

Waukesha County Board of Supervisors

**Minutes of the Finance Committee
Wednesday, November 16, 2022**

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

Present: Supervisors Tyler Foti, Larry Bangs, James Batzko, Darryl Enriquez, Joel Gaughan, and Richard Morris.

Absent: Jim Heinrich

Also Present: Chief of Staff Sarah Spaeth, Legislative Policy Advisor Sarah Fraley, Administrative Specialist Barbara Hollander, Budget Manager Bill Duckwitz, Engineering Services Manager Karen Braun, Budget Management Specialist Stephanie Hall, Facilities Manager Shane Waeghe, Fleet Maintenance Manager Tom Zembruski, Principal Projects Financial Analyst Linda Hein, Financial Analyst Britan Smith, Deputy County Treasurer Theresa Schultz, Principal Financial Projects Analyst Bob Ries, Accounting Services Manager Danielle Igielski, Senior Financial Analyst Marisa Schlichting and Business Manager Rhiannon Cupkie.

Approve Minutes of November 9

MOTION: Morris moved, second by Gaughan to approve the minutes of November 9. Motion carried 6-0

Next Meeting Dates

- December 14

Executive Committee Report of November 14

Spaeth reported that the two ordinances just discussed were approved. Baker Tilly, contract auditor, introduced themselves, and will be back in December with the 2023 audit plan.

Discuss and Consider 177-O-070 Modify The 2022 Capital Project Budget to Appropriate Additional Expenditures For Capital Project #201611 CTH C, Hasslinger Drive Intersection, Funded With Prior-Year Project Revenues

Duckwitz and Braun were present to discuss this item. Duckwitz explained that in 2015, the DPW Engineering Division started to do some in-house engineering and design so they could claim federal revenues. Some of the projects early on in this process were accounted for incorrectly and this ordinance is to correct that. Reimbursement for that revenue was supposed to remain in the Capital Project fund and used to net off the expenses. Some of the revenue associated with the outside design work went to the operating budget, transportation fund along with the revenue that goes with the staff. That netting of costs never happened, so it consumed a larger portion of the Capital budget than was anticipated.

This ordinance is seeking to take that revenue that was meant to go to capital projects and put it back in the capital project fund to pay the final bills that are coming in now. The expectation is that this will not be an issue in the future.

MOTION: Morris moved, second by Batzko to approve Ordinance 177-O-070. Motion carried 6-0

Discuss and Consider 177-O-071 Modify The 2022 Budget for Inflationary Impacts Related To Fuel, Vehicle Parts, and Utilities, Funded With American Rescue Plan Act Revenues

Duckwitz gave a presentation on this item. Higher prices have been affecting the nation and one area that is noticeable in the County is vehicle prices, vehicle parts and utilities, particularly electricity and natural gas. Fuel costs have been affected by increase in demand as the pandemic restrictions ease, reduction in supply as refineries went offline, and global conflict. Parts are affected by supply chain reductions and scarcity of parts. Utilities are affected by disruptions to supply chains and the cost to transport fuel.

Some of the over budget amounts could have been addressed by doing a number of funds transfers and ordinances. Instead, ARPA funds are proposed because it is categorically eligible, and County policy is to use more restrictive funds first rather than general dollars.

MOTION: Bangs moved, second by Enriquez to approve Ordinance 177-O-071. Motion carried 6-0

3rd Quarter Report on Special Revenue and General Funds

Duckwitz presented on this item. For nine months of 2022, total General Fund expenditures are \$128.3 million or 65.0% of the total modified expenditure budget versus expenditures for the same period in 2021 at \$129.6 million or 68.4% of total 2021 actual expenditures. Operating revenues achieved during the first nine months of 2022 are at \$61.8 million or about 60.0% of the modified revenue budget versus about \$62.1 million or 58.6% of revenues recognized for the first nine months of 2021.

Overall, the nine-month projection estimates that the General Fund will finish favorably by \$6.3 million or 3.2% of the modified expenditure budget of \$197.5 million. Contributing to this projected favorable variance are estimated below budget personnel costs of \$5.9 million, or 5.0%, which is partly due to low unemployment generating a competitive labor market that is resulting in higher-than-normal vacancy and turnover levels across multiple departments. In addition, the report assumes \$1.3 million of indirect cost reimbursement through the American Rescue Plan Act (ARPA) that was not anticipated when the 2022 budget was developed (recognized in Non-Departmental).

Regarding Special Revenue funds, for nine months of 2022, all funds except for the Community Development Fund, are projected to finish the year with favorable or break-even results. The unfavorable results in the Community Development Fund are due to the timing of repayments from revolving loan and program income recipients.

Duckwitz identified the potential need for fund transfers for Circuit Court, the Medical Examiner's Office and Health and Human Services for the General Fund; and Health and Human Services – Aging and Disability Resource Center Contract Fund for Special Revenue Fund.

MOTION: Bangs moved, second by Gaughan to accept the 3rd quarter report on Special Revenue and General Funds. Motion carried 6-0

Discuss and Consider Ordinance 177-O-072 Cancellation of 2019 Unredeemed Checks Issued by County Treasurer

Schultz presented on this item. This is the annual request to cancel unclaimed checks and place the monies in an unclaimed funds account.

MOTION: Morris moved, second by Batzko to approve Ordinance 177-O-072. Motion carried 6-0

3rd Quarter Investments Report

Ries presented on this item. The total return for the quarter was up 24 basis points from the previous quarter, at 0.39%. For the year ending September 30, 2022, County investments returned 0.99%. Total interest earnings for the quarter were \$1,175,485, up \$795,165 from the 2nd quarter, due to the addition of \$39.3 million of ARPA funds during the 2nd quarter, as well as the higher yields present in the market. Realized gains/ losses on sales of lower yielding securities, which were replaced by higher yielding securities that should benefit the County in the long run, increased \$33,904 compared to the prior quarter. Average invested balances increased \$55.6 million compared to the previous quarter, due to the ARPA funds, as well as the proceeds of second installment

property tax collections and the receipt of property tax credits from the State of Wisconsin. The rolling four quarter average of quarterly invested balances has increased in recent quarters, due to the receipt of ARPA funds from the federal government in 2021 and 2022.

The market-based report shows that for the 3rd quarter, the PFM, Dana and Galliard Corporate portfolios outperformed their benchmarks, while the Galliard portfolio underperformed. For the year ending September 30, 2022, the PFM portfolio outperformed their benchmark, while the Dana, Galliard and Galliard Corporate portfolios underperformed. With the expectation of higher interest rates, movement in yields continued to be higher during the quarter (2 year 4.17% up from 2.99%, 5 year 3.96% up from 3.07%, 10 year 3.71% up from 3.03%), leading to continued negative market returns.

MOTION: Enriquez moved, second by Bangs to accept the 3rd Quarter Investments Report. Motion carried 6-0

3rd Quarter Proprietary Funds Report

Hein and Smith were present to discuss this item. Hein presented the report on the County's enterprise and internal service funds. Those funds that showed a net income were Health Insurance (\$1,443,796); Naga-Waukeee Golf Course (\$375,228); Moor Downs Golf Course (\$125,760); Naga-Waukeee Ice (\$6,356); Eble Park Ice Arena (\$56,656); Materials Recycling (\$295,628); Vehicle/Equipment Replacement (\$1,665,685); Central Fleet (\$130,619); Risk Management/Workers Compensation (\$1,095,468); Collections (\$88,827); and End User Technology (\$1,735,744). Those funds that showed a net loss were Airport (-\$278,330); and Radio Services (-\$64,597);

MOTION: Bangs moved, second by Enriquez to accept the 3rd Quarter Proprietary Funds Report. Motion carried 6-0

Contract Procurement Process for 2022025 – Enterprise Resources Planning and Human Capital Management System Study

Iglielski presented on this item. This is the RFP process to hire a consultant to help the County conduct a needs assessment. They will build an RFP as well as provide estimates on what systems will meet our needs and the costs to ensure the budget is sufficient. The \$96,900 is for the RFP process, and the additional \$50,700 in options are for vender selection and contract negotiations. Two entities bid; one was priced out because their bid was more than double what was budgeted. Berry Dunn, McNeil & Parker were interviewed and references from other municipalities resulted in positive feedback.

MOTION: Batzko moved, second by Gaughan to approve the contract procurement process for 2022025 – Enterprise Resources Planning and Human Capital Management System Study. Motion carried 6-0

MOTION: Morris moved, second by Gaughan to adjourn at 9:58 a.m. Motion carried 6-0

Respectfully submitted,



Joel R. Gaughan
Secretary – Finance Committee