

SHEBOYGAN COUNTY PROGRAMS
January 28, 2009

Department: Finance

Date: March 2, 2009

Program	Description	Priority	Service Level Required	2008 Actual Expense	2009 Budgeted Expense	2009 Budgeted Grants/Fees Revenue	2009 Tax Levy
Financing Activities	Administration of the process of borrowing funds for capital projects and compliance with SEC and IRS regulations	1	N/A	37,580	40,139	923	39,216
Financial Analysis & Planning	Preparation of fiscal notes, long range budget planning, various financial projections as needed by Finance Committee, County Board or departments	2	N/A	51,586	55,713	587	55,126
Purchasing	Administration of county-wide purchasing procedures, review of all capital outlay purchases, support to departments	3	N/A	93,153	99,935	1,678	98,257
Support Activities	System maintenance, upgrades, training, report writing and department support with software implementation, budgeting and other financial issues	4	N/A	234,608	252,458	74,886	177,572
Revolving Loan Fund	To stimulate economic development and job creation and retention	5	N/A	7,429	7,823	7,823	0
Totals				424,356	456,068	85,897	370,171

SHEBOYGAN COUNTY PROGRAM EVALUATION QUESTIONNAIRE
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DEPARTMENT: Finance

DEPARTMENT MISSION STATEMENT:

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PROGRAM: FINANCING ACTIVITIES

1. **Describe the program, its purpose and goals.** Bonding is the process of borrowing funds to finance capital project expenditures authorized by the five-year capital plan. Financing activities includes the initial bonding process, the continuing disclosure required by SEC regulations and compliance with IRS arbitrage regulations.
2. **Who is the program intended to serve? How many are served?** The program directly serves the County Board to provide funding for large projects approved in the Five Year Capital Plan, and indirectly serves the residents of Sheboygan County who will benefit from the projects that are financed with bonds.
3. **Are the program benefits long-lasting and essential to the service populations?** The program benefits are very long lasting since most capital projects provide buildings, equipment or other projects that last many years.
4. **Is this program directly or indirectly related to or does it support any other program in this department or another department? If so, how?** Yes, bonding provides funding of capital projects initiated by a number of departments.
5. **How does this program make the department or county government more effective or efficient, including any intergovernmental relationship?** It provides a way to fund major projects that positively impact the lives of many residents, such as the UW Sheboygan campus projects, airport improvements, highway projects, etc.
6. **How do you determine/measure if this program has been effectively provided and implemented?** Our high quality, Aa2 bond rating is an indication of our effective use of borrowed funds, as well as a good measure of our overall financial health.
7. **Could the county cost-effectively subcontract this program?** The county already contracts with an underwriter and bond counsel to handle the legal details surrounding a bond issue.
8. **State the numerical ranking of this program compared to all programs in your department and briefly explain.** #1 in priority of the discretionary programs because it is critical that we be able to borrow money to fund our ongoing capital improvement program (Five Year Capital Plan).
9. **Are there current alternatives to this program available in the community? Can this program be provided through alternative arrangements with other providers?** No.
10. **If this program were eliminated, what would be the ramifications for the County (i.e., added risk, liability or legal issues)?** No legal ramification from not bonding. However, if we do bond the disclosure and other IRS requirements are substantial and penalties severe if we do not comply.

11. **What is the program impact and effectiveness related to the program cost? (Provide data if available.)** Since governments are allowed to issue tax-exempt debt, borrowing can be a very effective way to finance large projects at relatively low interest rates. Another benefit of borrowing is that it spreads the cost (debt service) of larger, more permanent projects to the future taxpayers who will receive the benefit of the new buildings, roads, etc over the coming years.
12. **Is this program currently duplicated by another county department or provider in the community?**
No.
13. **What adjustment or plan of action would you implement if funding is reduced?** We are already bonding every other year to save on bond issuance costs and make the process more efficient. There would most likely not be any adjustments we could make to this program.

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PROGRAM: FINANCIAL ANALYSIS & PLANNING

1. **Describe the program, its purpose and goals.** To work with the Finance Committee, County Board Chairman and Administrator on long range budget planning and financial strategies. Many activities of the county require financial analysis to determine the best course of action, including; studies relating to Rocky Knoll, IGT reimbursement, health insurance costs, long range fiscal outlook plan and others. Most County Board ordinances and resolutions require financial analysis and fiscal notes to be prepared by the Finance Department. The goal of this program is to assist the County Board in maintaining sound fiscal health now and in the future.
2. **Who is the program intended to serve? How many are served?** This program directly serves the County Board and internal departments and indirectly all of the taxpayers of the county.
3. **Are the program benefits long-lasting and essential to the service populations?** The benefits of the program are long lasting because good financial planning can save millions of dollars in the long run. Resolution #18 (2002/2003) is an example of good financial planning that resulted in refinancing our pension liability to the state of Wisconsin, saving the county millions of dollars in interest cost.
4. **Is this program directly or indirectly related to or does it support any other program in this department or another department? If so, how?** The preparation of fiscal notes and other analysis activities are available to all committees and departments on an as needed basis and directly support the operations of those departments. Fiscal notes also provide County Board supervisors with important financial information to assist in making voting decisions. The preparation of fiscal notes is required by County Board ordinance in situations affecting employee pay or benefits.
5. **How does this program make the department or county government more effective or efficient, including any intergovernmental relationship?** The benefit from analysis and planning includes the potential for cost reduction and revenue enhancement. The PEPC process itself is an example of good financial planning and has resulted in an improved understanding of our programs and services and served as a useful tool for decisions on program elimination.
6. **How do you determine/measure if this program has been effectively provided and implemented?** By documented cost savings or revenue enhancement. One example of successful analysis and planning is the payoff of our unfunded pension liability to the State, which saved more than \$40,000,000 of future interest costs.
7. **Could the county cost-effectively subcontract this program?** Financial planning related to government programs and services could probably not be subcontracted because an in depth knowledge of county policies, programs and services requires years of experience. Paying a consultant to spend the time necessary to acquire and maintain this knowledge would be cost prohibitive, if it were even possible to achieve.
8. **State the numerical ranking of this program compared to all programs in your department and briefly explain.** Ranked #2 of all discretionary programs, following the Financing Activities Program which is required in order to borrow for our capital improvement program.

9. **Are there current alternatives to this program available in the community? Can this program be provided through alternative arrangements with other providers?** No.
10. **If this program were eliminated, what would be the ramifications for the County (i.e., added risk, liability or legal issues)?** There could be substantial financial risk from making bad business decisions due to the lack of appropriate information. As an example, without the preparation of fiscal notes for resolutions and ordinances, it would be impossible to know what our new legislation will cost. Without financial analysis we might have continued paying the State of Wisconsin for our unfunded pension liability at 8% interest. Analysis proved that refinancing could save millions in future interest costs.
11. **What is the program impact and effectiveness related to the program cost? (Provide data if available.)** The program impact is very large. The example above for Resolution #18 details the savings due to refinancing of the unfunded pension liability.
12. **Is this program currently duplicated by another county department or provider in the community?** No.
13. **What adjustment or plan of action would you implement if funding is reduced?** If a reduction in staff hours were called for in the Finance Department, the time available for analysis could be reduced and work would be delayed or, in some cases, not performed.

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PROGRAM: PURCHASING

1. **Describe the program, its purpose and goals.** The purchasing function is responsible for coordination of purchasing activities for all county departments. Shared service opportunities between county departments as well as with other agencies are sought. The Purchasing Agent reviews all requests for capital outlay expenditures during the annual budget process to determine if pricing is correct and to look for opportunities to transfer equipment between departments rather than making new purchases. The purchasing agent also gets involved with disposal of assets, sale of county property, contract negotiation and other activities as directed by the Finance Director or Administrator.
2. **Who is the program intended to serve? How many are served?** All county departments are served by this function.
3. **Are the program benefits long-lasting and essential to the service populations?** The efficiencies gained have the potential to have a long-term financial impact.
4. **Is this program directly or indirectly related to or does it support any other program in this department or another department? If so, how?** This program supports all other county departments with assistance in purchasing of large items, contracts for services, outsourcing, etc.
5. **How does this program make the department or county government more effective or efficient, including any intergovernmental relationship?** By negotiating buying agreements that reduce costs for supplies and other major cost centers, producing RFP's, reviewing capital outlay purchases, etc.
6. **How do you determine/measure if this program has been effectively provided and implemented?** The purchasing function has provided documented savings in a number of areas with a total savings in excess of \$1 million.
7. **Could the county cost-effectively subcontract this program?** This program needs to have a very detailed knowledge of and a good working relationship with all departments. There needs to be constant contact between the purchasing agent and department staff in order to generate efficiencies. This would be difficult to do with a subcontractor.
8. **State the numerical ranking of this program compared to all programs in your department and briefly explain.** #3 in the discretionary programs, because we could operate without a centralized purchasing function and still be in compliance with state statutes and generally accepted accounting principles. However, the importance of this function is significant because it has the potential to generate large dollar savings.
9. **Are there current alternatives to this program available in the community? Can this program be provided through alternative arrangements with other providers?** Not to my knowledge.

10. **If this program were eliminated, what would be the ramifications for the County (i.e., added risk, liability or legal issues)?** Potential cost savings would be eliminated, but there would be no legal implications.
11. **What is the program impact and effectiveness related to the program cost? (Provide data if available.)** Bernie Rammer maintains a list of cost saving initiatives realized as a result of having a centralized purchasing function. That list is available for review by the committee if so desired. Total cost savings since the inception of the Purchasing Agent position is in excess of \$1 million.
12. **Is this program currently duplicated by another county department or provider in the community?** This is the only centralized purchasing function for the county although all departments are involved in the purchasing cycle to some extent; issuing check requests, purchase order approval, etc.
13. **What adjustment or plan of action would you implement if funding is reduced?** The Purchasing program has recently been streamlined so that the City and County share the services of the County Purchasing Agent. This resulting in an annual cost savings of about \$40,000 for both the City and County. Reducing this program would not be a cost effective strategy.

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PROGRAM: SUPPORT ACTIVITIES

1. **Describe the program, its purpose and goals.** The purpose of this program is to provide service and support to other departments in the areas of budgeting, capital projects, financial reporting, training on the use of JD Edwards and special projects related to financial process improvement and enhancement of our computer system, as well as performing necessary routine maintenance of the JD Edwards software.
2. **Who is the program intended to serve? How many are served?** This program serves all other departments in the county. Department heads, managers and certain other staff are directly served and all other employees are indirectly served.
3. **Are the program benefits long-lasting and essential to the service populations?** The services are long-lasting in that much of our support activity is geared toward training so that department staff can get the most benefit out of our investment in JD Edwards.
4. **Is this program directly or indirectly related to or does it support any other program in this department or another department? If so, how?** This program directly supports all other county departments with any and all accounting and JD Edwards related tasks; including budgeting, budget adjustments, generating financial statements and other reports, using the purchasing and accounts payable functions of JD Edwards, receipting of cash payments, automation of manual spreadsheets and other tasks.
5. **How does this program make the department or county government more effective or efficient, including any intergovernmental relationship?** By assisting the other departments with budgeting, accounting and other tasks they can focus on their core mission. This will help them to provide better service in their areas and will also help us to standardize the preparation of budgets and other financial document across the county, for better reporting to the County Board.
6. **How do you determine/measure if this program has been effectively provided and implemented?** Timely preparation of purchase orders, receipting, billing, budgeting, financial reporting and other system functions is the measure of effectiveness for the software support portion of this program. In addition, timely and appropriate support of other departments with regard to budgeting or other accounting issues is another measure of success. The Finance Department has been successful in all providing support in all of these areas based on comments from other departments and also based on objective measures such as accounts payable checks issued in time, etc.
7. **Could the county cost-effectively subcontract this program?** Upgrades and other JD Edwards software modifications could be subcontracted, but the cost would be \$120-150 per hour with no guarantee that the work would be any better than as provided by our own staff. The knowledge that our own staff has been able to acquire is extensive and allows us to perform complicated programming and other software modifications. Without this function, our cost to maintain and improve the JD Edwards software would be many times higher than it is now. Software maintenance and support is a vital function necessary to insure the integrity of our accounting system.

8. **State the numerical ranking of this program compared to all programs in your department and briefly explain.** #4, only because the other functions are mandatory due to generally accepted accounting principles. Regardless of the rank, this is a very important function.
9. **Are there current alternatives to this program available in the community? Can this program be provided through alternative arrangements with other providers?** No, this is a service that other providers would not be able to provide due to its proprietary nature.
10. **If this program were eliminated, what would be the ramifications for the County (i.e., added risk, liability or legal issues)?** No immediate legal ramifications but without ongoing maintenance, we could not assure that our accounting data was free from corruption. If corrupted, the entire system could crash, which could trigger legal issues with nonpayment of invoices, inaccurate financial statements, etc.
11. **What is the program impact and effectiveness related to the program cost? (Provide data if available.)** The impact of the program is to assure that our accounting data is uncorrupted and to help other departments become more efficient. If this program were eliminated, other departments would have to spend more time working on accounting & financial issues. The result would be that less time would be available for the core activities of the departments and more time spent on administrative issues. In addition, without this program we would be unable to fulfill requests from other departments to automate business activities within the JD Edwards software. This would result in a failure to maximize our investment in JD Edwards.
12. **Is this program currently duplicated by another county department or provider in the community?** No, this is strictly a function of the Finance Department.
13. **What adjustment or plan of action would you implement if funding is reduced?** One staff position devoted to JD Edwards support could be eliminated. However, the result would be reduced service to other departments and the possibility of accounting system failure.

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PROGRAM: REVOLVING LOAN FUND

1. **Describe the program, its purpose and goals.** The revolving loan fund is designed to provide seed money in the community to stimulate economic development and attract or retain good-paying jobs for the residents of Sheboygan County. The loans are repaid with interest and loaned back out to other businesses.
2. **Who is the program intended to serve? How many are served?** Any business located in Sheboygan County and meeting the criteria of the revolving loan fund committee may apply for a low interest loan. Current beneficiaries of the program are:
 - a. Vorpahl Farms
 - b. Germerican
 - c. Conventure
 - d. Copper Penny Café
 - e. Rathgen Greenhouse
 - f. Fresh Brands
 - g. Perfect Circle Tire
 - h. Renaissance Bakery
 - i. Goeser Dairy
 - j. Urbane Hospitality
 - k. Gartman Dairy
 - l. Café Kita
3. **Are the program benefits long-lasting and essential to the service populations?** The benefits are potentially long lasting and may or may not be essential to the business, depending on the availability of other sources of funds for development.
4. **Is this program directly or indirectly related to or does it support any other program in this department or another department? If so, how?** Not related to any other department.
5. **How does this program make the department or county government more effective or efficient, including any intergovernmental relationship?** It helps to promote economic development, job growth and job retention.
6. **How do you determine/measure if this program has been effectively provided and implemented?** Currently, the balance of available funds is \$639,339. To be 100% effective in this program, we would need to place loans up to the amount of funds we have available. We have not been able to do that in part due to the fact that the State Department of Commerce has taken the position that we should not be making loans to businesses located within the City of Sheboygan. Prior to being informed of this restriction we had made several loans to businesses located in the city.

7. **Could the county cost-effectively subcontract this program?** No, the program is only available to governmental agencies.
8. **State the numerical ranking of this program compared to all programs in your department and briefly explain.** Number 5, last place because other duties in the Finance Department are more pressing and other local units of government can provide this service.
9. **Are there current alternatives to this program available in the community? Can this program be provided through alternative arrangements with other providers?** Yes, other local units of government can operate revolving loan funds.
10. **If this program were eliminated, what would be the ramifications for the County (i.e., added risk, liability or legal issues)?** None
11. **What is the program impact and effectiveness related to the program cost? (Provide data if available.)** Program cost for 2009 is estimated at \$0, because we are allowed to charge the RLF fund for costs incurred by the Finance Department to manage the program.
12. **Is this program currently duplicated by another county department or provider in the community?** Yes, there are other municipalities that administer revolving loan funds.
13. **What adjustment or plan of action would you implement if funding is reduced?** This is a self-sustaining program and outside funding is not required so there could be no reduction.