,861,767	37,861,767	-	0%	78,957,688	78,957,688	-	0%	-
9950	Ren Promissory Note Repay	-	-	-	N/A	-	-	-	N/A	-
	Debt Retirement and Interest	10,505,507	10,505,507	-	0%	50,522,841	50,522,841	-	0%	-
	Adj for Budget of Propr. Fnds	-	-	-	N/A	-	-	-	N/A	-
9900	Debt Retirement and Interest	16,965,997	16,965,987	-	0%	50,522,841	50,522,841	-	0%	-
1200-1800	Capital Improvements	158,964,652	158,964,652	-	0%	206,626,595	206,626,595	-	0%	-
Expendable Trusts										
FUND 3	Zoo Trust Funds	(387)	1,017,290	(1,017,647)	-100%	-	1,026,610	1,026,610	100%	10,963
FUND 4	MSD Expendable Trust	-	-	-	N/A	-	-	-	N/A	-
FUND 5	Parks Trust Funds	-	-	-	N/A	2,908	4,115	1,210	20%	1,210
FUND 6	Office on Handicapped Trust Fund	-	-	-	N/A	-	-	-	N/A	-
FUND 7	Behavioral Health Complex Trust Funds	-	17,600	(17,600)	-100%	-	17,600	17,600	100%	-
FUND 8	Airport PFC	-	-	-	N/A	-	-	-	N/A	-
FUND 9	DAS - Trust	-	-	-	N/A	-	-	-	N/A	-
FUND 10	DAS - Trust	-	-	-	N/A	-	-	-	N/A	-
FUND 11	Fleet Facilities Reserve Trust	-	-	-	N/A	(380)	-	380	N/A	380
	Total Expendable Trusts	(387)	1,034,890	(1,035,247)	-100%	2,528	1,050,325	1,047,800	100%	12,553
	Projected Surplus (Deficit)	1,649,275,836	1,649,830,212	(554,578)	0%	1,686,524,518	1,707,366,255	17,843,436	1%	17,466,660
	Addback the following:									
	Reserves Expendable Trusts									(12,553)
	Contribution to Family Care Reserves									-
	Contribution to Behavioral Health Reserves									-
	Total Projected Surplus (Deficit)									17,478,307

