

COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION

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DATE : September 15, 2005  
TO : Supervisor Lee Holloway, Chairman, Milwaukee County Board of Supervisors  
FROM : Scott B. Manske, Controller  
SUBJECT : Projection of 2005 Fiscal Results as of June 30, 2005

Attached is a table depicting Milwaukee County's projected 2005 fiscal status as of June 30, 2005. The table was prepared based on second quarter reports that have been provided by departments, discussions with departments and projections prepared by the Department of Administrative Services. The budget and projections have been adjusted for the corrective action plan that was adopted in July 2005. The corrective action plan called for a fund transfer of \$7,270,000 from departments to the Contingency Fund for purposes of offsetting projected deficits in various departments.

This projection indicates that the County could end the year 2005 with a \$2.0 million surplus. In the 2005 Expenditure Control Report issued on July 21, 2005, the Department of Administrative Services was projecting a surplus of \$528,000, after the adoption of the corrective action plan. This change of \$1.47 million is mainly the result of increasing the expected surplus for the Aging CMO from \$1.0 million to \$3.0 million. This report anticipates \$10.9 million of contingency funds being available to offset net department deficits of \$8.9 million.

This report does not make any projections with regards to the future settlement of any union contracts, except for the 2005 Deputy Sheriff contract. The cost of this contract has been included in the Sheriff Department 2005 projected costs. Settlement of this contract still requires the approval of the County Board and County Executive. Any future union settlement agreements will have to be examined to determine the costs and the year that those costs will apply to.

As presented in previous fiscal reports, the County will be facing a number of issues during the year. These issues continue to include fringe benefit costs, the Aging – CMO, fuel costs in DPPI-Fleet and Milwaukee County Transport Services, salary costs, and any exposure to outstanding litigation settlements.

These results are *preliminary* and will be impacted by other issues that may arise during the year.

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  
Controller

Attachments

cc: Scott Walker, County Executive  
Stephen Agostini, Fiscal and Budget Administrator  
Supervisor Richard Nyklewicz, Chairman, Finance and Audit Committee  
Finance and Audit Committee  
Stephen Cady, Director of Research, County Board  
Department Heads

## ATTACHMENT A

### **Disclosure of Major Variances Reported in 2004 Projection:**

#### ***Combined Court Related Operations (Org 2000)***

The Courts are projecting to breakeven for 2005, which consists of a deficit in county-funded state court services of \$179,000 and a surplus in Register in Probate and Family Court Commissioner of \$179,000. The deficit, in the County-funded State court services, is due to lower State cost reimbursement for Guardian Ad-litem costs than budgeted of \$1.0 million, offset by cost savings of \$821,000. The expenditure savings are for salary savings, contractual services and sheriff bailiff cross-charge savings.

#### ***Department of Child Support Enforcement (Org 2430)***

The department is projecting an overall surplus of \$285,000. This includes an expenditure surplus of \$1,000,000, offset by a revenue deficit of \$715,000. The revenue deficit is due to lower federal reimbursement of \$500,000 due to lower costs; lower grant revenue of \$115,000 for costs not incurred and, lower performance revenue of \$100,000 for collection of child support payments.

#### ***Register of Deeds (Org 3400)***

The department is projecting a net surplus of \$83,000 for 2005, which consists of a surplus in revenues of \$217,000, offset by a deficit in expenditures of \$133,000. The revenue surplus includes a surplus in real estate transfer fees of \$380,000 and general recording fees of \$102,000. These surpluses are due to the continuing robust real estate market. These revenue surpluses will be offset by revenue shortfalls of \$265,000, including a revenue loss of \$220,000 that was to have come from the Milwaukee County Automated Mapping Land Information System (MCAMLIS). This revenue was to cover costs of the real estate software system and technology salary costs for the same system. Instead of receiving the revenue reimbursement for these costs, the department will instead cross-charge these costs to a non-departmental account. This revenue reduction will be offset by an expenditure reduction of \$220,000. In addition, the department is projecting a deficit in overtime costs for the year of \$300,000 for processing the additional real estate transfer fees.

#### ***Sheriff's Department (Org 4000)***

The Sheriff's Department is anticipating a deficit of \$300,000. The deficit includes the cost of settling the 2005 – 2006 deputy sheriff contract and decreased abatement revenue for airport security services due to fewer hours.

#### ***House of Correction (Org 4300)***

The House of Correction is anticipated to have a deficit of \$500,000. The deficit is due to the House of Correction only being able to close two (2) dormitories instead of the anticipated four (4) dormitories that was budgeted. In the beginning of the year six to seven dormitories were closed, but the dormitory closings have since decreased to only two. This will increase the overtime and salary costs for the House of Correction for the remainder of the year.

***Land Sales (Org 1933)***

Land sales were budgeted at \$5.0 million for 2005. For purposes of this report, the Department of Administrative Services anticipates receiving only \$1.5 million of the land sale revenue. For the year, closed sales have totaled \$324,000. There are currently five properties that are pending closing which total \$4.09 million. These pending closings include an accepted offer on the MMSD basin site on the County Grounds for \$2.4 million and an accepted proposal for block 25 of the Park East Development for \$1.58 million. If all pending closings were completed by February 2006, the County would achieve total land sales of \$4.4 million for 2005.

***Interest Income (Org 1900)***

Interest income is projected to deficit by \$1.3 million. However, this number is very preliminary due to the fluctuations that are occurring in market rates. These fluctuations are causing the County to incur negative market adjustments due to a decline in the market value of investments from the original purchase price. For the year the County has been averaging 3.0% income on investments with a 0.8% offset for market adjustments, or a net 2.2% earnings on investments. Without the market adjustment, the loss for the year would only be \$0.8 million. The treasurer's office will continue to monitor investments for the remainder of the year.

***Unallocated Contingency Fund (Org 1945)***

The unallocated contingency fund is currently at \$10.9 million. The contingency account was appropriated at \$4.4 million. A fund transfer was adopted in July 2005, to remove expenditure savings from departments and transfer the funds to the contingency fund for \$7.3 million. This fund transfer was for purposes of the 2005 corrective action plan. There has also been \$763,000 of transfers from the contingency fund to cover departmental needs.

***Fringe Benefits (Org 1950)***

It is currently projected that health costs for 2005 will deficit by \$5.3 million. This deficit in employee and retiree health care costs is due to a higher number of enrollments than originally budgeted and possible higher costs than budgeted. The increase in the number of participants over budget appears to be in the group of retirees, who are under age 65. The County is approximately 209 enrollments over budget, as of the end of May, 2005. Health care costs for the County PPO were anticipated to increase by 15% for 2005 over 2004. Currently, we are projecting health care cost increases at an average of 18%, which appears to be due to higher utilization. Fringe Benefit costs will have to be closely monitored in 2005.

***Sick Leave Payout Budget (Org 1939)***

Based upon payment through August 31, 2005, the sick leave budget of \$1.8 million will only have charges of \$47,000 against it. This fiscal report has projected that actual costs will be only \$200,000. Total County-wide sick leave payout costs for 2005 are only \$767,000 as of August 31, 2005.

***Transit/ Paratransit System (Org 5600)***

Transit is projecting a deficit of \$1.2 million, offset by a surplus in Paratransit Services of \$1.2 million, for an overall breakeven. Transit revenue is projected to be over budget by \$0.6 million. Transit operating expenses are projected to be over budget by \$1.8 million, which is mainly due to higher fuel costs at \$1.70 per gallon versus \$1.00 per gallon budgeted.

Paratransit program revenue and state operating assistance is anticipated to breakeven and operating expenses are anticipated to be \$1.2 million under budget for 2005.

***Behavioral Health Division (Org 6300)***

The department is projecting a breakeven for the year. The department is concerned about the continuing payment of Intergovernmental Transfer Program (ITP) revenue for the future, since the State has indicated that it may have to reduce this payment. No such reduction has occurred for 2005. This revenue is budgeted at \$1.7 million. In addition, the department remains concerned and continues to monitor the number of placements to State institutions.

***Department on Aging - Care Management Organization (Aging CMO) (Org 7990)***

The department has estimated that it has achieved a \$3,525,000 surplus for seven months of the year. The County, under the proposed commitment agreement, would be entitled to half of the surplus or \$1,800,000. A projection of a full year surplus indicates that the County could end up with a surplus of \$3.0 million.

***Department of Health and Human Services (Org 8000)***

The department is projecting a surplus, for the year, of \$0.6 million. This surplus is mainly the result of positions remaining open, thus creating salary savings. Certain of these savings result in loss of state and federal revenue.

***DPPI – Parks System (Org 9000)***

The department is projecting that it will breakeven for 2005. This includes a revenue deficit of \$2.3 million. Personal services savings of \$2.3 million will offset the revenue deficit.

09/16/05	June 30, 2005									Attachment B
Projected Annual Fiscal Report of Surplus/Deficit as of June 30, 2005										
		2005	2005			2005	2005			
		Projected	Budgeted Net	Projected	%	Projected	Budgeted Net	Projected	%	Surplus
		Revenues	Revenues	Variance	Variance	Expenditures	Expenditures	Variance	Variance	(Deficit)
<b>Legislative, Executive &amp; Staff</b>										
1000	County Board	15,000	15,000	0	0%	4,890,187	4,990,187	100,000	2%	100,000
1001	Department of Audit	0	0	0	N/A	2,304,921	2,304,921	0	0%	0
1020	Intergovernmental Relations	0	0	0	N/A	0	0	0	N/A	0
1040	Comm Bus Develop Bus Ptrns	372,824	372,824	0	0%	697,450	697,450	0	0%	0
<i>County Executive</i>										
1011	General Office	15,000	15,000	0	0%	935,844	935,844	0	0%	0
1021	Veterans Service	138,692	205,172	(66,480)	-32%	394,105	460,585	66,480	14%	0
1110	Civil Service Commission	0	0	0	N/A	59,577	59,577	0	0%	0
1120	Personnel Review Board	15	0	15	N/A	172,644	172,629	(15)	0%	0
1130	Corporation Counsel	185,000	185,000	0	0%	1,820,552	1,820,552	0	0%	0
<i>Dept of Administrative Services</i>										
1018	Persons with Disabilities	78,896	96,400	(17,504)	-18%	659,980	677,484	17,504	3%	0
1140	Human Resources	1,176,440	1,147,440	29,000	3%	4,185,630	4,321,130	135,500	3%	164,500
1150	Risk Management	6,291,800	6,291,800	0	0%	6,151,360	6,151,360	0	0%	0
1151	Fiscal Affairs Division	36,000	36,000	0	0%	3,311,846	3,311,846	0	0%	0
1152	Procurement	50,000	50,000	0	0%	810,067	848,182	38,115	4%	38,115
1160	Information Management Services	155,057	210,705	(55,648)	-26%	19,500,055	19,555,703	55,648	0%	0
1190	Econ & Comm Development	24,448,438	24,448,438	0	0%	25,184,730	25,184,730	0	0%	0
3010	Election Commission	44,783	44,783	0	0%	540,879	540,879	0	0%	0
3090	County Treasurer	1,495,053	1,490,328	4,725	0%	1,301,490	1,296,765	(4,725)	0%	(0)
3270	County Clerk	529,247	529,247	0	0%	565,619	565,619	0	0%	0
3400	Register of Deeds	5,955,236	5,738,033	217,203	4%	3,408,244	3,274,477	(133,767)	-4%	83,436
<b>Total Legislative, Executive &amp; Staff</b>		<b>40,987,481</b>	<b>40,876,170</b>	<b>111,311</b>	<b>0%</b>	<b>76,895,180</b>	<b>77,169,920</b>	<b>274,740</b>	<b>0%</b>	<b>386,051</b>
<b>Courts and Judiciary</b>										
2000	Combined Court Related Operations	10,547,150	11,722,284	(1,175,134)	-10%	39,300,088	40,475,222	1,175,134	3%	0
2430	Dept. of Child Support Enforcement	17,490,010	18,205,118	(715,108)	-4%	17,559,735	18,560,204	1,000,469	5%	285,361
<b>Total Courts and Judiciary</b>		<b>28,037,160</b>	<b>29,927,402</b>	<b>(1,890,242)</b>	<b>-6%</b>	<b>56,859,823</b>	<b>59,035,426</b>	<b>2,175,603</b>	<b>4%</b>	<b>285,361</b>
<b>Public Safety</b>										
4190	Medical Examiner	1,187,557	1,202,157	(14,600)	-1%	3,807,942	3,822,542	14,600	0%	(0)
4000	Sheriff	12,085,429	12,085,429	0	0%	72,289,217	71,989,217	(300,000)	0%	(300,000)
4300	House of Correction	5,339,235	5,339,235	0	0%	44,220,225	43,720,225	(500,000)	-1%	(500,000)
4500	District Attorney	8,235,756	8,163,817	71,939	1%	16,142,720	15,890,780	(251,940)	-2%	(180,000)
<b>Total Public Safety</b>		<b>26,847,977</b>	<b>26,790,638</b>	<b>57,339</b>	<b>0%</b>	<b>136,460,104</b>	<b>135,422,764</b>	<b>(1,037,340)</b>	<b>-1%</b>	<b>(980,001)</b>
<b>Non-Departmental's</b>										
1950	Fringe Benefits	7,307,013	7,307,013	0	0%	12,611,593	7,311,593	(5,300,000)	-72%	(5,300,000)
1900-1800	Interest Income	4,208,158	5,508,158	(1,300,000)	-24%	0	0	0	N/A	(1,300,000)
1900-2201	State Shared Revenue	37,130,288	37,130,288	0	0%	0	0	0	N/A	0
1900-2903	Sales Tax	61,930,840	62,430,840	(500,000)	-1%	0	0	0	N/A	(500,000)
1933	Land Sales	1,500,000	5,000,000	(3,500,000)	-70%			0	N/A	(3,500,000)
1939	Sick Leave Payout	0	0	0	N/A	200,000	1,836,000	1,636,000	89%	1,636,000
1945	Contingency	0	0	0	N/A	0	10,923,830	10,923,830	100%	10,923,830
	Litigation Issues	0	0	0		4,000,000	0	(4,000,000)		(4,000,000)
1900's	Other Non-Departmental	242,111,394	240,205,427	1,905,967	1%	(3,594,926)	(4,499,564)	(904,638)	20%	1,001,328
1900'S	<b>Total Non-Departmental</b>	<b>354,187,693</b>	<b>357,581,726</b>	<b>(3,394,033)</b>	<b>-1%</b>	<b>13,216,667</b>	<b>15,571,859</b>	<b>2,355,192</b>	<b>15%</b>	<b>(1,038,842)</b>

		Attachment B								
		2005	2005			2005	2005			
		Projected	Budgeted Net	Projected	%	Projected	Budgeted Net	Projected	%	Surplus
		Revenues	Revenues	Variance	Variance	Expenditures	Expenditures	Variance	Variance	(Deficit)
<b>Public Works &amp; Development</b>										
5040	Airport Division	59,903,754	59,920,329	(16,575)	0%	58,922,529	58,939,104	16,575	0%	0
5070	Transportation Services Div	3,060,118	3,092,928	(32,810)	-1%	2,379,321	2,412,131	32,810	1%	0
5080	Architectural/ Environmental Svc	5,702,550	5,728,673	(26,123)	0%	6,456,687	6,482,810	26,123	0%	0
5100	Highway Maintenance	14,581,977	15,692,607	(1,110,630)	-7%	15,214,214	16,324,844	1,110,630	7%	0
5330	Fleet Management	12,884,067	12,884,067	0	0%	11,875,394	11,875,394	0	0%	0
5605	Transit/Paratransit System	83,757,872	83,514,428	243,444	0%	105,026,952	104,783,508	(243,444)	0%	0
5700	Public Works Facil Mngmnt	13,350,356	13,706,272	(355,916)	-3%	29,035,692	29,391,608	355,916	1%	0
5800	Public Works Admin Div	261,239	258,427	2,812	1%	2,159,957	2,480,254	320,297	13%	323,110
<b>Total Public Works &amp; Development</b>		<b>193,501,933</b>	<b>194,797,731</b>	<b>(1,295,798)</b>	<b>-1%</b>	<b>231,070,745</b>	<b>232,689,653</b>	<b>1,618,908</b>	<b>1%</b>	<b>323,110</b>
<b>Health &amp; Human Services</b>										
6300	Behavioral Health Division	112,383,465	119,431,321	(7,047,856)	-6%	147,264,336	154,312,192	7,047,856	5%	0
7200	County Health Related Programs	40,913,895	41,578,769	(664,874)	-2%	62,900,446	63,783,567	883,121	1%	218,247
7900	Department on Aging	14,886,536	15,078,514	(191,978)	-1%	18,125,540	18,317,518	191,978	1%	0
7990	Department on Aging -- CMO	145,790,041	154,070,071	(8,280,030)	-5%	142,136,613	153,416,643	11,280,030	7%	3,000,000
8000	Dept of Health and Human Services	161,030,233	163,770,451	(2,740,218)	-2%	179,537,837	182,912,227	3,374,390	2%	634,172
<b>Total Health &amp; Human Services</b>		<b>475,004,170</b>	<b>493,929,126</b>	<b>(18,924,956)</b>	<b>-4%</b>	<b>549,964,772</b>	<b>572,742,147</b>	<b>22,777,375</b>	<b>4%</b>	<b>3,852,419</b>
<b>Parks, Recreation &amp; Culture</b>										
9000	Department of Parks	16,890,394	19,190,394	(2,300,000)	-12%	35,292,905	37,592,905	2,300,000	6%	0
9500	Zoological Department	13,448,236	14,384,000	(935,764)	-7%	19,336,085	19,666,951	330,866	2%	(604,898)
9700	Milwaukee Public Museum	0	0	0	N/A	3,380,750	3,380,750	0	0%	0
9910	University Extension	137,092	140,952	(3,860)	-3%	347,606	351,466	3,860	1%	0
<b>Total Parks, Recreation &amp; Culture</b>		<b>30,475,722</b>	<b>33,715,346</b>	<b>(3,239,624)</b>	<b>-10%</b>	<b>58,357,346</b>	<b>60,992,072</b>	<b>2,634,726</b>	<b>4%</b>	<b>(604,898)</b>
9960-9990	Debt Retirement and Interest	14,440,920	14,640,920	(200,000)	-1%	50,871,374	50,871,374	0	0%	(200,000)
1200-1899	Capital Improvements	135,166,932	135,166,932	0	0%	150,214,914	150,214,914	0	0%	0
<b>Expendable Trusts</b>										
FUND 5	Park Trust Funds	0	0	0	N/A	27,361	27,361	0	0%	0
FUND 3	Zoo Trust Funds	988,575	988,575	0	0%	992,550	992,550	0	0%	0
FUND 4	IMSD Expendable Trust	0	0	0	N/A	0	0	0	N/A	0
FUND 6	Office on Handicapped Trust Fund	7,500	7,500	0	0%	7,500	7,500	0	0%	0
FUND 7	Mental Health Complex Trust Funds	35,100	35,100	0	0%	33,956	33,956	0	0%	0
FUND 8	PFC	0	0	0	N/A	0	0	0	N/A	0
FUND 10	DAS -- Trust	0	0	0	N/A	0	0	0	N/A	0
<b>Total Expendable Trusts</b>		<b>1,031,175</b>	<b>1,031,175</b>	<b>0</b>	<b>0%</b>	<b>1,061,367</b>	<b>1,061,367</b>	<b>0</b>	<b>0%</b>	<b>0</b>
<b>Subtotal</b>		<b>1,299,681,163</b>	<b>1,328,457,166</b>	<b>(28,776,003)</b>	<b>-2%</b>	<b>1,324,972,293</b>	<b>1,355,771,496</b>	<b>30,799,203</b>	<b>2%</b>	<b>2,023,200</b>