

TO: THE HONORABLE BOARD OF SUPERVISORS OF OZAUKEE COUNTY, WISCONSIN

The mission of the Ozaukee County Finance Department is to facilitate effective and efficient fiscal management while maintaining accountability for the financial resources in accordance with generally accepted accounting principles (GAAP).

Ladies and Gentlemen:

Ozaukee County retains the lowest tax levy rate in the state. According to the US Census Bureau, the taxpayer for the average valued home in this county pays less in county property tax dollars than the average homeowner in any of the other 26 state counties surveyed in 2006. I would expect those same results in 2007 as well as 2008 considering the last two consecutive years of rate increases being less than new construction.

Ozaukee County still enjoys a 1Aa bond rating, adequate undesignated reserves, very low debt load, and a new capital reserve fund to supplement major capital expenditures. The County has benefited from recent historical lows in health insurance premium increases. In the last two years, the rate increases have been zero and 4%. The jail continues to experience full boarding capacity. Investments of County money continue to receive higher than market returns for very low risk ventures. Our number of full time equivalent employees (FTE) continues the six-year downward trend. The annual budget has morphed from alternating peaks and valleys to a predictable, gradual incline.

Areas of concern remain, even if the focus has shifted in recent years. Golf courses, once a source of profits, are having a difficult time breaking even. The increase in number of competing golf courses and the decrease in demand are affecting the bottom line of Ozaukee County as well as private providers. Our highway infrastructure has had years of deferred maintenance resulting in an annual lowering of our highway condition rating. Frequent early maintenance extends surface life at minimal cost, delaying the expensive cost of highway refurbishing or reconstruction. Lasata nursing home continues to receive lower state reimbursements for our residents care. The vast majority of clients are Medicaid eligible. Contracts with the various labor organizations are requiring more time and effort to negotiate. Tax delinquencies have risen with the overall decline in the housing industry. Most of that increase appears to reside with speculative builders rather than individual homeowners.

GENERAL ACCOUNTING

The Comprehensive Annual Financial Report (CAFR) published by the Finance Department received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). This is the acknowledged standard for governmental reporting and the second year in a row we received this premier award.

We are in the process of updating our financial software. Two years after implementation, we have streamlined our accounting processes and are able to utilize that advantage to stabilize and improve our system. We expect to train County staff in the changes in short order. I continue to be amazed at the progress made throughout the County in usage, increased skill, and quality of output since changing our software.

PAYROLL

Government payroll is much more complicated than for our business counterparts. Four union contracts, non-represented staff, 24/7 operations at the Sheriff and Lasata, step increases, elected officials, shift and weekend premiums, comp time, sick and vacation accruals, seasonal and part-time, etc. all contribute to this complexity. The County manages this process with only one FTE in Finance and less than three FTE's total for over 400 full-time and over 300 seasonal and part-time employees. Ms. Laura Reynolds, Payroll Manager, has shown the commitment to her work and the integrity necessary to earn the trust of all our county employees. The department has called upon Ms Reynolds numerous times to work weekends and nights to accommodate the strict time constraints for legal reporting and holiday schedules. In 2007 payroll issued almost 14,000 employee checks. Efficient payroll processing and effective service has earned us the confidence and trust of our employees.

PURCHASING AND ACCOUNT PAYABLE

Our Purchasing Manager, Mr. Robert Possley, continues to save the County money through utilizing government contracts, vendor discounts, volume purchasing, and negotiated pricing. We continue to seek vendor term discounts that play to our strength of prompt, efficient payment. This year we saved over \$26,000 by taking advantage of term discounts for prompt payment. Comparative shopping and negotiated pricing remain an effective way to keep County costs down.

Ms. Marilyn Geissler, Accounting Specialist, is the person primarily responsible for paying vendors. Marilyn takes seriously the role of making sure all invoices are for the items authorized, quantities ordered, and agreed upon terms. In 2006, she issued about 15,000 accounts payable checks resulting from over 32,000 invoices.

INTERNAL AUDITING

Maintaining effective internal controls and showing employees that the County does inspect those controls is the best way to avoid costly errors and irregularities. This year we audited all cash accounts within the County and the cash collections of the Register of Deeds. Opportunity is always present for improving the way we safeguard the County's assets.

SUMMARY

Ozaukee County is recognized as a desirable place to live with a strong fiscal foundation. The County benefits from an economy of scale where we are large enough to service many of our own needs but small enough to react quickly to problems. Effective and efficient fiscal management, as stated in our mission statement, remain central to perpetuating this standard. Our taxpayers expect us to be good stewards of their funds, and our staff is thankful for the opportunity to serve Ozaukee County.

Respectfully submitted,
Andrew Lamb, CPA, CIA
Finance Director