

Port Washington, Wisconsin  
August 3, 2011

The Public Works Committee met in Room A-200 of the Administration Center prior to County Board.

Present: Supervisors Geracie, Grosklaus, Kletti, Winker, and Buntrock. Staff: County Administrator Meaux, Public Works Director Dreblow, Finance Director Lamb, and County Clerk Winkelhorst

Others Present: County Board Chairperson Brooks and Michael Konecny, Schenk SC

Absent: Supervisor Petzold

Call to Order/Proper Notice/Adoption of Agenda: Meeting called to order by Chairperson Geracie at 8:06AM. Assurance that the meeting was properly noticed, so noted by Ms. Winkelhorst. Motion made by Supervisor Grosklaus, seconded by Supervisor Winker to adopt the agenda as presented. All members present voting aye. Motion carried. (5-0)

Public Comment: There were none.

Discussion Item:

Review of Ozaukee County Audit Report – Management Communications 2010 as it Relates to the Highway Department: Mr. Konecny explained that this report is a summary of the County Audit Report giving the key overview and comparison of some of the County numbers. The summary of the County fund balances includes the County roads and bridges which is a special revenue fund. This is the available fund balance on hand for the maintenance and construction of roads. Included in this fund is tax levy for roads and quarterly State aid checks. Mr. Konecny reviewed the comparative summary of transactions in the County Road and Bridge Fund for 2009 and 2010. This account has limited transactions every year. This fund is what pays the Highway Department monthly when they go out on County roads.

8:11AM Supervisor Leider joined the meeting.

Mr. Konecny reviewed the comparative summary for 2009 and 2010 of the Highway Department Fund. The County utilized this proprietary fund to account for road and bridge construction and maintenance services provided to the County and other governments by the Highway Department. This is basically dictated by the State of Wisconsin as they are the County's biggest revenue source.

The significant increase in revenue was largely due to the work on the Fish Passage Project. The report also shows a loss before transfers of \$850,430 for 2010, as compared to an income before transfers of \$28,822 for 2009. The primary reason for the loss was in regard to expenses incurred as the local share of a road construction project. Funding of the local share of \$800,000 for the project was included in a prior year budget and accordingly, no revenues were used to offset the expenses. In part because of the loss, the Highway Department at year end had a negative cash flow. Mr. Konecny further

stated that to eliminate or decrease that liability, the department would have to incur positive cash flows from operations or transfers from other funds.

Mr. Konecny reviewed the summary of machinery operations cost pool for 2009 and 2010. This is used to accumulate those costs of the Highway Department where the intent is to recover expenses of operations, including depreciation on highway buildings and equipment, directly from user charges for services. It was noted that in both those years the net operating income was very good. This result of operating income is not seen in most counties and some don't even come close. This occurred in part because of the Fish Passage Project and that the Highway Department has been able to effectively manage the use of their equipment.

Mr. Konecny explained that the balance sheet doesn't look good at this time. The upgrade in the hot mix plant drained the cash temporarily. If you take the current receivables minus the current payables in 2010, this resulted in a negative working capital of approximately \$500,000 to \$600,000. This is a decrease from the prior year. Mr. Konecny commented that most highway departments statewide are experiencing a down turn due to less work from the State and counties being limited to the work that can be done for townships. This is a temporary negative cash position that the county is in. Chairperson Geracie further commented that the committee needs to be aware of this and to be looking at other revenue sources. Mr. Dreblow also commented that the department continues to maximize revenues.

In summary, Mr. Konecny said that to decrease the negative cash flow the County may need to spend less on capital for one year. Mr. Dreblow stated that there is a back log of work on capital needs from prior years due to being under funded.

Next Meeting Date: Thursday, August 18 – 8:00 AM

Adjournment: Motion made by Supervisor Kletti, seconded by Supervisor Winker to adjourn. All members present voting aye. Motion carried. (5-0)

Meeting adjourned at 8:32AM.

*Julianne B. Winkelhorst, County Clerk*