

WAUKESHA COUNTY FIVE-YEAR FINANCIAL FORECAST

The county uses long-range financial planning to project the cost to continue existing programs by using assumptions about economic conditions, potential strategic objectives, and financial challenges to project revenues and expenditures over a five-year period. The five-year forecast also provides dynamic information for the planning process and assists in providing direction for future actions and planning of resource allocations in a way that links to the county's strategic planning goals.

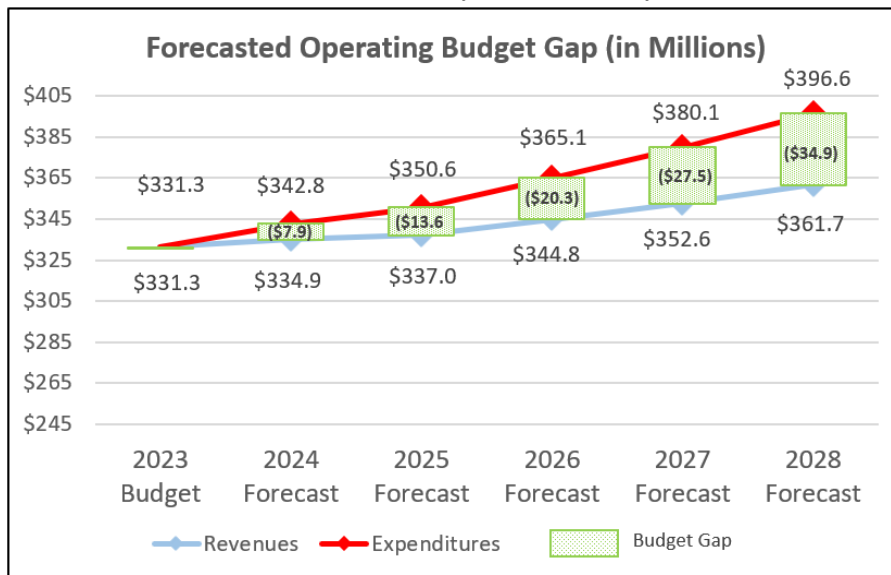
The five-year financial forecast is developed annually in the early stages of budget development. It includes a review of the prior fiscal year-end results and considers the impacts of various county planning processes, including the capital plan and related debt financing. The Budget Division of the Department of Administration works with staff in other departments to determine key financial assumptions to project impacts to future expenditures and major revenue sources.

The purpose of utilizing a financial forecast is to identify and determine the extent of actions necessary to close the gap between revenues and expenditures to ensure long-term fiscal sustainability and to prepare for impacts identified in future years. Below is a summary of Waukesha County's financial outlook as it appeared in the current year's five-year forecast prior to budget development.

Operating Budget (Non-Capital) Five Year Financial Forecast Summary 2024-2028

Operating Budget (in Millions)			
Year	Revenues	Expenditures	GAP
2023 Budget	\$331.3	\$331.3	\$0.0
2024 Forecast	\$334.9	\$342.8	(\$7.9)
2025 Forecast	\$337.0	\$350.6	(\$13.6)
2026 Forecast	\$344.8	\$365.1	(\$20.3)
2027 Forecast	\$352.6	\$380.1	(\$27.5)
2028 Forecast	\$361.7	\$396.6	(\$34.9)

Expenditures are projected to exceed revenues in future years due to the assumption that the cost to continue services (e.g., personnel costs, inflation on commodities and services) will grow faster than revenues, which are budgeted conservatively. A major revenue source is the property tax levy, the growth of which is limited by state statute primarily to the increase in net new construction levels, and is projected to increase slower than the cost to continue services. Closing the structural budget gap in a given year helps future budgets by reducing the gap in future years. The impact of closing the 2023 budget gap is partially offset by higher inflationary conditions than in previous years, which typically resulted in first-year gaps of between about \$3.0 million and \$5.0 million. The 2024 budget is balanced, which will again favorably impact the projected gap in future years (as demonstrated in the charts below). This was done by working to reduce expenditures and conservatively increasing revenues (when justified). The use of fund balance and other one-time revenues is limited to the situations described in the county Revenue Policy section of this document.



*The 2024 operating budget is balanced at \$338.4 million, reflecting the elimination of the gap through expenditure reductions and revenue increases.