

Chairperson: Supervisor Elizabeth Cogs  
Clerk: Carol Mueller, 278-4228  
Research Analyst: Steve Cady, 278-4347

## COMMITTEE ON FINANCE AND AUDIT

Thursday, July 22, 2010 - 9:00 A.M.  
Milwaukee County Courthouse - Room 201-B

### MINUTES

#### SCHEDULED ITEMS:

**PRESENT:** Supervisors Thomas, Mayo, Schmitt, Johnson and Cogs (Chair)

**EXCUSED:** Supervisors West and Jursik

1. 10-287 From the Director of Audits, submitting the following reports prepared by Baker Tilly Virchow Krause, LLP (BT) and Coleman & Williams LTD (CW) as part of the 2009 County-wide audit: (a) 2009 Comprehensive Annual Financial Report; (b) 2009 Single Audit Report; (c) Employees' Retirement System (ERS) 2009 Annual Report of the Pension Board; (d) General Mitchell International Airport Schedule of Passenger Facility Charges, Revenues and Expenses; (e) Milwaukee County Paratransit and Transit System Database Reports; (f) 2009 Report on Internal Control and (g) Audit Communications Letter to Board of Supervisors.

**PREVIOUSLY DISTRIBUTED ELECTRONICALLY BY THE DEPARTMENT.**

<http://county.milwaukee.gov/MostRecentAuditRepor7877.htm>

#### **APPEARANCE:**

Jerome Heer, Director Audits

John Knepel, Partner, Baker Tilly Virchow Krause, LLP

Naushad Moolla, Senior Manager, Coleman and Williams, Ltd.

Both Auditors gave a brief overview of the reports under their review. The review noted that there were no internal control weaknesses. Mr. Knepels had comments regarding efficiencies within the departments. The Audit Communications Letter includes management responses.

Mr. Moolla found eight incidents of non-compliance within the Health & Human Services and Behavioral Health regarding documentation and reports to the State.

Mr. Heer informed the Committee that follow-up reports addressing audit concerns and comparisons from prior year to the current year will be brought back before the Committee.

**ACTION BY: (Schmitt) Receive and place on file the said audit reports. Vote 5-0**

**AYES:** Thomas, Mayo, Schmitt, Johnson and Cogs (Chair)-5

**NOES:** 0

**EXCUSED:**

**SCHEDULED ITEMS (CONTINUED):**

2. 10-277 From the Capital Finance Manager, Department of Administrative Services, requesting authorization for \$61,000,000 aggregate principal amount of Airport Refunding Revenue Bonds, Series 2010A of Milwaukee County, Wisconsin.

**APPEARANCE:**

Pamela Bryant, Capital Finance Manager, Department of Administrative Services (DAS)

**ACTION BY: (Mayo) Approve. Vote 5-0**

**AYES:** Thomas, Mayo, Schmitt, Johnson and Coggs (Chair)-5

**NOES:** 0

**EXCUSED:**

3. 10-1 Fund transfers. (15)  
(a) Receipt of Revenue 6  
Unallocated Contingency 1  
Capital Improvements 3  
Departmental Other 2  
Departmental 3

**APPEARANCES:**

John Ruggini, Assistant Fiscal and Budget Administrator, DAS  
Inspector Richard Schmidt, Office of the Sheriff  
Barry Bateman, Director, General Mitchell International Airport

Mr. Ruggini, Inspector Schmidt and Mr. Bateman provided comments to questions on specific fund transfers related to their expertise.

**ACTION BY: (Mayo) Approve. Vote 5-0**

**AYES:** Thomas, Mayo, Schmitt, Johnson and Coggs (Chair)-5

**NOES:** 0

**EXCUSED:**

4. 10-215 An adopted amended resolution authorizing the transfer of \$54,500 from the  
(a) Appropriation for Contingencies to the Department of Parks, Recreation and Culture to operate the Farm and Fish Hatchery, additionally, DAS is directed to make a recommendation in June on the creation of a new position in the Parks Department as the existing position in the Office of the Sheriff is abolished effective July 1st. Also, a Workgroup is established to make a recommendation on the transfer of the Farm and Fish Hatchery land to the Parks Department.  
**(Status report from DAS.) (INFORMATIONAL UNLESS OTHERWISE DIRECTED BY THE COMMITTEE.)**

**APPEARANCES:**

Inspector Richard Schmidt, Office of the Sheriff

**SCHEDULED ITEMS (CONTINUED):**

Paul Kuglitsch, Contract Services, Parks

Comments related to the position transfer, lease issues and land transfer were addressed. A detailed report will be brought before the Parks, Energy and Environment and the Finance and Audit Committee in the September cycle.

The Committee took no action on this informational item.

5. 10-16  
(a)(e)  
Corrected  
file #
- From the Fiscal and Budget Administrator and Controller, 2009 Year-End Fiscal Status Report. **(Monthly communication as to the status of the 2009 projected surplus and provide details of the appropriation transfer to the Reserve for Debt Service once executed.) (INFORMATIONAL UNLESS OTHERWISE DIRECTED BY THE COMMITTEE.)**

**APPEARANCES:**

Scott Manske, Controller, DAS

Steve Kreklow, Fiscal and Budget Administrator, DAS

A fund transfer of approximately \$3 million was made to the Debt Service Reserve that could be used in 2010 or future years.

The report is final and includes any adjustments made by the auditors.

**ACTION BY: (Johnson) Receive and place on file the Final Year-End Fiscal report. Vote 5-0**

**AYES:** Thomas, Mayo, Schmitt, Johnson and Coggs (Chair)-5

**NOES:** 0

**EXCUSED:**

6. 04-267  
(a)(g)
- From the Capital Finance Manager, Department of Administrative Services, a report on due diligence for Johnson Controls Inc., regarding Phase 2 Guaranteed Energy Savings Performance Contracting (GESPC) at selected County facilities. **(Also to the Committee on Transportation, Public Works and Transit.) (4/7/10 Referred to DAS for more detailed information.) (INFORMATIONAL UNLESS OTHERWISE DIRECTED BY THE COMMITTEE.)**

**APPEARANCE:**

Steve Kreklow, Fiscal and Budget Administrator, DAS

A report will be forthcoming to the Transportation, Public Works and Transit and Finance and Audit Committee in September.

The Committee took no action on this informational item.

**SCHEDULED ITEMS (CONTINUED):**

7. 10-16 From the Cambridge Advisory Group, a detailed evaluation of the cause and  
(a)(f) sustainability of the Health Care surplus related to 2009. **(INFORMATIONAL  
UNLESS OTHERWISE DIRECTED BY THE COMMITTEE.)**

**APPEARANCES:**

Stuart Piltch, Cambridge Advisory Group  
Steve Kreklow, Fiscal and Budget Administrator, DAS  
Rob Henken, Public Policy Forum

Mr. Piltch gave an in-depth review of Milwaukee County's Health Care plan. There was a substantial surplus in health care savings in 2009 that was unusual and not sustainable.

Conditions that affect rising costs include; the average age for the County workforce is 46 that is above the norm and worsens when including early retirees, the County provides coverage for more than most employers and history shows that claims exceeding \$50,000 exceed the normal range.

Suggested changes include participant contribution and cost share levels to market levels. The redesign of pharmacy benefits to increase use of mail order and generic drugs. Additionally, a change in the implementation of the wellness program is need. The present cost escalation levels are non-sustainable.

Milwaukee County needs to work on education of recipients to address a healthier lifestyle.

Mr. Henken provided brief comments to the Committee.

**ACTION BY: (Johnson) Receive and place on file the said report. Vote 4-0**

**AYES:** Mayo, Schmitt, Johnson and Coggs (Chair)-4

**NOES:** 0

**EXCUSED:** Thomas-1

8. 10-263 A Resolution by Supervisors Sanfelippo, Rice, Borkowski, Cesarz, Schmitt, Jursik and Larson to amend Section 201.24 of the Milwaukee County Code of General Ordinances to reduce the annual pension service credit multiplier for elected officials from two percent to one and six-tenths percent for future years. **(Also to the Committee on Personnel, the Pension Study Commission and the Pension Board.)**

**APPEARANCE:**

Supervisor Joseph Sanfelippo, District 17

**ACTION BY: (Schmitt) Approve. Vote 1-3**

**SCHEDULED ITEMS (CONTINUED):**

**AYES:** Schmitt-1  
**NOES:** Mayo, Johnson and Coggs (Chair)-3  
**EXCUSED:** Thomas-1

The item will be reported to the County Board as a recommendation to reject the resolution on a vote of 3-1.

9. 10-222 A Resolution by Supervisor Larson, authorizing the transfer of \$325,745 in projected surplus Airport revenues to expenditure accounts and to rescind ten positions that were laid off in 2010 due to budgetary shortfalls.

**ACTION BY: (Mayo) Place the item on the table. Vote 3-1**  
**AYES:** Mayo, Johnson and Coggs (Chair)-3  
**NOES:** Schmitt-1  
**EXCUSED:** Thomas-1

The item was requested to be reconsidered later in the meeting.

**ACTION BY: (Mayo) Reconsideration of the item. Vote 4-1**  
**AYES:** Thomas, Mayo, Johnson and Coggs (Chair)-4  
**NOES:** Schmitt-1  
**EXCUSED: 0**

**ACTION BY: (Mayo) Lay over to the call of the Chair. Vote 5-0**  
**AYES:** Thomas, Mayo, Schmitt, Johnson and Coggs (Chair)-5  
**NOES: 0**  
**EXCUSED:**

10. 10-285 A resolution/ordinance by Supervisor Thomas, to create Chapter 32.93 of the General Ordinance of Milwaukee County to codify due diligence procedures and establish guidelines for the review of privatization initiatives.

**APPEARANCE:**  
Supervisor John Thomas, District #18

A brief discussion ensued.

Supervisor Johnson requested unanimous consent to be a cosponsor. There being no objection, it was so ordered.

**ACTION BY: (Thomas) Approve. Vote 5-0**  
**AYES:** Thomas, Mayo, Schmitt, Johnson and Coggs (Chair)-5  
**NOES: 0**  
**EXCUSED:**

**SCHEDULED ITEMS (CONTINUED):**

11. 10-134 An amended resolution, reaffirming the position of the Milwaukee County Board of Supervisors as reflected in the 2010 Adopted Budget regarding the proposal from the County Executive to contract for building security services. **(5/27/10: County Board referred back to the Committees on F&A and TPWT.) (6/17/10 Finance and Audit laid over to call of Chair 4-0.) (Also to the Committee on Transportation, Public Works and Transit.)**

**ACTION BY: (Mayo) Concur with the actions of the Transportation, Public Works Committee to approve. Vote 3-1**

**AYES:** Mayo, Johnson and Coggs (Chair)-3

**NOES:** Schmitt-1

**EXCUSED:** Thomas-1

12. 10-12 From the Office of the Sheriff, submitting a revenue deficit report.  
(a)(f)

**APPEARANCES:**

Inspector Richard Schmidt, Office of the Sheriff

Jon Priebe, Office of the Sheriff

Mr. Priebe gave a brief review of the report and answered questions.

**ACTION BY: (Johnson) Receive and place on file the said report. Vote 5-0**

**AYES:** Thomas, Mayo, Schmitt, Johnson and Coggs (Chair)-5

**NOES:** 0

**EXCUSED:**

13. 10-12 From the Clerk of Circuit Court-Register in Probate, submitting a revenue deficit report.  
(a)(g)

**APPEARANCES:**

John Barrett, Clerk of Circuit Court

Debbie Bachun, Fiscal Operations Manager, Courts

Steve Kreklow, Fiscal and Budget Administrator, DAS

Mr. Barrett informed the Committee even with savings from furlough days there is a projected deficit in personal services, due to a structural deficit in the budget related to vacancy and turnover.

Mr. Kreklow commented that the requested 2011 Budget for the Courts has a correction to vacancy and turnover. Last year the Adopted Budget reflected a variance of one-tenth of a percent from the requested budget.

**ACTION BY: (Johnson) Receive and place on file the said report. Vote 4-0**

**SCHEDULED ITEMS (CONTINUED):**

**AYES:** Thomas, Schmitt, Johnson and Coggs (Chair)-4  
**NOES:** 0  
**EXCUSED:** Mayo-1

14. 10-12 From the Interim Director, Department of Health and Human Services, submitting  
(a)(h) a revenue deficit report. **(Status Report.)**

**APPEARANCES:**

Geri Lyday, Interim Director, Department of Health and Human Services  
John Chianelli, Administrator, Behavioral Health Division (BHD)

This report reflects the most current information through June 30, 2010. The deficit relates to the State Medicaid funding. The department is currently in negotiation with various HMO's toward cost saving initiatives within their contracts.

**ACTION BY: (Schmitt) Receive and place on file the said report. Vote 5-0**

**AYES:** Thomas, Mayo, Schmitt, Johnson and Coggs (Chair)-5

**NOES:** 0

**EXCUSED:**

15. 10-284 From the Interim Director, Department of Health and Human Services (HHS) and  
the Fiscal and Budget Administrator, Department of Administrative Services  
(DAS), requesting the release of \$1,825,890 from the 2010 Behavioral Health  
Division (BHD) allocated contingency fund within capital funds to address issues  
related to the Statement of Deficiency (SOD). **(Also to the Committee on Health  
& Human Needs.)**

**APPEARANCES:**

Geri Lyday, Interim Director, Department of Health and Human Services  
John Chianelli, Administrator, Behavioral Health Division (BHD)

Discussion and comments ensued.

**ACTION BY: (Mayo) Concur with the actions of the Health and Human Needs  
Committee to approve. Vote 5-0**

**AYES:** Thomas, Mayo, Schmitt, Johnson and Coggs (Chair)-5

**NOES:** 0

**EXCUSED:**

16. 10-39 From the Director, Department on Aging, submitting an informational report on  
(a) the 2009 Year-End Income Statement of the Care and Management Organization  
(CMO) under Family Care. **(Also to the Committee on Health and Human**

SCHEDULED ITEMS (CONTINUED):

**Needs) (INFORMATIONAL UNLESS OTHERWISE DIRECTED BY THE COMMITTEE.)**

**APPEARANCES:**

Maria Leger, Director, CMO, Department on Aging  
Jim Hodson, Chief Financial Officer, CMO, Department on Aging

Mr. Hodson gave a brief overview.

Supervisor Mayo requested additional detail in the information he requested in the Health and Human Needs Committee that included ethnicity of staffing and population diversity of the mentally ill and disabled.

The Committee took not action on this informational item.

17. 10-42 (a) From the Manager of Real Estate Services, DTPW, monthly informational report for land sale closing on UWM/Innovation Park. **(Also to be considered by the Committee on Economic & Community Development.) INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

**APPEARANCE:**

Craig Dillmann, Manager of Real Estate Services, DTPW

The Committee took not action on this informational item.

18. 10-286 A resolution by Supervisor Holloway, directing that a grant in the amount of \$46,282.46 be provided to Career Youth Development, Inc., for services provided for the Victory Over Violence Grief Counseling and Survivor Center Initiative as adopted in the 2009 Milwaukee County Budget.

**APPEARANCE:**

Chairman of the County Board of Supervisors, Lee Holloway, District #5

**ACTION BY: (Mayo) Approve. Vote 5-0**

**AYES:** Thomas, Mayo, Schmitt, Johnson, and Coggs (Chair)-5

**NOES:** 0

**EXCUSED:**

19. 03-265 (a)(b) From the Director, Department of Transportation and Public Works, requesting authorization for the Director, Department of Administrative Services (DAS), and the Airport Director to sign the amendments and documents effectuating the transfer of credit assistance agreements from Midwest Airlines to Frontier Airlines, with further backing by Republic Airways Holdings.

**SCHEDULED ITEMS (CONTINUED):**

**APPEARANCES:**

Scott Manske, Controller

Scott Durgin, Vice President of Administration Republic Airways

Mr. Manske spoke to the Committee on the need to assign the credit assistance agreements with Frontier Airlines. This agreement is a better guarantee for Milwaukee County. Republic Airway Holdings is financially sound and provides a superior financial backing than Midwest Airlines. A pay down of the debt is occurring now.

Mr. Durgin provided brief comments.

**ACTION BY: (Mayo) Approve. Vote 5-0**

**AYES:** Thomas, Mayo, Schmitt, Johnson and Coggs (Chair)-5

**NOES:** 0

**EXCUSED:**

20. 10-19 A. From the Director, Department of Transportation and Public Works,  
(a) submitting notification of emergency repair pursuant to Milwaukee County Ordinance Section 44.14(6) – Examination of the Exterior of Selected County Buildings. **(INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

**ACTION BY: (Thomas) Lay Items 20 A & B over to the meeting of the Whole scheduled for Thursday, July 29, 2010, at 8:30 a.m. Vote 5-0**

**AYES:** Thomas, Mayo, Schmitt, Johnson and Coggs (Chair)-5

**NOES:** 0

**EXCUSED:**

**The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(g), for the purpose of the Committee receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation with regard to the following matter(s). At the conclusion of the closed session, the Committee may reconvene in open session to take whatever actions it may deem necessary:**

- 10-19 B. From the Director, Department of Transportation and Public Works,  
(a) submitting notification of emergency repair pursuant to Milwaukee County Ordinance Section 44.14(6) – O'Donnell Park Parking Structure. **(INFORMATIONAL ONLY UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

See Item 20A for Committee actions.

**SCHEDULED ITEMS (CONTINUED):**

**STAFF PRESENT:**

Jerome Heer, Director Audits  
Pamela Bryant, Capital Finance Manager, Department of Administrative Services (DAS)  
John Ruggini, Assistant Fiscal and Budget Administrator, DAS  
Inspector Richard Schmidt, Office of the Sheriff  
Barry Bateman, Director, General Mitchell International Airport  
Paul Kuglitsch, Contract Services, Parks  
Scott Manske, Controller, DAS  
Steve Kreklow, Fiscal and Budget Administrator, DAS  
Jon Priebe, Office of the Sheriff  
John Barrett, Clerk of Circuit Court  
Debbie Bachun, Fiscal Operations Manager, Courts  
Geri Lyday, Interim Director, DHHS  
John Chianelli, Administrator, BHD, DHHS  
Maria Leger, Director, CMO, Department on Aging  
Jim Hodson, Chief Financial Officer, CMO, Department on Aging  
Craig Dillmann, Manager of Real Estate Services, DTPW  
Davida Amenta, Fiscal and Management Analyst 3, DAS  
Steve Cady, Fiscal and Budget Analyst, County Board

This meeting was recorded on a tape. Committee files contain copies of communications, reports and resolutions, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes, along with the audio recording of this meeting, are available in the County Board Committee Services Division.

Length of meeting: 9:10 a.m. to 11:20 a.m.

Carol Mueller  
Chief Committee Clerk

**DEADLINE FOR THE FINANCE & AUDIT COMMITTEE:**

**The next regular meeting is Thursday, September 23, 2010 @ 9:00 a.m.**

All items for the agenda must be in the Committee Clerk's possession  
by the end of the business day on ***Tuesday, September 7, 2010.***