

Minutes of the Finance Committee

Wednesday, July 19, 2017

Chair Heinrich called the meeting to order at 8:17 a.m.

Present: Supervisors Jim Heinrich, Tom Michalski, Richard Morris, Duane Paulson, Ted Wysocki, and Steve Whittow. Tim Dondlinger arrived at 8:38 a.m.

Also Present: Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth, Business Manager Lyndsay Johnson, Jail Administrator Mike Giese, Senior Correctional Facility Manager Angela Wollenhaupt, Principal Financial Projects Analysts Bob Ries and Danielle Igielski, Internal Audit Manager Lori Schubert, Accounting Services Manager Larry Dahl, Administration Director Norm Cummings, Budget Manager Linda Witkowski, Information Technology Manager Mike Biagioli, Technical Intern Rachel Ramthun, Collections & Business Services Manager Andy Thelke, Budget Management Specialist Bill Duckwitz, Senior Financial Analysts Steve Trimborn and Clara Daniels, Federated Library Director Connie Meyer, Corporation Counsel Erik Weidig, and Principal Assistant Corporation Counsel Maureen Atwell. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of June 21

MOTION: Wysocki moved, second by Michalski to approve the minutes of June 21. Motion carried 6-0.

Announcements

Paulson said the County was awarded a three-year \$914,000 grant that will allow for 150 Drug Court participants.

Next Meeting Date

- August 16

Chair's Executive Committee Report of July 17

Heinrich said the Executive Committee, at their last meeting, heard updates on the Waukesha County Center for Growth (WCCG), Regional Transit Leadership Council Executive Committee, and Wisconsin Workforce Development Association Board; approved an ordinance, a resolution and two appointments; and heard standing committee reports.

Contract Procurement Process for Inmate Medical Services

Johnson advised this five-year contract was awarded to Correct Care Solutions, the highest rated proposer, for a total cost of \$9,033,293. The first year cost is \$1,660,704 which begins in 2018 (the 2017 cost was \$1,766,932). Four bids were received for consideration.

Answering Heinrich's question, Johnson said the current vendor is also Correct Care Solutions.

MOTION: Whittow moved, second by Michalski to approve the contract procurement process for inmate medical services. Motion carried 6-0.

Contract Procurement Process for Public Health Division Operations Audit Services

Schubert advised this contract was awarded to Wipfli, the highest rated proposer, for a total cost of \$71,000. The budgeted amount is \$110,565. Two bids were received for consideration.

MOTION: Wysocki moved, second by Morris to approve the contract procurement process for Public Health Division operations audit services. Motion carried 6-0.

Contract Procurement Process for Financial Records Auditing Services

Ries advised this five-year contract was awarded to Baker Tilly Virchow Krause, the highest rated proposer, for a total cost of \$640,000. The first year cost is \$120,000 and the budgeted amount is \$135,000. Four bids were received for consideration.

Dondlinger arrived at 8:38 a.m.

Wysocki expressed concerns about the length of this contract and our 25-year relationship with this firm but he respects this process. Heinrich agreed.

MOTION: Michalski moved, second by Paulson to approve the contract procurement process for financial records auditing services. Motion carried 7-0.

Overview of the Comprehensive Annual Financial Report (CAFR)

Dahl highlighted the Waukesha County CAFR, prepared by Baker Tilly, an outside auditor. This included changes from prior years for the year ending 2016, the auditor's opinion, management analysis and discussion, introductory and financial sections, General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Proprietary Funds, Fiduciary Funds, Long Term Debt and Capital Assets, and the statistical section.

Dahl noted this report serves the same purpose as a corporate financial report and reflects actual County budgetary results. It is utilized by investors and credit rating agencies for bond issue purposes and also regulators, granting agencies, etc. It is prepared in conformity with generally accepted accounting principles set by the Governmental Accounting Standards Board. Dahl advised for 2015 and the 29th year in a row, the County received the Government Financial Officer's Association (GFOA) award for excellence in financial reporting. He expects this to continue for the 2016 report and beyond.

MOTION: Dondlinger moved, second by Paulson to accept the 2016 CAFR. Motion carried 7-0.

Budget Assumptions/Kick-Off Information

Cummings and Witkowski discussed the recent 2018 budget kick-off presentation which included a PowerPoint presentation.

Cummings reviewed the external budget environment which included: Revenues from interest and penalties on delinquent taxes continue to decline (reduction of \$350,000 for 2018), revenue from investment income reduced \$250,000 to reflect the reduced interest rate trend, major state and federal revenues are expected to stay flat, moderate inflationary cost increases continue around 2%, a 10% reduction in fuel prices, and tax base growth from net new construction is estimated at 1.5%-1.7%. The internal budget environment included: Personnel (return to normal growth rates after significant turnover savings), health insurance costs for 2018 are budgeted below national health inflation based on the latest actuarial report, interdepartmental charges are generally held to a 2%

increase, charges for services rates increase incrementally to cover cost to continue along with increasing activity, and increased Debt Service levy in anticipation of increased expenditures related to construction of new courtroom facilities (construction starts in 2018).

Responding to Wysocki's concerns about ongoing budget deficits due to reduced revenues, Cummings advised the County tax levy will increase more than in previous years.

Witkowski reviewed departmental levy targets and increases/decreases from the 2017 adopted budget for the areas of 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 (ROI imperative), promote sustainability with cost savings, consolidate service delivery methods for efficiencies, and prioritize budget resources to achieve key strategic outcomes.

Mid-Year Department of Administration Capital Projects Status Report

Cummings, Thelke, and Biagioli gave an update on Department of Administration capital projects including Countywide cashiering, enterprise content management, Payroll/Human Resources information systems, and the County Boardroom technology upgrade project. No major concerns were raised.

Mid-Year Department of Administration Budget Status Report

Cummings, Thelke, and Biagioli gave an update on the Department of Administration's strategic objectives which include establishing a Countywide Information Governance Plan, replacing the current Payroll/Human Resources information systems, continuing implementation of the on-site shared clinic, continuation of the centralized Process Improvement Resources (PIRs) Committee (Lean), and moving functions off County servers to cloud service environments. No major concerns were raised.

Ordinance 172-O-018: Accept Child Support Employment And Training Partnership Award And Modify The 2017 Corporation Counsel, Child Support Division Budget To Appropriate The Award

Weidig and Atwell discussed this ordinance as outlined which involves accepting a Child Support Employment and Training Partnership Award for \$27,000 from the State of Wisconsin Department of Child and Families Bureau of Child Support. The funds will be used for certain office improvements and special projects to benefit the Child Support Division and Children First Program in the delivery of services. Atwell briefly explained the program.

Intergovernmental revenues and personnel costs will increase as follows: \$16,500 for temporary extra help, wages, and benefits for a file-cleaning scanning project; \$4,500 for security glass at the child support counter; \$2,500 for office furniture; and \$3,500 for Children First Program enhancements to identify non-custodial parents that need employment services. Any portion of the award not expended during 2017 will be reserved for appropriation in 2018, either through the annual carryover ordinance or the 2018 budget process. This ordinance has no direct impact on the 2017 tax levy.

MOTION: Wysocki moved, second by Paulson to approve Ordinance 172-O-018. Motion carried 7-0.

Resolution 172-R-001: Adopt The Waukesha County 2017-2021 Library Services Plan And Approve The New County Library Standards

Meyer advised the Waukesha County Library Planning Committee (LPC) met from August 2016 to March 2017 and revised the County Library Services Plan. The LPC endorses the existing formula for collecting taxes from residents that live in non-library (True Non-Resident – TNR) communities for borrowing privileges at any of the 16 public libraries in the County. This collection formula uses a simple average circulation method, where County-taxed TNR communities pay a share of the library operating tax proportionate to their overall use of library materials in the County. The LPC recommends no change to the distribution formula, except for an administrative adjustment to the method by which an interlibrary loan is counted to better track actual usage and encourage libraries to share. It also recommends approval of new standards for County libraries that would replace current standards that have been previously approved by libraries pursuant to the requirements set forth in Section 43.11 (3) (d), Wisconsin Statutes. In addition, the LPC recommends that the County Board, by separate ordinance, amend Section 11-8 of the County Code to reflect the statutory authority vested in the regional library system board for making decisions regarding its state-funded appropriation. See below.

MOTION: Wysocki moved, second by Paulson to approve Resolution 172-R-001. Motion carried 7-0.

Ordinance 172-O-017: Amend The Waukesha County Code Of Ordinances Section 11-8 Based Upon The Adoption Of The Waukesha County 2017-2021 Library Services Plan

Meyer said this ordinance, related to 172-R-001 above, amends the County Code to read: “During years when the decrease in total available Library Tax Levy produce a deficit in (4) large enough that [4(b)] cannot be satisfied, limits will be adjusted on allowable decreases in distributions to individual libraries by 5 percentage points and \$5,000, incrementally, until the deficit can be offset with proportional reductions in preliminary allocations to comply with [4(b)], with the exception that no individual library’s reduction may exceed 25% of its prior year distribution.”

MOTION: Paulson moved, second by Morris to approve Ordinance 172-O-017. Motion carried 7-0.

State Legislative Update

Spaeth said the State budget is still being debated, primarily due to differing ideas and proposals for transportation funding. Spaeth gave updates on the Tax Reform Project and the Department of Transportation Reform Bill. The legislature is currently in recess.

MOTION: Dondlinger moved, second by Whittow to adjourn at 11:41 a.m. Motion carried 7-0.

Respectfully submitted,

Thomas A. Michalski
Secretary