COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE : September 17, 2010

TO : Supervisor Lee Holloway, Chairman, Milwaukee County Board of Supervisors

FROM : Scott B. Manske, Controller

SUBJECT: 2010 Fiscal Report as of June 30, 2010 - **Updated**

Policy Issue

County Ordinance 56.02(2) requires the Department of Administrative Services (DAS) to "report, on a quarterly basis or in a manner determined to be most useful and effective, on the financial condition of the county, which report shall identify all major variances from the adopted budget on a department-by-department basis." To comply with this ordinance, DAS provides a projection of year-end financial results on a quarterly basis to the County Board and County Executive. This fiscal report is a projection of 2010 financial results based on second quarter financial data. The County's 2010 fiscal year ends on December 31, 2010. 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.

Also on the September Finance and Audit Committee Agenda is the Second Quarter Fiscal Report. The Second Quarter Fiscal Report reflects financial projections of departments as of June 30, 2010. Since the County Board did not meet during August 2010, that report was not available to this Committee until September 2010. This report is an update to the fiscal projections shown in that report that has occurred since June 30, 2010. All departments do not report updates to us, so this is only a reflection of known changes since June 30th.

Year-end Projection

Based on additional information received from departments since June 2010, Milwaukee County is projecting a year-end 2010 deficit of $(7.1) million. This represents a $1.2 million decrease in the projected shortfall from the second quarter's projection of $(8.3) million.

The projected deficit of $(7.1) million assumes that the full amount appropriated in the contingency fund of $5.6 million is applied to offset departmental and non-departmental deficits. To the extent the contingency fund is used for other purposes during the year, the projected deficit will increase.

The major changes from Second Quarter 2010 fiscal report to this updated report are as follows:

- Increased Youth Aids revenue for DHHS of $3.0 million based on reduced average caseload for State Juvenile Corrections.
- Increased revenue deficit for the Zoological Department based on seven months of activity resulting in a net deficit of ($0.5 million.)
- Increased revenue deficit for the parking structure at O'Donnell Park of ($0.4 million).

- Reduced deficit of $1.0 million in fringe benefits due to improvement in health care costs as compared to the first four months of 2010.
- Reduced Delinquent Tax Reserve funding since the tax settlement payment for unpaid property taxes to municipalities was virtually unchanged from the prior year.
- Increased State Shared Revenue deficit of ($1.1 million) for the property tax reimbursement related to a power plant in Milwaukee County that did not begin operation until 2010.
- Updated lease payment estimate for Doyne Hospital, which is only a surplus of $2.4 million.

The following attachments provide further detail:

- Attachment A: provides the projected surpluses and deficits in excess of $100,000 by department with a comparison to the June 30th 2nd Quarter Fiscal Report.
- Attachment B: provides narrative explanations of the major changes from the amounts reported in the Second Quarter 2010 fiscal report.
- Attachment C: provides the projected surplus or deficit for 2010 by agency.

2010 Pension Contribution

The 2010 Budget includes an appropriation of $31.3 million for contributions toward the County's Employee Retirement System (ERS) plan. Based upon the most recent actuarial report for ERS, the County is only required to contribute $27.6 million to the pension plan in 2010. The required contribution is $3.7 million less than the amount budgeted. The County Board and County Executive approved the original appropriation to ERS. Therefore, the County Board must approve any change to the pension contribution from the amount included in the budget. For purposes of the attached projections we did not change the budgeted contribution of $31.3 million for 2010. In the event that the County Executive and the County Board reduce the pension payment to a lower contribution, the 2010 projected deficit could be reduced by $3.7 million. The resulting deficit projection would be reduced from ($7.1) million to ($3.4) million. A separate report on the 2010 pension contribution will be submitted to the County Board at a future date.

Org Unit 1972 – Wage and Benefit Modification Account

The 2010 budget included $20 million of expenditure savings that were to come from modifications to employee salaries and fringe benefits. The expenditure savings, which were originally budgeted in Org Unit 1972 – Wage and Benefit Modification Account, were allocated to departments in the final 2010 budget. The savings were to come from twelve furlough days, and wage and benefit modifications for both union (represented) and non-represented employees. As of this report, non-represented employees and three unions have agreed to the wage and benefit modifications included in Org Unit 1972. This means that the budgeted savings related to the five unions that have not settled will create an expenditure deficit in many departments. To offset these deficits, an additional ten furlough days were allocated to the unions who had not completed contract negotiations and approximately 67 County employees were layed off from County employment during March.

Departments have a combination of both expenditure deficits resulting from open union negotiations and added savings generated from the additional furlough days. DAS-Fiscal provided each department with the estimated expenditure deficit resulting from unsettled union contracts and the estimated savings related to the ten additional furlough days. If the projected deficit exceeded savings from the additional furlough days, departments may report a deficit in their salaries due solely to the Org Unit 1972 budget.

The Org Unit 1972 deficit related to fringe benefit savings that have not been achieved through labor negotiations has been accounted for centrally and is shown in the attached projections as a non-departmental deficit.

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
Supervisor Elizabeth Coggs, Chairman, Finance and Audit Committee
Finance and Audit Committee
Cynthia Archer, Director, Department of Administrative Services
Steve Kreklow, Fiscal and Budget Administrator
Stephen Cady, Director of Research, County Board
Department Heads

Milwaukee County
Projection for 2010 - Updated based on Activity after June 30, 2010

Dept	Department Name	June 30, 2010	Change	Updated June 30, 2010	
1150	DAS - Risk Management	$ (386,273)	-	$ (386,273)	
1160	Information Management Services Division	131,516	-	131,516	
1188	DAS - Employee Benefits	103,462	-	103,462	
2000	Combined Courts	(1,263,000)	-	(1,263,000)	
2430	Child Support Enforcement	301,637	-	301,637	
3400	Register of Deeds	106,656	-	106,656	
4000	Sheriff's Office	132,669	-	132,669	
4900	Medical Examiner	(246,156)	-	(246,156)	
5300	DTPW - Fleet Services	376,456	-	376,456	
5600	DTPW - Transit/Paratransit System	(898,753)	-	(898,753)	
5800	DTPW - Administration	201,677	-	201,677	
6300	Behavioral Health Division	(4,844,611)	-	(4,844,611)	**(3)**
7900	Department on Aging	369,000	-	369,000	
7990	Department of Family Care (CMO)	3,026,858	-	3,026,858	
7990	Contribution to Family Care Reserve	**(3,026,858)**	-	(3,026,858)	
8000	Department of Health and Human Services	2,018,106	3,000,000	5,018,106	
9000	Department of Parks, Recreation and Culture	(250,000)	-	(250,000)	**(4)**
	O'Donnell Parking Facility	(250,000)	(450,000)	(700,000)	**(2)**
9500	Zoological Department	(52,544)	(447,208)	(499,752)	
	Other	(229,170)	772,723	543,553	
	Departmental Total	**(4,679,328)**	**2,875,515**	**(1,803,813)**	
1933	Land Sales	-		-	
1945	Unallocated Contingency Fund	5,600,000	-	5,600,000	
1950	Fringe Benefits	(2,250,000)	1,250,000	(1,000,000)	
1972	Wage and Benefit Modifications	(7,192,000)	-	(7,192,000)	**(1)**
1991	Reserve for Delinquent Property Taxes	(800,000)	800,000	-	
1993	State Shared Revenue	-	(1,101,333)	(1,101,333)	
1996	Sales Tax Revenue	(3,500,000)	(1,000,000)	(4,500,000)	
9960	Debt Service Fund/Froedtert Lease Payment	4,517,000	(1,600,000)	2,917,000	
	Non-Departmental Total	**(3,625,000)**	**(1,651,333)**	**(5,276,333)**	
Projected County Surplus (Deficit)		**$ (8,304,328)**	**$ 1,224,182**	**$ (7,080,146)**	

(1) This amount is only related to the estimated fringe benefit savings budgeted for in Org 1972. It does not include savings related to wages and overtime.

(2) The current projections do not include estimated costs related to the O'Donnell Park parking structure inspections, repairs, or other improvements. This projection is an estimate of lost revenue net of expenditure reductions.

(3) The current projections include an estimated cost of $531,000 for responding to the Statement of Deficiency, which includes staff time and repair costs.

(4) The current projections do not include estimated costs related to recent flooding damage to the County's parks, facilities, or other infrastructure.

Description of Significant Changes in Surplus and Deficit Projections Second Quarter 2010:

Note: If a department's projected deficit related to the Org 1972 salary and FICA budget exceeds the estimated savings from the ten additional furlough days, the deficit is indicated in the departmental narrative. If an amount is not provided, it means the department's projected savings for the additional furlough days exceeds the Org 1972 salary and FICA deficit.

Departmental Surpluses and Deficits:

Department of Health and Human Services *(Org 8000)* ***Updated $5.0 million surplus***
Previously Reported $2.0 million surplus

The budget for DHHS includes a net tax levy deficit of $252,000 related to the Org 1972 salary and FICA deficit. If this deficit were excluded, the reported surplus for DHHS would increase by a similar amount.

DHHS is projecting a surplus of $5.0 million for 2010. Revenue from Youth Aids is expected to exceed the budget by $5.5 million due to a reduction in the number of juveniles being placed in State institutions. Recent projections for Youth Aids show a decline in the caseload from 216 on average in 2009 to a 177 average in 2010. This is an increase from the second quarter projection in DHHS revenues of $3.0 million. The Youth Aids surplus is offset by a projected deficit of $388,000 due to additional overtime costs that will not be covered by grant funding. In addition, DHHS is projecting a deficit of $132,000 in the Intensive Treatment Program due to costs associated with three developmentally disabled individuals being cared for in State facilities.

O'Donnell Parking Revenue *(Org 9000)* ***($0.7 million deficit)***
Previously Reported ($0.3 million deficit)

Due to the closure of the O'Donnell parking structure, the Parks Department will not meet the revenue budget for parking fees in 2010. The lost revenue will be partially offset by reduced expenditures related to the day-to-day operation of the parking structure. This estimate assumes a closure of the facility for the remainder of the year. Parking revenue will be lower than budget by $900,000.

Zoological Department *(Org 9500)* ***Updated ($0.5 million deficit)***
Previously Reported ($0.0 breakeven)

The Zoo is projecting a deficit of $499,000 due to a projected revenue deficit of $1.8 million offset by an expenditure surplus of $1.3 million. Based upon actual revenues for the first seven months of 2010, it is anticipated that revenues will deficit by approximately $1.8 million. The Zoo will manage its expenditures to achieve savings of $1.3 million.

Non - Departmental Surpluses and Deficits:

Unallocated Contingency Fund *(Org 1945)* ***No Change $5.6 million surplus***

The unallocated contingency account was appropriated at $5.8 million. The contingency funding was reduced in the first quarter when the County Board approved a fund transfer to allocate $200,000 towards a stabilization study for the Estabrook Dam. The unallocated contingency fund is considered available to offset the projected deficits of both departments and non-departmental accounts.

Fringe Benefits ***(Org 1950)*** ***Updated ($1.0 million deficit)***
Previously Reported ($2.3 million deficit)

Based on analysis performed by the County's actuarial services firm, and the County Controller, fringe benefit costs are currently projected to deficit by $1.0 million for 2010. Average weekly payments for health care claims have leveled off in recent weeks after experiencing significant increases during the first few months of the year. Health care claims costs for 2010 are currently projected to increase in the range of 10% - 14% over the prior year. Health care projections based on claims costs in the first two quarters indicated an 18% to 22% increase over the prior year was likely. Besides expected inflationary increases in health care expenses, analysis from the actuary showed an increase in the large patient claims after large claims had dropped dramatically in 2009. Pharmacy costs are continuing to increase from 8% to 12% over prior year costs. The County will continue to work closely with the actuary to monitor both health and pension costs. As indicated in the cover memo, no adjustment has been made for a change in pension contributions based on the January 1, 2010 actuarial report.

The budgeted costs for health care and pension are in Org Unit 1950 – Fringe Benefits. The budget in Org Unit 1950 represents the costs for health and pension prior to Org Unit 1972 costs reductions for these benefits. The Org Unit 1950 first quarter analysis was based on the costs in this Org Unit before considering the changes in org unit 1972 – Wage and Benefit Modifications.

Delinquent Property Tax Reserve ***(Org 1991)*** ***Updated ($0.0 breakeven)***
Previously Reported ($0.8 million) deficit

With the exception of the City of Milwaukee, the County assumes the responsibility for the collection of delinquent real property taxes for all of the other taxing jurisdictions within Milwaukee County (schools, cities, towns, etc.). For the second quarter fiscal report, the anticipated increase in reserves for delinquent tax collections was estimated at $800,000. This estimate was based upon projected increase in delinquent tax payments to municipalities of approximately 10 percent. The actual 2010 delinquent tax payments to municipalities only increased by 2.8 percent. As a result, there is no projected deficit related to delinquent property taxes.

State Shared Revenue ***(Org 1993)*** ***($1.1 million deficit)***
Previously Reported ($0.0 breakeven)

In early August, the County received a notice from the State that the utility component of its shared revenue payment for 2010 will be reduced by $1.1 million due the fact that the Elm Road Facility located in Oak Creek did not become operational until February 2010. In late 2009, the State had notified the County of an increase to our 2010 utility payment based on a scheduled operational date prior to December 31, 2009. As a result of that notification, the 2010 shared revenue budget was increased. Discussion with the State has indicated that there will not be any adjustments to regular State Shared Revenue as a result of the reduction in the Shared Revenue Utility component.

Sales Taxes ***(Org 1996)*** ***($4.5 million deficit)***
Previously reported ($3.5 million deficit)

DAS-Fiscal is projecting a deficit of $4.5 million in sales tax revenue for 2010. To date, the County has received six months of sales tax payments for 2010. These payments are 5.7% lower than the anticipated revenues for this period. The payments are currently tracking very close to 2009 actual payments. Payments for the remainder of the year would have to average $5.4 million per month to hold to the current projected deficit. The Department of Administrative Services will continue to monitor sales tax revenue for 2010.

Debt Service Fund ***(Org 9960)*** ***$2.9 million surplus***

Previously Reported $4.5 million surplus

The 2010 Debt Service budget includes $3.9 million in revenue from the Froedtert Memorial Lutheran Hospital (FMLH) lease payment. The lease payment is paid based on the fiscal year close of FMLH, which is June 30, 2010. Based upon discussions in August with representatives of FMLH, the 2010 lease payment to be made to the County in November 2010, is expected to exceed the $3.9 million budgeted amount by approximately $2.4 million. The 2010 lease payment is based upon an agreed upon formula from 1995, when Milwaukee County's Doyne Hospital was closed and FMLH assumed many of Doyne's operations.

The 2010 budget included estimated debt service payments for general obligation bonds issued in 2009 after the budget was adopted. The actual debt service payments are $517,000 lower than the amount budgeted resulting in an expenditure surplus.

UPDATED

Attachment C

Annual Fiscal Report of Surplus/Deficit as of June 30, 2010 - UPDATED

		2010 Projected Revenues	2010 Budgeted Net Revenues	Revenue Variance	% Variance	2010 Projected Expenditures	2010 Budgeted Net Expenditures	Expense Variance	% Variance	Surplus (Deficit)
	Legislative, Executive & Staff									
1000	County Board	-	7,500	(7,500)	-100%	6,658,983	6,726,515	67,532	1%	60,032
1001	Department of Audit	-	-	-	N/A	2,611,584	2,681,432	69,848	3%	69,848
1040	Disadv Bus Development	216,200	270,000	(53,800)	-20%	1,060,620	1,085,499	24,879	2%	(28,921)
	County Executive									
1011	General Office	750	-	750	N/A	1,273,032	1,317,032	44,000	3%	44,750
1021	Veterans Service	13,000	13,000	-	0%	309,407	309,407	-	0%	-
1110	Civil Service Commission	-	-	-	N/A	53,281	53,281	-	0%	-
1120	Personnel Review Board	-	-	-	N/A	221,382	221,382	-	0%	-
1130	Corporation Counsel	175,000	175,000	-	0%	1,750,857	1,750,857	-	0%	-
	Dept of Administrative Services									
1019	Persons with Disabilities	192,000	170,500	21,500	13%	1,015,115	1,067,133	52,018	5%	7[illegible]8
1140	Human Resources	6,110	6,200	(90)	-1%	2,354,329	2,366,410	12,081	1%	11,991
1188	Employee Benefits	1,711,792	1,703,243	8,549	1%	2,428,248	2,523,161	94,913	4%	103,462
1135	Labor Relations	800	-	800	N/A	550,857	550,872	15	0%	815
1150	Risk Management	7,481,237	7,499,582	(18,345)	0%	7,875,021	7,507,093	(367,928)	-5%	(386,273)
1151	Fiscal Affairs Division	25,000	76,000	(51,000)	-67%	4,097,811	4,159,664	61,853	1%	10,853
1152	Procurement	-	-	-	N/A	784,378	828,117	43,739	5%	43,739
1160	Information Management Services	15,994,606	15,547,615	446,991	3%	17,699,048	17,383,573	(315,475)	-2%	131,516
1190	Community and Housing Devel	-	-	-	N/A	-	-	-	N/A	-
3010	Election Commission	50,600	40,500	10,100	25%	1,070,682	1,074,707	4,025	0%	14,125
3090	County Treasurer	2,790,059	2,786,624	3,435	0%	1,611,184	1,599,839	(11,345)	-1%	(7,910)
3270	County Clerk	512,350	512,350	-	0%	797,344	797,344	-	0%	-
3400	Register of Deeds	4,282,944	4,027,500	255,444	6%	4,392,497	4,243,709	(148,788)	-4%	106,656
	Total Legislative, Executive & Staff	**33,452,448**	**32,835,614**	**616,834**	**2%**	**58,615,660**	**58,247,027**	**(368,633)**	**-1%**	**248,201**
	Courts and Judiciary									
2000	Combined Court Related Operations	11,138,721	10,915,721	223,000	2%	54,468,857	52,982,857	(1,486,000)	-3%	(1,263,000)
2430	Dept. of Child Support Enforcement	20,542,908	20,482,161	60,747	0%	21,631,864	21,872,754	240,890	1%	301,637
	Total Courts and Judiciary	**31,681,629**	**31,397,882**	**283,747**	**1%**	**76,100,721**	**74,855,611**	**(1,245,110)**	**-2%**	**(961,[illegible])**
	Public Safety									
4900	Medical Examiner	1,188,245	1,434,808	(246,563)	-17%	4,701,940	4,702,347	407	0%	(246,156)
4000	Sheriff	20,795,302	22,144,013	(1,348,711)	-6%	143,025,901	144,507,281	1,481,380	1%	132,669
4500	District Attorney	7,325,091	8,260,234	(935,143)	-11%	19,166,199	20,015,316	849,117	4%	(86,026)
	Total Public Safety	**29,308,638**	**31,839,055**	**(2,530,417)**	**-8%**	**166,894,040**	**169,224,944**	**2,330,904**	**1%**	**(199,513)**
	Non-Departmental's									
1937	Potowatami Revenue	3,758,001	4,058,477	(300,476)	-7%	-	-	-	N/A	(300,476)
1945	Contingency	-	-	-	N/A	-	5,600,000	5,600,000	100%	5,600,000
1950	Fringe Benefits	6,177,700	6,177,700	-	0%	7,252,208	6,252,208	(1,000,000)	-16%	(1,000,000)
1972	Wage and Benefit Modifications	-	-	-	N/A	7,192,000	-	(7,192,000)	N/A	(7,192,000)
1991	Property Taxes	263,264,740	263,264,740	-	0%	-	-	-	N/A	-
1993	State Shared Revenue	36,770,868	37,872,201	(1,101,333)	-3%	-	-	-	N/A	(1,101,333)
1996	Sales Taxes	60,862,190	65,362,190	(4,500,000)	-7%	-	-	-	N/A	(4,500,000)
	Other Non-Departmental	20,030,876	20,717,803	(686,927)	-3%	(3,786,680)	(3,442,050)	344,630	-10%	(342,297)
1900'S	**Total Non-Departmental**	**393,428,930**	**399,715,045**	**(6,286,115)**	**-2%**	**10,657,528**	**8,410,158**	**(2,247,370)**	**-27%**	**(8,533,485)**

UPDATED June 30, 2010 Fiscal Report — Attachment C

		2010 Projected Revenues	2010 Budgeted Net Revenues	Revenue Variance	% Variance	2010 Projected Expenditures	2010 Budgeted Net Expenditures	Expense Variance	% Variance	Surplus (Deficit)
	Public Works & Development									
5040	Airport Division	84,132,637	83,040,851	1,091,786	1%	82,859,385	81,767,599	(1,091,786)	-1%	-
5070	Transportation Services Div	2,032,542	2,210,992	(178,450)	-8%	2,275,397	2,392,706	117,309	5%	(61,141)
5080	Architectural/ Environmental Svc	6,393,782	6,393,782	-	0%	7,581,561	7,593,633	12,072	0%	12,072
5100	Highway Maintenance	17,287,598	17,624,599	(337,001)	-2%	18,249,988	18,587,949	337,961	2%	960
5300	Fleet Management	9,939,691	9,943,691	(4,000)	0%	7,521,617	7,902,073	380,456	5%	376,456
5500	Utility	29,520,625	29,572,869	(52,244)	0%	24,785,016	24,837,260	52,244	0%	-
5600	Transit/Paratransit System	103,821,512	103,840,759	(19,247)	0%	123,853,191	122,973,685	(879,506)	-1%	(898,753)
5700	Public Works Facilities Mngmnt	32,103,956	32,156,200	(52,244)	0%	27,414,727	27,466,971	52,244	0%	-
5800	Public Works Admin Div	2,276,500	2,276,500	-	0%	1,562,475	1,764,152	201,677	11%	201,677
	Total Public Works & Development	**287,508,843**	**287,060,243**	**448,600**	**0%**	**296,103,357**	**295,286,028**	**(817,329)**	**0%**	**(368,[illegible])**
	Health & Human Services									
6300	Behavioral Health Division	127,540,694	131,346,449	(3,805,755)	-3%	190,001,827	188,962,971	(1,038,856)	-1%	(4,844,611)
7200	County Health Related Programs	-	-	-	N/A	-	-	-	N/A	-
7900	Department on Aging	16,430,597	16,030,597	400,000	2%	17,778,140	17,747,140	(31,000)	0%	369,000
7990	Department of Family Care (CMO)	260,847,432	257,068,240	3,779,192	1%	258,339,463	257,587,129	(752,334)	0%	3,026,858
8000	Department of Human Services	140,677,161	135,940,729	4,736,432	3%	165,712,082	165,993,756	281,674	0%	5,018,106
	Total Health & Human Services	**545,495,884**	**540,386,015**	**5,109,869**	**1%**	**631,831,512**	**630,290,996**	**(1,540,516)**	**0%**	**3,569,353**
	Parks, Recreation & Culture									
9000	Department of Parks	17,703,081	19,473,760	(1,770,679)	-9%	41,974,151	43,494,830	1,520,679	3%	(250,000)
9500	Zoological Department	18,033,842	19,871,768	(1,837,926)	-9%	22,558,682	23,896,856	1,338,174	6%	(499,752)
9700	Milwaukee Public Museum	-	-	-	N/A	3,502,376	3,502,376	-	0%	-
9910	University Extension	121,080	121,080	-	0%	438,268	463,268	25,000	5%	25,000
	Total Parks, Recreation & Culture	**35,858,003**	**39,466,608**	**(3,608,605)**	**-9%**	**68,473,477**	**71,357,330**	**2,883,853**	**4%**	**(724,752)**
9960	**Debt Retirement and Interest**	**9,759,055**	**7,359,055**	**2,400,000**	**33%**	**66,945,033**	**67,462,033**	**517,000**	**1%**	**2,917,[illegible]**
1200-1899	**Capital Improvements**	**361,779,555**	**361,779,555**	**-**	**0%**	**420,241,578**	**420,241,578**	**-**	**0%**	**-**
	Expendable Trusts									
FUND 3	Zoo Trust Funds	1,014,945	1,014,945	-	0%	1,019,211	1,019,211	-	0%	-
FUND 5	Parks Trust Funds	-	-	-	N/A	150,000	150,000	-	0%	-
FUND 6	Office on Handicapped Trust Fund	25,000	25,000	-	0%	25,000	25,000	-	0%	-
FUND 7	Mental Health Complex Trust Funds	35,100	35,100	-	0%	35,100	35,100	-	0%	-
FUND 8	Airport PFC	-	-	-	N/A	-	-	-	N/A	-
FUND 11	Fleet Facilities Reserve Trust	-	-	-	N/A	133,367	-	(133,367)	N/A	(133,367)
	Total Expendable Trusts	**1,075,045**	**1,075,045**	**-**	**0%**	**1,362,678**	**1,229,311**	**(133,367)**	**-11%**	**(133,367)**
	Projected Surplus (Deficit)	**1,729,348,030**	**1,732,914,117**	**(3,566,087)**	**0%**	**1,797,225,584**	**1,796,605,016**	**(620,568)**	**0%**	**(4,186,655)**
	Reserves Expendable Trusts									**133,367**
	Contribution to Family Care Reserve									**(3,026,858)**
	Total Projected Surplus (Deficit)									**(7,080,146)**

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: August 26, 2010

To: Supervisor Elizabeth Coggs, Chair, Finance and Audit Committee

From: Stephanie Sue Stein, Director, Department on Aging

Subject: Informational report on revenues received that exceed 2010 budget estimates in excess of $100,000 (File No. 86-666)

County Board Resolution File No. 86-666 requires all department heads to "report to the Committee on Finance and Audit, on a quarterly basis, revenues received from sources not anticipated in the budget in excess of $100,000, or revenues received that exceed budget estimates by that amount."

Pursuit to File No. 86-666 and based upon a careful review with Wisconsin Department of Health Services, the Milwaukee County Department on Aging has recalculated the 2010 Aging Resource Center 100% Time Reporting reimbursement. As such, the Department on Aging was able to increase revenue by $400,000 for 2010. The Department on Aging has also submitted an Appropriation Transfer Request to the Finance and Audit Committee of $199,993, using $100,000 of the $400,000 to offset funding reductions and for additional Aging Resource Center (ARC) expenditures to operate the ARC in Milwaukee County (File No. 09-448). Assuming approval of the transfer request, the net effect for the Department on Aging will be a 2010 expected surplus of $300,000 created by unanticipated Aging Resource Center revenue.

If you have questions regarding this informational report, please contact me at 289-6876.

cc: County Executive Scott Walker
✓Supervisor Lee Holloway
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COUNTY OF MILWAUKEE
Inter-Office Communication

Date: September 21, 2010

To: Supervisor Elizabeth Coggs, Chairwoman, Committee on Finance and Audit

From: Jerome J. Heer, Director of Audits

Subject: Audit Scope Impairment-Audit of BHD Patient Safety

Government audit standards call for the resolution or disclosure of impairments to our audit work. A situation that constitutes an impairment has developed in our audit of the DHHS Behavioral Health Division's procedures for maintaining a safe environment. Specifically, we have become aware that a consultant's report was prepared in 2008 to address matters that were the subject of a potential criminal investigation. Because of the timing and nature of the engagement, we believe that the report may shed light on BHD's practices that are relevant to the audit we are conducting. However, we have been informed that the report is subject to the attorney / client privilege and that we may not review the report because we are not the "client".

At this point, we plan to complete the audit without the additional insight that the consultant's report could have provided. We believe that our work will be of value to Milwaukee County regardless of the impairment. We do, however, believe that two other issues should be addressed by the County Board. The first is the substance of the consultant's report. In the due course of time, the report should be made available to the Board so that steps can be taken to ensure any problems have been addressed. The second is the need to establish protocols to ensure that we can conduct our audit work in this type of situation without impairment. This is the first time in 30 years that we have encountered an obstacle of this nature and we believe that the matter needs to be addressed so it does not happen again.

I look forward to discussing this matter with you and the Committee on Finance and Audit.

Jerome J. Heer

JJH/cah

cc: Lee Holloway, Chairman, Milwaukee County Board of Supervisors
Scott Walker, Milwaukee County Executive
Timothy Schoewe, Acting Corporation Counsel
Geri Lyday, Interim Director, Department of Health and Human Services