

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	Org		May 2015		June 2015	Change May		
Unit			Projection		Projection		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

addition, Contractual Services and Commodities are projected to deficit by (\$0.2) million primarily due to a projected deficit of (\$0.5) million in Adversary counsel and Guardian ad Litem fees. Offsetting this deficit is the projected surplus of \$0.3 million in Professional Services for the Foreclosure Mitigation Program mentioned above.

Pre-Trial Services

Org. Unit 2900

Breakeven

The Pre-Trial Services department is currently projecting a breakeven status. The department had previously reported a projected surplus of \$281,600. The change in projection is due to an appropriation transfer request which has been submitted to the County Board for approval. This transfer would transfer \$235,000 to the Clerk of Court's Office to be used for furniture replacement.

Office of the Comptroller

Org. Unit 3700

\$0.6 million

The Comptroller is projecting a surplus of \$0.6 million due a projected revenue surplus of \$0.5 million and a projected expenditure surplus of \$0.1 million.

The projected revenue surplus of \$0.5 million is due to the collection from the Payment Plus Program which provides for a percentage of revenue to the County when vendors are paid using the Payment Plus Program. The 2015 Adopted Budget anticipated \$0.1 million from this revenue. The actual payment in 2015 is \$0.6 million. The surplus in 2015 is primarily due to Motorola, a Payment Plus Program participant, agreeing to participate in the program for the purchase of radios, plus a change in the policy of US Bank to pay quarterly versus annually. The County will be receiving a full year payment related to 2014-15 plus 3 quarterly payments in 2015. These additional revenues are one-time in nature, and will not repeat for future years.

In addition, staffing vacancies result in a projected expenditure surplus of \$0.1 million.

Office of the Sheriff

Org. Unit 4000

\$0.1 million

The Office of the Sheriff is projecting a surplus of \$0.1 million due a projected revenue deficit of (\$0.4) million and a projected expenditure surplus of \$0.5 million. The Office of the Sheriff received an appropriation transfer of \$1.5 million for the Contingency fund approved during the June County Board Meeting cycle.

County Forfeitures are projected to deficit by (\$0.8) million. Sheriff Sales are projected to deficit by (\$0.2) million. Process Service fees are projected to surplus by \$0.4 million. Telephone commissions are projected to surplus by \$0.2 million.

Expenditures surpluses includes a projected Salary and social security surplus of \$4.4 million offset by a projected overtime deficit of (\$2.5) million. The 2015 Adopted Budget for the Sheriff included a budget abatement of \$1.4 million which results in a projected expenditure deficit of (\$1.4) million.

District Attorney

Org. Unit 4500

\$0.1 million

The District Attorney is projecting a surplus of \$0.1 million due to a projected salary surplus as a result of vacancies and turnover in the office.

Behavioral Health Division (BHD) Org. Unit 6300 Contribution to the Behavioral Health Division Reserve \$3.4 million \$3.4 million

The BHD is projecting a surplus of \$3.4 million due to a projected revenue deficit of (\$8.0) million and a projected expenditure surplus of \$11.5 million.

Revenue and Expenditure Projections:

A revenue deficit of (\$6.5) million and an offsetting expenditure surplus of \$6.5 million is due to the delay in implementation of the community service billing. The adopted Budget anticipated that BHD would perform all billing for the community providers and would recognize expenses and revenues related to the billings. Implementation is expected in the 4th quarter. The activity is tax levy neutral.

In addition, a projected revenue deficit is anticipated in State reimbursement revenue of (\$1.7) million due to a projected deficit of (\$0.2) million in grant funding for administrative cost due to crisis grant funding ending earlier than previously projected. In addition, a deficit of (\$1.1) million is due to lower WRAP CHIPS census and slightly lower reimbursement rates than projected. A deficit of (\$0.4) million results from Project O'YEAH being budgeted for in 2015 but ending in 2014. Project O-YEAH is a federally funded initiative (from Substance Abuse and Mental Health Services Administration) designed to provide services and support to young people, ages 16 to 25, to successfully transition to adulthood. Finally, a deficit of (\$0.3) million in supplemental revenue is projected due to revenue budgeted for the Hilltop long term care unit which could not be collected as a result of the closure. Partially offsetting these deficits is a projected surplus of \$0.2 million in Federal reimbursement and miscellaneous revenue.

A surplus of \$11.5 million in expenditures is anticipated as detailed in the table below.

11 bai pias of \$11.5 million in expenditures i	s unitidipated as detailed in the table below.			
Community Services	\$6.5 million			
Pharmacy and Dietary contractual savings	\$2.6 million			
Other Vendor payments	\$2.0 million			
Abatements and crosscharges	(\$0.4) million			
Salary and Wages	(\$0.4) million			
Fringe Benefits	\$0.9 million			
Capital Outlay	\$0.3 million			
Total Expenditures	\$11.5 million			

Program Area Projections:

• Inpatient services (Adult and Child) are projected to surplus by \$1.1 million. This is the result of higher revenue in the Child and Adolescent unit

- 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 Contribution to the Family Care Reserve

Org. Unit 7990

\$3.4 million

\$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

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.

Department of Parks, Recreation & Culture Org. Unit 9000 \$1.0 million

The Parks Department is projecting a surplus of \$1.0 million due to a projected revenue surplus of \$1.0 million.

The surplus is primarily due to revenues being received for parking at O'Donnell Park which was not anticipated for 2015 due to a possible sale of the facility. The Adopted Budget was based upon O'Donnell Park no longer being operated by the Parks Department after the first quarter of 2015. The current projection assumes Milwaukee County will retain and operate O'Donnell Park for all of 2015.

Non - Departmental:

Potawatomi Revenue

Org. Unit 1937

(\$0.1 million)

The 2015 Adopted Budget anticipated payments from the Potawatomi Allocation of \$5.5 million. The actual payment was \$5.4 million for a deficit of (\$0.1) million.

Unallocated Contingency Fund Org. Unit 1945

\$0.6 million

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 remaining balance, which is identified as the unallocated contingency fund, was budgeted at \$5.46 million and currently has an available balance of \$0.6 million. For purposes of this report, the available balance is being utilized to partially offset deficits projected by various departments in order to arrive at a net surplus for the County.

Unallocated Contingency Fund	
2015 April 2014 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

Fringe Benefits

Org. Unit 1950

\$12.5 million

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 \$157.5 million for a surplus of \$15.0 million which consists of \$64.0 million of pension related costs and \$93.5 million of health and other related costs. The surplus in health care is derived from several areas including: 1) additional savings in the Humana health insurance program for Medicare eligible retirees due to higher participation than budgeted, 2) savings in the drug program from budgeted levels, and 3) savings in active employee health insurance costs from budget.

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 \$1.5 million

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

		Appu	al Fiscal Report o	e County	ar of lune 90	2015		
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		2015	2015		2015	2015		
		Projected Beveruns	Budgeted Net Bevenues	Revenue	Projected Expenditures	Budgeted Net Expanditures	Expense Verionce	Surplus (Deficit)
	Legislative Executive & Staff							,
000	County Board				3.506,546	3,506,546	-	
	County Executive							
101	1 General Office	3	2	3	1,474,812	1,474.812		
102	1 Veterans Service	13,000	13,000		318,915	318,915		
102	19 Governmental Relations	-			364.045	415.006	30,961	30,
120	Personnel Review Board	18		18	352,533	413.796	61.263	61.2
130	Corporation Counsel	120,000	120.000		2,088,501	2.080.601	-	
1140	Human Resources	1,290,733	1,452,260	(161.527)	7.052,345	7.249.097	196.752	35,2
- 11	5 Dept of Administrative Services	38.654.896	38.902.645	(247.949)	49,037,855	49.286.686	249.831	
	DAS includes. Persons with Disabilities 1019.0	Community Business Dev	Partners 1040. Procui	rement 1152, Econo	mic Development 115	0 and DAS-Facilities M	Ingmet 5700	
115	II Risk Management	12872,412	12,872,412		13,665,883	13,685,883		
116	0 Information Management Services	13,904,805	14.057,220	(152,415)	14,913,977	15.066.392	152,415	
1010	Election Commission	52,750	52,750		690.731	690,731		
1090	County Treasurer	1.549.705	3,505,000	44,705	1,429,116	1.347.814	(81,302)	(36.
1270	County Clerk	469,450	469.450	- 2	1.379.159	1.379,159		
1400	Register of Deeds	4.231.585	4.097,496	134,089	3.610.619	3,538,949	(71,670):	62.
700	Office of the Comptroller	635,328	196.793	438,535	7,301.646	7.434.923	133,277	571.
	Total Legislative, Executive & Staff	75,794,685	75,739,226	55,459	187,226,783	107,097,310	670,527	725,5
	Courts and Judiciary							
2000	Combined Court Related Operations	11,274,364	11,405,679	(131.315)	43,913,524	43,647,096	(266,428)	(397,
430	Dept. of Child Support Enforcement	17.557.426	17,570,032	(12,606)	19,653,048	19.672.304	19,256	6.
900	Courts - Pre-Trial Services	717.764	717,269	475	5,006,272	5,052,687	46,415	46.0
	Total Courts and Judiciary	29,549,554	29,693,000	(143,446)	68,572,844	68,372,087	(200,757)	(344.)
	Public Safety							
1800	Emergency Management	2,206,933	2.206 933		11.408.057	11,408,057		
900	Medical Examiner	2,065,825	2,165,825	(100,000)	5.107.558	5,149,330	41,772	(58,
000	Sheriff	10.380.410	10,769.953	(389,543)	82,771,157	83.280.897	509,740	120.
300	House of Correction	6.435.131	6,533,468	(98,337)	64,829,388	64,969,300	139,920	41.
500	District Attorney	6,072,000	6.163.050	(91,050)	18.960.533	19,199,724	239,191	148.
	Total Public Salety	27,160,299	27,639,229	(678,930)	103,076,693	184,007,316	930,623	251,
	Public Works & Development							
040	DOT - Airport Division	87.954.315	92,607,826	(4653,511)	87.954.315	92,607,826	4,653,511	
100	DOT - Highway Maintenance	20,782,983	20,910,034	(127,051)	22,095,594	22.222.645	127.051	
300	DOT - Fleet Management	12,003,664	12.003,664		11.161.509	11.161.509	101.001	
600	DOT - Transit/Paratransit System	58,770,783	100.203.309	(1.432.526)	118,604,730	120,120,482	1,435,752	1
800	DOT - Admin Dry	1,677,949	1.695.230	(17.289)	1,683,062	1,700,351	17,289	
500	DAS-Utility	4662.432	4,662,432	111.300)	4,976,034	4,976,034		
	Total Public Works & Development	225,852,126	232,082,503	(6.230,377)	246,555,244	252,788,647	6,233,603	3.

		2015	2015		2015	2015		
		Projected	Budgeted Net	Revenue	Projected	Budgeted Net	Expense	Surplus
		Berennuns	Buynnuna	Yariance	Expenditures	Expenditures	Yarianca	(Delicit)
	Health & Human Services						1000	
	Behavioral Health Division	112,473,963	120,496,239	(8.022.276)	170,956,548	162,436,405	11,479,057	3,457,581
	Department on Aging	17,391,943	17,391.943	-	18,498,720	18,498,720		
	Department of Family Care (CMD)	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	68,033,142	2.561,077	2,330,692
	Total Health & Human Services	491,187,077	488,753,552	2,433,525	567,508,891	574,349,118	6,761,027	9,194,552
	Perks Bacrestion & 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		
700	Milwaukee Public Museum				3,500,000	1500,000		
	University Extension	110,000	110,000		532.044	532,044	2	
	Total Parks, Recreation & Culture	39,315,784	38.259.652	1,056,132	79,742,897	79,737,728	(5,169)	1,050,963
	Daht Retirement and Interest							
950	Ran Promissory Nate Repay							
	Debl Retrement and Interest	16,565,597	16.565.597	- 2	50,522,841	\$0,522,841		
	Adj for Budget of Propr Fnde						-	
1960	Total Debt Retirement and Interest	16,565,597	16,565,597		50,522,841	50,522,841		
00-1899	Capital Improvements	203,684,773	203,684,773		265,714,680	265,714,600		
	Non-Departmental's							
937	Potowatami Revenue	1,922,304	4.026,477	(104,173)		1.0		(104,173
945	Contrigency				5,577,767	6.241.291	663,524	663.524
950	Frange Benefits	191,510,736	191,510,736		179,206,497	191,706,497	12,500,000	12,500,000
991	Property Texas	282,985,125	282,985,125			1.25	12	
	Interest Income	1.321,000	1,321,000		-			
	State Shared Revenue	31,163,647	31,163,647	-				
	Sales Taxes	61,143,731	59.642,731	1,500,000				1,500,000
	Other Non-Departmental	20,436,462	20,436,462	1.504,000	(2.068.401)	(2.158.488)	(90.087)	(90.087
	Total Non-Departmental	592,481,005	591,087,178	1,395,827	182,715,863	195,789,300	13,073,437	14,469,264
	Expendable Trusts			W 010 0711			4 000 540	
	Zoo Trust Funds	6.419	1.017,290	(1,010,871)		1.028,610	1,028,610	17.739
	IMSD Expendable Trust	•		-			12	
	Parks Trust Funds	6,600		6.000	11.455	189,524	178.069	184,069
	Office on Handicapped Trust Fund							
FUND 7			17,680	(17,600)		17,600	17.600	la Despera
FUND 8	Airport PFC				372.953		(372.953)	(372.95)
FUND 9	DAS - Trust	-		-				
UND 10	DAS - Trust							
UND 11	Fleet Facilities Reserve Trust				(360)		380	200
	Tolol Expendable Trusts	12,419	1.034,899	(1,022,471)	384,028	1,235,734	851,706	(170,765
	Projected Surplus (Deficit)	1,701,605,319	1.704.739,600	(3,134,281)	1.752,099,963	1,780,414,961	28,314,598	25,189,717
	Reserves Expendable Trusts	1,101,003,313	11104,133,000	(4,137,201)	*, r ac, uaa, aua	117 00,717,301	20,317,330	
	Contribution to Family Care Reserves							178,765
	CATHURANICO IO POMINI COLO HOLONOS							(3,406,279
	Contribution to Behavorial Health Reserve							(3,457,501