



## REPORT

LEGISLATIVE REFERENCE BUREAU

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# 5. Comptroller's Office, 2015

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## 5. Comptroller's Office

**\$4,965,882**

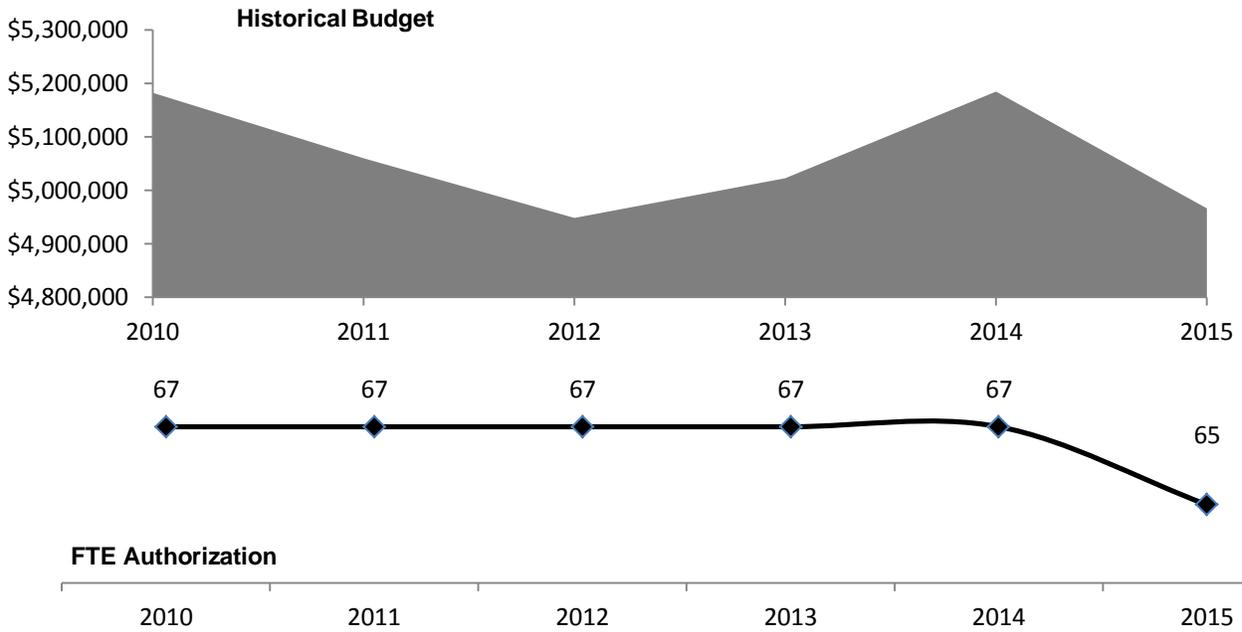
Proposed Department Budget

**-\$218,510**

Nominal Change in Proposed Department Budget

**-4.21%**

Percent Change in Proposed Department Budget



**-3.1%**

Percent Change in FTE 2014 to 2015 Proposed

**-2**

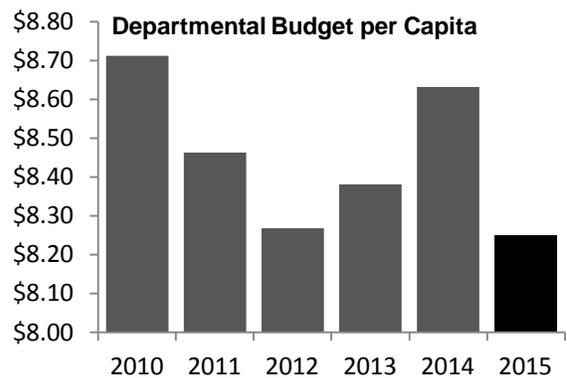
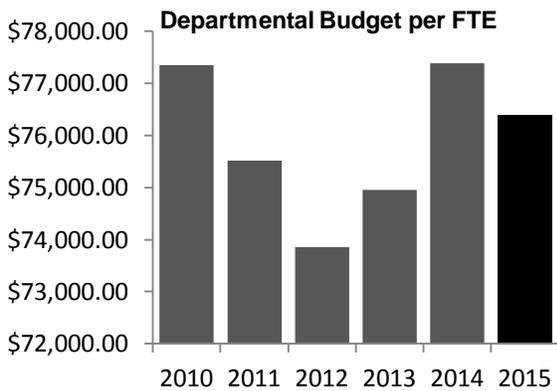
Nominal Change in FTE 2014 to 2015 Proposed

**2**

Vacant Positions

**58%**

% Eligible for Retirement within 10 years



**0.06%**

The amount of increase in State Share Revenue (General) projected in the 2015 Proposed Budget.

**11**

The number of audits planned to be conducted by the department for 2015.

**1**

The number of positions (Public Debt Specialist) proposed to shift from O&M funding to Non-O&M funding in 2015.

**30%**

The percent of department staff eligible to retire in 2014.

**-2**

The number of positions proposed for elimination in 2015.

**\$591,200**

The amount of CDBG funds requested by the department for CDBG Grant Accounting.

**-3.2%**

The percent the 2015 Proposed Budget reduces the department's Special Purpose Accounts.

**-\$863,060**

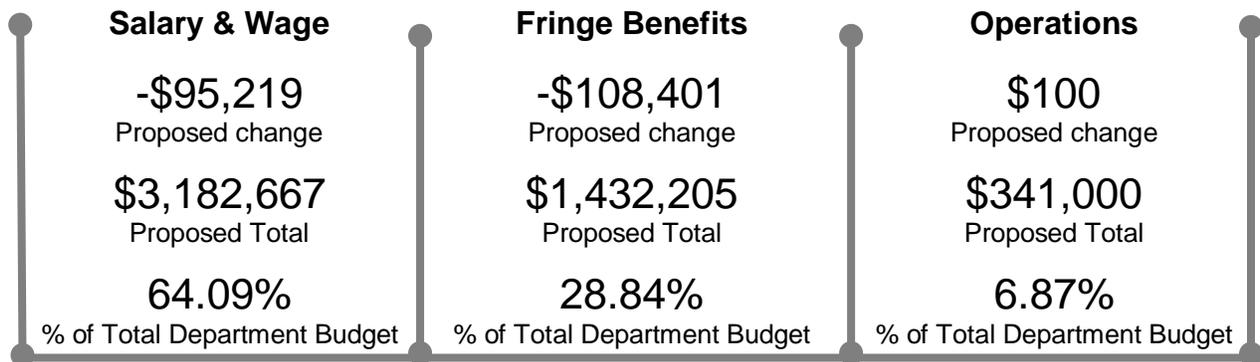
The estimated decrease (-1.7%) in Grants and Aids Projections in the 2015 Proposed Budget.

**5.9%**

The percent increase proposed for the Boards & Commissions Reimbursement Exp. SPA for 2015.

**\$6.7 Million**

The increase (1.4%) in 2015 General Fund Revenue projections over 2014.



## **II. INITIATIVES AND PROGRAMS.**

### **1. Organizational Review.**

An independent, organizational review of the Comptroller's Office was conducted by McConnell Jones Lanier & Murphy to evaluate department operations and make recommendations for improvement. The review began in August, 2013; the final report recommendations and responses were completed April, 2014.

### **2. Retirement.**

The department had one retirement in 2013, an auditor and the position has been filled. Sixteen persons in the Comptroller's Office – about 30% of staff – are eligible to retire in 2014.

So far in 2014, 2 people have retired: An Accounting Supervisor whose position has been filled by an internal promotion and a Functional Applications Manager, whose position is still vacant. General Accounting productivity has not been affected. Financial Systems Support has been covered by existing staff, ITMD and Sierra Crestone. There is an on-going concern in regards to PeopleSoft application support.

### **3. Audit Program.**

Performing internal audits is a critical task for the Comptroller. The department has completed 8 audits or reviews and 2 annual reports (audit follow-ups) so far in 2014 and expects to complete 8 more audits by year-end 2014. Fourteen audits were completed in 2013. Eleven audits are planned for 2015.

### **4. CDBG Grant Accounting.**

For 2015, the Comptroller's Office has requested \$591,200 in CDBG (\$533,400) and HOME (\$57,800) funding to support the salaries and fringe benefits for CDBG accounting and auditing services that are performed by a staff.

Activities performed exclusively by the CDBG-funded staff of the Comptroller's Office include:

- Performing preliminary reviews for newly-funded agencies and financial site reviews for existing funded agencies in accordance with the requirements of the federal government's Office of Management and Budget (OMB).
- Determining the amount of issue, monitor and control operating cash advances to subrecipient agencies.
- Reviewing, commenting, and following up on OMB's mandated audits of subrecipient agencies.
- Preparing financial statements and the Single Audit Report.
- Determining, preparing and submitting the listing of Federal Cash Transactions and the Quarterly Reconciliation of the City's lines of credit with the Federal Government.

## 5. Care of Prisoners Fund.

The Comptroller's Office has had an ongoing billing dispute with Milwaukee County since 1991 concerning charges billed to the City for prisoners held in the House of Correction on City violations. The Comptroller's Office adjusted the County's invoices to eliminate ineligible charges until April 2008 when the County's invoice detail was changed and such adjustments could no longer be made. Continued failure to budget for this fund means the City has an unfunded liability of unknown amount which will become due if a settlement is ever reached between the City and Milwaukee County. The Comptroller's Office has requested, but did not receive funding from 2012 to 2014. The Comptroller requested carryover of the remaining 2011 appropriation from 2013 to 2014; however, the carryover request was not approved. The Comptroller's Office requested \$90,000 for 2015, which reflects an estimate for 2015 charges. The department was allocated \$30,000 in the 2015 Proposed Budget. The department will continue to work with the City Attorney to resolve past years' billing issues.

See also ISSUES TO CONSIDER, Section IX.

## III. EXPENDITURES.

**Table 5.1. Changes in Expenditure Amounts by Account.**

Expenditure Account	2013 Actual	2014 Adopted Budget	% Change	2015 Proposed Budget	% Change
Salaries and Wages	\$3,111,636	\$3,277,886	5.3%	\$3,182,677	-3.0%
Fringe Benefits	\$1,451,882	\$1,540,606	6.1%	\$1,432,205	-7.0%
Operating Expend.	\$455,432	\$340,900	-25.1%	\$341,000	0.03%
Equipment Purchases	\$3,145	\$25,000	694.9%	\$10,000	-60.0%
Special Funds	\$0	\$0	---	\$0	---
Total Operating Budget	\$5,022,035	\$5,184,392	3.2%	\$4,965,882	-4.2%

### 1. Budget Summary.

The 2015 Proposed Budget of \$4,965,882 is a decrease of \$218,510 (-4.2%) from the 2014 Adopted Budget amount of \$5,184,392.

### 2. Personnel Costs.

Personnel costs in the 2015 Proposed Budget are \$4,614,882, a decrease of \$203,610 (-4.2%). Salaries and wages decreases \$95,209 (-3.0%), and fringe benefits decrease \$108,401 (-7.0%).

### 3. Operating Expenditures.

Operating expenditures for 2015 of \$341,000 are virtually unchanged from the 2014 Adopted Budget.

### 4. Equipment Purchases.

Equipment purchases in the 2015 Proposed Budget are down 60%, or \$15,000, to \$10,000 from \$25,000 projected in the 2014 Adopted Budget. This change can be attributed to the elimination of furniture purchases for the office in 2015 to meet budget constraints.

### 5. Special Funds.

None.

## IV. PERSONNEL.

**Table 5.2. Changes in Full-Time Equivalent (FTE) and Authorized Positions.**

Position Category	2013 Actual	2014 Adopted Budget	Change	2015 Proposed Budget	Change
O&M FTE's	49.16	49.84	0.68	48.34	-1.50
Non-O&M FTE's	9.34	8.66	-0.68	9.66	1.0
Total Authorized Positions	67	67	---	65	-2

### 1. Personnel Changes.

The total number of authorized positions in the department under the 2015 Proposed budget is 65, a net decrease of 2 positions from the 67 authorized in the 2014 Adopted Budget. The position changes are summarized in Table 5.3.

- **Payroll Administration:** The 2015 Proposed Budget eliminates the position of City Payroll Assistant to reflect workload changes. This position has been vacant for over 2 years.
- **Revenue and Cost Division:** The new position of Accounting Supervisor is added in the 2015 Proposed Budget to meet work load needs in the Grant Accounting section.
- **Grant Accounting:** The position of Accounting Intern (0.50 FTE) is positioned for elimination in the 2015 Proposed Budget. This position is vacant and has historically been hard to fill. This elimination of this position will also help offset the cost difference of the reclassified position of Auditor Lead (formerly Auditor).
- **Public Debt Commission:** The position of Public Debt Specialist will shift from O&M Funding to Non-O&M Funding in the 2015 Proposed Budget.

**Table 5.3. Summary of Position Changes, 2015.**

<b>Nbr.</b>	<b>Title of Position</b>	<b>Reason For Change</b>
-1	City Payroll Assistant	Eliminated to reflect workload changes.
+1	Accounting Supervisor	New position to meet work load needs in Grant Accounting section.
-1	Auditor	Position reclassified.
+1	Auditor Lead	
-1	Accounting Intern (0.5 FTE)	Eliminated to offset cost difference of Auditor Lead and Auditor positions.
-1	Auditor (Aux)	Position changes reflect needed Auxiliary authority.
+1	City Payroll Assistant (Aux)	
-1	Functional Applications Analyst-Sr (Aux)	
<b>-2</b>	<b>Net Change</b>	

**2. Vacancies.**

There are currently 2 vacant positions in the department; the positions of Functional Applications Manager (vacant since June 2014) and Assistant Accounting Manager (vacant since July 2014). Candidates were interviewed for the Functional Applications Manager Position, and an offer was made and declined. The department is reviewing how it would like to proceed. The Assistant Accounting Manager position is currently posted as an internal/promotional transfer. Interviews are expected to occur in October.

## V. SPECIAL PURPOSE ACCOUNTS (SPA).

SPAs are budgeted outside of departmental operating accounts, and control over SPAs is provided to departments by resolution. The 2015 Proposed Budget includes funding for the SPAs identified in Table 5.4.

**Table 5.4. Changes in Special Purpose Accounts by Account.**

Special Purpose Account	2013 Actual	2014 Adopted Budget	% Chng.	2015 Proposed Budget	% Chng.
Annual Payment to DNR	\$7,034	\$7,100	1.0%	\$7,100	---
Boards & Commissions Reimbursement Exp.	\$17,379	\$17,000	-2.1%	\$18,000	5.9%
Care of Prisoners Fund	\$0	\$0	---	\$30,000	100%
Contribution Fund General	\$2,900,000	\$2,900,000	---	\$2,500,000	-13.8%
Fireman's Relief Fund	\$132,632	\$145,000	9.3%	\$140,000	-3.4%
Reserve for 27th Payroll	\$1,500,000	\$1,500,000	---	\$1,500,000	---
MMSD Charge Pass-Through	\$45,140,893	\$44,790,095	-1.0%	\$45,006,352	0.5%
Total	\$49,697,938	\$49,359,195	-0.7%	\$49,201,452	-3.2%

### 1. Annual Payment to DNR, \$7,100.

This account represents a refund to the Wisconsin Department of Natural Resources' of its payment-in-lieu-of-taxes for the operation and maintenance of the Havenwoods property. The proposed funding level for 2015 is \$7,100, the same funding level as provided in the 2014 Adopted Budget.

### 2. Boards and Commissions Reimbursement Expense, \$18,000.

Reimbursement of expenses incurred by City board and commission members. Reimbursement is \$20/meeting, with a maximum of 12 meetings a year. Board of Assessment and Administrative Review Board members receive \$60 and \$180 per meeting, respectively. The proposed funding level for 2015 is \$18,000, an increase of \$1,000, (5.9%) as provided in the 2015 Adopted Budget.

### 3. Care of Prisoners Fund, \$30,000.

This account funds reimbursements to the County for transporting and housing persons convicted of City violations and sentenced to the House of Corrections. The Comptroller's Office has had an ongoing billing dispute with Milwaukee County; please see INITIATIVES AND

PROGRAMS, Section II for addition information. The proposed funding level for 2015 is \$30,000; no funding was allocated for this special purpose account in 2014 Adopted Budget.

#### 4. Contribution Fund General, \$2,500,000.

This is the expenditure authority for anticipated contribution made to the City. It is offset by the actual contribution revenue and has no tax levy impact. Actual 2013 contributions received were \$2,900,000. The proposed funding level for 2015 is \$2,500,000, a decrease of \$400,000, (-13.8%) from the amount provided in the 2014 Adopted Budget.

#### 5. Firemen's Relief Fund, \$140,000.

Contributions to the Fire Department Relief Association are regulated by s. 20-18 of the City Charter; contributions are set at  $\frac{1}{8}$  of the State Aids for Fire Insurance Premiums. The association provides assistance to injured firefighters or the families of killed firefighters. The proposed funding level for 2015 is \$140,000, a decrease of \$5,000, (-3.4%) from the amount provided in the 2014 Adopted Budget.

#### 6. Reserve for 27th Payroll, \$1,500,000.

This account provides for the accrual of payroll liability for an extra 27<sup>th</sup> employee pay period which occurs every 11 years. The next 27-pay-period year will be 2016. The proposed funding level for 2015 is \$1,500,000, the same amount was provided in the 2014 Adopted Budget.

#### 7. MMSD-Sewer User Charge Pass Through, \$45,006,352.

This account provides authority to administer MMSD sewer user charge billing, passing-through the collections to the utility. The proposed funding level for 2015 is \$45,006,352, an increase of \$216,257, (0.5%) as provided in the 2014 Adopted Budget.

### VII. REVENUES.

Revenues of \$480,000 are projected for 2015, the same amount as estimated for the 2014 Adopted Budget. These revenues, listed in Table 5.5, come from services rendered to Milwaukee Water Works and in conjunction with the recovery of delinquent taxes.

**Table 5.5. Changes in Revenue by Category.**

Revenue Category	2013 Actual	2014 Adopted Budget	% Change	2015 Proposed Budget	% Change
Charges for Services	\$499,882	\$480,000	-3.9%	\$480,000	---

In addition, the Comptroller's Office, which is responsible for estimating revenues for general City purposes, projects general fund, non-tax levy revenue will be \$481,724,869, an increase of \$6.7 million (1.4%) from the \$474,956,403 estimated for the 2014 Adopted Budget.

Table 5.6 compares actual 2013 revenues with the Comptroller's projections for 2014 and 2015 by category.

**Table 5.6. Changes in Estimated Revenue by Category.**

Revenue Category	2013 Actual	2014 Adopted Budget	% Chng.	2015 Proposed Budget	% Chng.
Taxes & PILOT Payments	\$17,499,535	\$17,931,000	2.4%	\$18,028,400	0.5%
Licenses & Permits	\$15,024,514	\$13,922,600	-7.3%	\$15,065,000	8.2%
State Shared Revenue (Gen)	\$218,788,833	\$218,752,000	-0.02%	\$218,880,000	0.06%
Intergovernmental Revenue	\$40,946,583	\$41,203,700	0.6%	\$42,946,000	4.2%
Charges for Services	\$117,839,281	\$117,421,303	-0.4%	\$122,265,869	4.1%
Fines & Forfeitures	\$4,483,325	\$4,755,400	6.1%	\$4,506,000	-5.2%
Miscellaneous	\$37,422,950	\$36,670,400	-2.0%	\$35,733,600	-2.5%
Fringe Benefit Reimburse	\$24,466,050	\$24,300,000	-0.7%	\$24,300,000	---
Total Gen Fund Revenue	\$476,471,070	\$474,956,403	-0.3%	\$481,724,869	1.4%
Property Tax	\$101,910,199	\$95,745,352	-6.0%	\$114,302,220	19.4%
TSF Withdrawal	\$14,900,000	\$20,000,000	34.2%	\$16,700,000	-16.5%
TL Gen Purpose Revenues	\$593,281,269	\$590,701,755	-0.4%	\$613,234,089	3.8%

#### Grants and Aids Projections.

Grants and aids projections for 2015 are \$49,759,391, a decrease of \$863,060 (-1.7%) from the 2014 Adopted Budget amount of \$50,622,451. Grants and aids for 2013 were \$53,875,794.

#### VIII. CAPITAL PROJECTS.

The 2015 Proposed Budget includes no funding for capital projects. There was one unfunded request (\$370,000) for a financial records imaging project. The project cannot be implemented until after the City's E-vault technology is upgraded. Funding for the E-vault upgrade (\$300,000) is included in the Department of Administration's capital budget.

**IX. ISSUES TO CONSIDER.**

1. Regarding CDBG Grant accounting, the funding provided is inadequate for the level of service. Historically, a significant amount of the unfunded CDBG costs have been absorbed by O&M and paid by the tax levy. For example, approximately \$50,000 in unfunded CDBG salaries and fringe benefits were paid with tax levy dollars. Also, last year an Accounting Specialist position was vacant for over 7 months. The cost savings from the vacancy reduced the amount of unfunded CDBG costs.
2. Given the City's current and likely future salary constraints, the City's ability to be competitive with the private sector in attracting accounting and financial professionals will need to be studied.
3. As 16 persons in the Comptroller's Office – about 30% of staff – are eligible to retire in 2014, the impact of continued retirements on productivity and work product quality and the need for succession planning will need to be examined.

Prepared by: Amy E. Hefter, Legislative Research Analyst—Lead  
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