

Mission statement

The Ozaukee County Finance Division shall facilitate the effective and efficient fiscal management of Ozaukee County resources while ensuring that the financial transactions are executed in accordance with generally accepted accounting principals (GAAP).

This past year the Finance Division embarked on a new challenge, upgrading and installing new countywide accounting software. We began this process in earnest in October and have been progressing ever since. This project has required enormous staff time in addition to their regular substantial duties. Again this year I want to praise my staff. They take seriously their job of protecting Ozaukee County's interests.

Software Conversion:

The County was using financial software called JD Edwards "World". JD Edwards was created in 1985 and installed in Ozaukee County in 1995-1996. It had upgrades but was still a DOS based product. The County had purchased the new JD Edwards product called "One World" in 2001 and was poised to install in 2003. This new product had a windows compatible interface but still rested on the old DOS operating system. A newer version called "New World" that was truly windows operational was subsequently developed.

In early 2003 Peoplesoft purchased JD Edwards. Initially, Peoplesoft committed to supporting the old legacy JD Edwards systems for an indeterminate time but stated they would not offer any enhancements. Soon after, Oracle bid to buy Peoplesoft. That bid culminated in a long and costly, hostile takeover in November of 2004. Oracle's present position, as stated by their president, is that they will neither enhance nor support either legacy software.

The Finance Committee recognized in early 2003 the precarious position the County was in due to this unfolding chain of events and that our existing software was obsolete. This department was tasked with evaluating our options and recommending a course of action. The consensus was that the County should not wait until it is forced to change software but rather to plan for that alternative. Investigations of competing software determined that the best software for the County's needs was Microsoft's "Great Plains". Plans were made to have a conversion completed by 2005. In June of 2004 we were informed that Microsoft was set to release a new version of Great Plains. It was recommended that we wait for this newer version before installation. This version was subsequently released in early September. This afforded us the opportunity to coincide installation with 2004 fiscal year-end.

Progress:

The Finance Division began by evaluating our accounting structure. We believed that this software change offered the opportunity to improve areas of weakness. With opportunities comes challenge. The County had over 30,000 individual accounts allocated among 600 cost centers. Some of our numbering structure had little logic assigned to it. The renumbering of our cost centers added logic, eliminated almost one hundred cost centers, and gave the County future

capacity to grow. We also believed that 30,000 accounts were excessive so we reduced this to 13,000. During 2004 Finance posted over 1,900 batches of journal entries to the general ledger. Some of these batches had several thousand individual transactions. All of these had to be migrated from the old to the new system. Mapping many thousands of transactions and 30,000 accounts down to 13,000 with a different numeric system exposed the County to the greatest risk in our conversion.

We have encountered many difficulties in this conversion. This is not unique to Ozaukee County. Fortunately, mapping our accounts in the General Ledger module was not one of them. The general ledger is operational and in parallel with JD Edwards. The financial software of record for Ozaukee County in 2004 remains JD Edwards. The financial software of record in 2005 will be Great Plains. All users in Finance are trained and plans are laid for training County staff in early 2005.

The retirement of our Payroll Manager with 17 years experience weeks before that module's conversion has proved the most stressful. We believe that after much work we have now stabilized this function. We recognize the frustration this complicated conversion has been for staff and employees and thank them for their patience.

The Accounts Payable module for our 3,300 active vendors is operational. Four different departments enter their own invoices for the Finance Division's review and posting. All users are trained. The Purchasing module is operational. Every invoice of over \$100 requires a purchase order and encumbrance. All departments enter their own PO's for Finance Division's review. All users are trained. The Fixed Assets module for our \$103M in long-term assets, (valued at their acquisition cost), needs only year end depreciation entries to be functional. The Human Resources module is operational. This module has very extensive security due to the sensitive nature of the data. Authorized staff have been trained.

The Project Accounting module designed for the Highway Department is in testing with an anticipated implementation date of February 1, 2005. This replaces our current cost-accounting system for Highway that is almost 20 years old and needing constant attention.

The Accounts Receivable module is being tested for live implementation. This module required some additional customization to be compatible with the new Integrated Government Services Platform (IGSP) project for the proposed Health and Human Services (HHS) department. We expect to deploy this module in March. The Grant Management module is altogether new. It is designed to track revenues and costs associated with the almost \$60M in federal, state and private grants the County receives annually. This completion date is expected in May. The County also runs many third party applications specific to individual departments that must interface with our accounting system. These have been identified and integrations have been addressed.

There will continue to be sporadic post go-live issues for the short term. Many of these will be resolved when we are truly on the new system rather than in flux. Most other operational issues so far encountered have been minor.

Finance wishes to acknowledge the help and cooperation of all County departments, department heads and business managers with this enormous endeavor but especially the Technology Resources staff for their time and talents.

Functions of Finance:

The County has an annual budget of almost \$80M. The Finance department is entrusted with facilitating and documenting the nearly five-month budget process; purchasing goods and services in a manner that assures the residents of Ozaukee County superior quality, at reasonable cost and suitable to fulfill the intended needs; managing the payroll of the County's over 400 full-time and over 400 part-time and seasonal staff; maintaining the County's financial data in accordance with generally accepted accounting principals (GAAP) and Governmental Accounting Standards Board (GASB) requirements; providing financial reports for departments, committees and interested third-party users; conducting internal audits of departments and functions for accounting procedures and internal controls; safeguarding the County's assets while mitigating risk; presenting the financial year subject to independent outside audit; and providing financial analysis and advice to the executive leadership.

We look forward to the coming year. There is still much work and training to be accomplished before the accounting software conversion project is behind us. I believe staff has undergone tremendous professional growth and added value to their positions within the County. We await completion and anticipate reaping the benefits of this superior system as it relates to our everyday duties.

Andrew J Lamb, CPA

Finance Director