

Minutes of the Finance Committee

Wednesday, July 6, 2016

Chair Heinrich called the meeting to order at 8:15 a.m.

Present: Supervisors Jim Heinrich, Richard Morris, Ted Wysocki, Bill Zaborowski, Tim Dondlinger, and Tom Michalski. **Absent:** Duane Paulson.

Also Present: Legislative Policy Advisor Sarah Spaeth, Administration Director Norm Cummings, Budget Manager Linda Witkowski, Information Technology Manager Mike Biagioli, Principal Financial Projects Analyst Bob Ries, and Accounting Services Manager Larry Dahl. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of June 22 & 28

MOTION: Michalski moved, second by Dondlinger to approve the minutes of June 22 and 28. Motion carried 6-0.

Next Meeting Date

- July 20

State Legislative Update

Spaeth said study committees have formed and will begin meeting soon. They recently finished a study on Aging & Disabilities Resource Center (ADRC) Boards and it appears there are not many changes being proposed at this time. She will report on this in more detail at the next meeting.

Budget Assumptions/Kick-Off Information

Cummings and Witkowski were present to discuss the June 6 budget kick-off presentation which included a PowerPoint presentation.

Discussing the external budget environment, Cummings said low interest rates will continue for the eighth or ninth year. The biggest portion of levy increase is a reduction in investment income of about \$400,000. Higher interest rates are expected beginning in 2016 and 2017 but the impact will not be felt until 2018. Moderate inflationary cost increases are expected to be around 2% although a 10% price reduction in fuel is also anticipated. New construction and its impact on tax base expansion is expected to be similar to last year, about 1%.

Cummings discussed the internal budget environment and said continued turnover savings will help limit cost growth. Health insurance costs for 2017 are budgeted below national health inflation level based on the latest actuarial report and changes to premium cost shares. Interdepartmental charges will be generally held to a 2% increase. Charges for service rates increase incrementally to cover cost to continue. Debt service levy will increase in anticipation of increased expenditures related to the construction of new courtroom facilities (construction to begin in 2018).

Revenue issues include reducing investment income \$400,000 to be more in-line with actuals. Major state/federal revenues are expected to stay flat, e.g., Human Services Community Aids and

Transportation Aids. Charges for services revenues are increasing and we can assume conservative increases where appropriate.

Witkowski reviewed departmental levy targets (increases/decreases from the 2016 adopted budget) for Justice and Public Safety; Health & Human Services; Public Works; Parks, Environment, Education and Land Use; and General Administration.

Due to long-term strategic budgeting under a challenging fiscal environment, staff will continue to identify innovative ways to collaboratively reduce costs, look for services and organizational efficiencies, invest for future payoffs, promote sustainability with cost savings, consolidate service delivery methods for efficiency, and prioritize budget resources to achieve key strategic outcomes.

Mid-Year Department of Administration Capital Projects Status Report

Cummings, Dahl and Biagioli gave an update on capital projects in the Department of Administration. Cummings said the countywide cashing project, for the most part, has been implemented and Internal Audit will be reviewing it in the near future. Enterprise content management (digitized records) including new rules on emails are ongoing and about 65% of our records have been digitized. The project is estimated to be complete in less than two years. Payroll/human resources system implementation will begin in late 2017 and is estimated to be complete in late 2018 or early 2019. The County Board Room technology/renovation project is about 40% complete. Work on the speakers, tally/voting system, and roll call will begin this week. The digitized time and attendance project is coming to a close and staff are working on some small change orders pertaining to encrypted passwords, etc.

Review End User Cost Allocation Plan

Cummings, Biagioli, Dahl, and Ries discussed this item. Copies of “End User Technology Fund Overview” were distributed and included information on trends, history, tax levy subsidy shifts to EUTF departments, cost allocation bases, preliminary 2017 EUTF allocations, server point allocations, the budget process, and 2017 highlights. The major objective of this plan is to allocate user costs based on IT resources consumed, providing opportunities for departments and programs to create cost savings through good decisions. The plan is for future budgets to continue to reduce reliance on fund balance usage and utilize cost saving measures such as virtualization and cloud usage.

Future Agenda Items

- Discuss Policy on Projecting Investment Income (Wysocki)

MOTION: Dondlinger moved, second by Michalski to adjourn at 9:37 a.m. Motion carried 6-0.

Respectfully submitted,

William J. Zaborowski
Secretary