# STRATEGIC PLANNING OVERVIEW

Strategic Planning is the process of determining long-term goals and then identifying the best approach for achieving those goals. Waukesha County has been using Strategic Planning tools for over a decade, and in 2005, government officials invested time and resources to reinvigorate this important, forward-thinking process to establish linkages between Strategic Planning and core business functions and to begin measuring program outcomes across all departments. Strategic Planning will ultimately help the County identify priorities so that service delivery modifications can be made to better assist and serve its citizenry.

In order to begin the process of identifying core business functions and priorities, the County established a cross-departmental Strategic Planning Steering Committee to guide the process and to coordinate four focus groups with stakeholders that included: advocates, vendors, and service providers that regularly work with County government personnel; municipal elected officials; citizens appointed by elected officials to participate; and residents that were randomly selected using the Circuit Court Jury Trial Selection system. A total of 96 people took part in the effort that led to the collection of qualitative data. Responses were recorded and displayed during the sessions, and in some cases sparked questions, discussion, or debate among the participants.

Overwhelmingly, focus group respondents indicated that they desire the highest quality service at the lowest possible cost. Fiscal responsibility and low taxes were consistently emphasized. To maintain low tax rates, participants generally supported a variety of measures, from the establishment of alternative service delivery arrangements to reducing or eliminating non-essential services. Cooperative efforts with other jurisdictions were also widely supported, while contracting for services enjoyed support on a narrower range of specific applications.

Taken as a whole, focus group members were open to having government explore new ways of doing business. Most seem willing to accept slower or less convenient service if necessary to keep tax rates low, though most would prefer that the county find ways of reducing costs without sacrificing quality. In addition, they feel that the county should focus on its core services and should consider shedding tertiary activities and non-government enterprises. Any tax increases would need to be well defined and solidly justified to find support among the focus group participants.

## STRATEGIC PLANNING OVERVIEW *continued…*

Defining essential and non-essential services can be a difficult undertaking, but focus groups respondents provided the steering committee a sound understanding of the services areas that they value. Public safety functions, such as law enforcement, child protection, road safety, and health inspections, were most important, with economic vibrancy following close behind. Services that support limited groups or the non-mandated, non-core operations of County government were more likely to be chosen as candidates for service reductions.

With the help of a consultant, steering committee members rigorously analyzed the data that was collected at the focus group sessions. Using this information, they then charted a course for a new strategic planning process that resulted in the creation of a new mission statement, vision statement, core values, strategic outcomes, and plan format linked to the County's budget, which can be found below:

### Mission Statement:

*"The mission of Waukesha County government is to promote the health, safety and quality of life of citizens while fostering an economically vibrant community. We are committed to delivering effective, high quality programs and services in a courteous and fiscally prudent manner."*

### Vision Statement:

*"Waukesha County…leading the way with quality and value."*

### Core Values:

*Excellence, Customer Service, Fiscal Responsibility, Collaboration, Integrity, and Innovation*

### County-Wide Key Strategic Outcomes:

Strategic Outcomes provide departments with a framework for identifying core priorities and establishing program goals:

1. A safe county.
2. An economically vibrant county.
3. An environmentally responsible county.
4. A well-planned county.
5. A county that assists at-risk citizens.
6. A county that provides customers with quality programs and services.
7. Cost effective services delivered with competence and skill.

## STRATEGIC PLANNING OVERVIEW *continued…*

Departmental budgets are tied to the Strategic Plan in the following manner:

- Budget initiatives are organized under County-Wide Key Strategic Outcomes.
- Objectives focus on areas that utilize significant budget resources.
- Key Outcome Indicators identify how the measure is an indication of success.
- Performance Measure data demonstrates level of achievement over multiple years and targets for the upcoming budget year.

For reference, please see the example illustrated below:

**General Fund** County Executive **Outcomes/Objectives**

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**Major Departmental Strategic Outcomes and Objectives for 2009**

**County-Wide Key Strategic Outcome: An economically vibrant county**

Objective 1: Maintain exemplary financial management practices to help lower borrowing costs and the tax rate.

Key Outcome Indicator: The bond rating status is reflective of the County's diverse and growing tax base, personal income levels, solid financial position and flexibility, and low debt burden.

| Performance Measure: | 2007 Actual | 2008 Actual | 2009 Target |
|---|---|---|---|
| County's Bond Rating | AAA/Aaa | AAA/Aaa | AAA/Aaa |

Objective 2: Create an environment that promotes County-wide economic development**.**

Key Outcome Indicator: Continued growth in the County's equalized value.

| Performance Measure: | 2007 Budget | 2008 Budget | 2009 Budget |
|---|---|---|---|
| Equalized values* (including Tax Incremental Districts (TID) | $49.5 Billion | $51.99 Billion | $53.06 Billion |

* Amounts shown are prior year values for the subsequent year budget.

# WAUKESHA COUNTY PLANNING PROCESSES

**PLANNING FOR THE FUTURE**

To plan for the future, Waukesha County continues to engage in a strategic planning process, which focuses on long-term planning and the desire to be a mission driven organization continuously improving its services and operations.

The County develops five-year capital projects and debt financing plans. In addition, a five-year operating budget plan is developed, which incorporates key assumptions, significant strategic budget initiatives, and budget drivers.

The County has processes to identify and plan for recurring operational needs for the following: Building and Grounds Maintenance, Vehicle and Equipment Replacements, and Technology and Transportation infrastructures.

**BUDGET BOOK REFERENCE**

The County's strategic plan is referenced throughout the budget document as part of each department's strategic outcomes and objectives. These outcomes and objectives are directly linked to Waukesha County's Mission Statement.

The County's capital operational equipment replacement facilities, grounds and parks maintenance plans are part of the operating budget document. The specific page references for these plans are included in the table of contents and in the budget index.

The specific plans and processes used in the development and management of the county budget are listed in the summary chart below.

Further detail on the county budget and operations can be obtained from the Waukesha County web site at **www.waukeshacounty.gov**

| PLAN | TYPE OF PLANNING PROCESS | DESCRIPTION OF PROCESS | BUDGET IMPACTS |
|---|---|---|---|
| Strategic Planning | Long range (3 to 10 years) with objectives established for the budget year. | The County Executive Office develops department plans with review and coordination. | Allows for the reallocation of resources to predetermined strategic goals and objectives. |
| Capital Projects Plan | Five-year plan that includes project listing by plan year. | County Executive submits plan for County Board approval by resolution with possible County Board amendments. | Provides a predictable funding level from year to year to allow for the planning of debt service requirements, operating costs of new facilities, and infrastructure improvements. (Section VII, Capital Projects and Operational Impacts) |
| Operating Budget Forecast | Operating plan to facilitate financial planning. | DOA Budget Division staff work together with department staff to determine key forecast assumptions to project major revenue sources and expenditures. | Provides for budget stability, planning and direction for future resource allocation. |

# WAUKESHA COUNTY PLANNING PROCESSES, CONT.

| PLAN | TYPE OF PLANNING PROCESS | DESCRIPTION OF PROCESS | BUDGET IMPACTS |
|---|---|---|---|
| Technology Projects Review Process | Multi-year (3 years) technology review process. | Department submits projects for review by Technology Review & Steering Committees. Criteria are established to set priorities and make recommendations for funding. | Provides for thorough technology review, considers best practices, and cost/benefit criteria. Ranks projects to meet budget priorities over the three-year planning period. |
| End User<br>Technology Fund<br>(Internal service fund) | Multi-year plan to replace computers and network infrastructure. Provides for IT support, maintenance, help desk support,<br>web administration, and Records Management. | The DOA Information Systems (Computers) and Records Management (Copiers) maintains computer support, inventories and approves IT equipment replacements and computer support based on criteria reflective of the cost drivers. | Allows for the funding of IT equipment replacements, maintenance, service utilization, help desk support, network infrastructure, and web administration annually. Replacement decisions consider changing software technology, economic issues, maintenance costs, and downtime. This is based on IT utilization of IT resources. |
| Building Maintenance | Five-year plan by facility and maintenance activity or project. | The Public Works Department prioritizes department requests for projects along with known required maintenance. | Provides a stable annual level of expenditures to insure continued maintenance of county facilities. (Public Works Section, Five-Year Building Improvement Plan) |
| Parks Maintenance | Three-year plan to address County grounds, park facilities, parking lots, roadways, and paths. | The Parks and Land Use Department schedule identifies ground maintenance for park facilities projects according to priorities and funding level. | Provides for a stable annual level of expenditures to insure the continued maintenance of county grounds. (Parks, Environment, Education and Land Use Section, Three-Year Maintenance Plan) |
| Vehicle/Equip. Replacement<br>(Internal service fund) | Five-year plan to replace most vehicles and contractor type equipment. | A Vehicle Replacement Advisory Committee reviews and approves replacement criteria. | Allows for the funding of the replacement of vehicles or equipment annually at an established base level. This ensures that the condition of the fleet is at an optimal level, which reduces fleet maintenance and costs of service. (Public Works Section, Five-Year Vehicle/Equipment Replacement Plan) |
| Highway Improvements Program<br>- Culvert Replacement<br>- Repaving Plan<br>- Bridge Replacement<br>-Signal/Safety Improvements | Internal ten-year plan to maintain and improve the County trunk highway system that integrates with the five-year Capital Plan. | Public Works staff develops an internal highway improvement program based on Southeastern Wisconsin Regional Planning Commission (SEWRPC)'s Highway Jurisdictional Plan with priorities and criteria.<br>- Replace 15-20 culverts annually.<br>- Resurface approx. 15 to 20 mi. of CTH using pavement mgmt. system with pavement index goal of >70%.<br>- Install new traffic signals. | Long term planning for highway infrastructure needs, which mitigates future on-going maintenance costs, addresses highway safety issues, and extends the life of highways and bridges. Therefore, delays the need for their reconstruction. |

# FINANCIAL MANAGEMENT POLICIES

Waukesha County's long- and short-term financial policies are derived from various sources. The State of Wisconsin Statutes prescribes the basic budgeting standards for county governments. The Waukesha County Code establishes the basis of accounting in conformance with Generally Accepted Accounting Principles (GAAP). Below is a description of the County's fiscal management policies for revenues, operating expenditures, capital improvements, debt, investments, reserves, and the basis of budgeting and accounting methods. **The county budget is balanced as County budgeted expenditures are funded by a combination of external revenue sources, property taxes, and funds available in fund balances, which are identified in the prior year financial statements in the Comprehensive Annual Financial Report (CAFR), and shown in the Budget Summary.**

In addition to statutory requirements and conformance with recognized financial standards, Waukesha County's commitment to strategic budgeting requires decisions to be made in conformance with the County's budget philosophy.

**Waukesha County Budget Philosophy**

The overriding goal of the Waukesha County budget is to keep the County's spending needs and the people's ability to pay in balance.

- **Incorporate citizen and stakeholder involvement**
- **Establish links to strategic planning**
- **Decisions based on measurable objectives**
- **Protect the County's Aaa / AAA bond ratings**

# FINANCIAL MANAGEMENT POLICIES, CONT.

**Revenue**

1. The County relies on property tax as its sole source of local tax revenues to fund state and local programs and services. Property taxes account for about 37% of total revenues. Excluding interdepartmental revenues, which are mostly charges from county internal service funds, property taxes account for about 43% of revenue. Other tax options allowable by statute to counties include a 0.5% County sales tax and a local motor vehicle registration fee. Waukesha County has not implemented these other tax options.

2. The County continues its efforts for greater reliance on user fee service charges to offset reductions of federal/state funding and to supplement property tax revenues. The County attempts to maintain a diversified and stable revenue stream. Service fee charges (user fees) are implemented for services that can be individually identified and where costs can be directly related to the level of service provided. The County's budgeting philosophy is to annually review and provide at least nominal inflationary increases on most user fees to cover increasing costs.

3. The County maximizes its return on investment consistent with its investment policy. Investment income is used to reduce reliance on the property tax levy. It is a reliable funding source because of the strict adherence to investment and liquidity guidelines.

4. One-time revenues shall not be used to fund continuous operating costs, except to manage a short-term spike in program costs or phase in a new or expanded program.

5. Revenue forecasts (estimates) need to document the methods employed and the underlying assumptions that the revenue projections are based on.

**Property Tax Levy Increase Limits**

Enrolled 2007 Wisconsin Act 20 (2007-2009 State Budget) imposed local tax levy increase limits for the 2008 and 2009 budgets. The law prohibits a County from increasing its total property tax levy for the 2009 budget by the greater of the percentage change in the County growth in equalized value due to new construction between the previous year and the current year or 2.0%. The Federated Library system tax levy, debt service tax levy and local bridge aid tax levy are exempt from the levy limit. There is also a formula levy exemption (% of increment) for tax incremental finance districts dissolved in 2008.

**The 2009 Waukesha County Budget meets the tax levy limit as adopted in Wisconsin Act 20.**

**Property Tax Levy Rate Limit**

Since 1993, limits have been imposed on the property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the county qualifies for one of the exceptions allowed under the statute, as described below. The statute establishes specific penalties for failure to meet the freeze requirements. Among the penalties for exceeding the limits is a reduction of state shared revenues and transportation aids.

The operating levy rate can be exceeded only if responsibility for services is transferred to the county from another governmental unit (transfers by the county to other governmental units reduce the maximum rate) or if an increase in the maximum rate is approved by referendum.

A county can exceed the debt service levy limit if the individual borrowing is adopted by at least three-fourths vote of the county board. The Waukesha County Board has adopted each debt issue since the tax levy limits took effect by votes of greater than 3/4 of the members elect. Therefore, each note issued is not subject to the debt service rate limit.

**The 2009 budget is within both the operating and debt tax levy rate limitations contained in the state law, and is within the limit even without the exception from the debt service rate limits, which apply to the County's obligations.**

# FINANCIAL MANAGEMENT POLICIES, CONT.

**Operating Expenditure Budget**

1. State statutes require budgetary control at the total expenditure level by agency. However, the County's policy requires more stringent controls. The operating budget control is established for a department's fund budget by appropriation unit category or class of accounts (i.e. Personnel Costs, Operating Expenses, Interdepartmental Charges, and Fixed Assets) for governmental funds. For proprietary funds, capital projects and debt service funds total expenditure levels are the control limit.

2. The fixed asset capitalization level is at $5,000 to be consistent with Federal and State fixed asset capitalization levels and to efficiently administer the asset inventory tracking requirements imposed by Governmental Accounting Standards Board (GASB) pronouncement #34.

3. The County Executive establishes specific departmental operating budget tax levy target guidelines to limit county spending and taxes in budgets presented to the County Board by October 1st of each year. This year the County Executive set tax levy targets to limit the proposed tax levy increase to be within the State Tax Limit provisions. Tax levy targets issued for all departments are tighter than normal and, in many cases, do not provide fully for the cost to continue operations because of these established tax levy targets.

   - Departments having Enterprise, Internal Service, and certain non-tax levy supported Special Revenue funds are expected to generate operating revenues sufficient to offset costs. At this time, tax levy is provided to the Airport enterprise fund budget to fund an estimated net operating loss, or to provide cash flow for fixed assets purchases. Internal Service fund operations (except the End User Technology Fund (EUTF) see 6 below) receive no direct tax levy (although department revenues may be levy funded) and are limited to billing rate service charge increases at or near inflationary costs (with any proposed rate increases based on cost justification).

   - Special initiative or decision service package requests that are sound investments may receive funding over target amounts or cost to continue funding. If these requests are granted, they are based on need or specific cost/benefit justification.

4. The Public Works Department includes a highway pavement replacement program in the Capital Projects budget. The estimated 15 to 20 year replacement cycle is implemented based on pavement ratings system to address safety concerns and highways with the greatest need of upgrade.

5. A five-year Vehicle/Equipment Replacement Plan is updated annually to specify the replacement cycle for county vehicles and equipment that meet the required criteria. Adopted in 1990 by the County Board, the plan reduces year-to-year fluctuations in departments' fixed asset budgets, and helps to ensure that the County's vehicles and equipment are replaced before age or usage cause excessive maintenance costs and expensive equipment downtime. A Vehicle/Equipment Replacement Fund was created to implement the plan. Replacement vehicles and equipment are purchased from this fund, and user departments pay for the asset (and associated insurance coverage) through an annual charge similar to a lease (see the Public Works section, Vehicle/Equipment Replacement Fund).

6. The End User Technology Fund (EUTF) has evolved from a similar fund established in the 1996 budget to provide funding for computer technology maintenance and equipment replacements on a regular schedule. A long-term plan is intended to manage the year-to-year variation in budgeting requirements by basing computer and infrastructure replacement and repair decisions on changing technology and just-in-time replacement, maintenance and other economic issues. The fund is used to approximate "total cost of ownership concept" in the appropriate departmental program budget. This program uses tax levy and general and EUTF fund balance appropriations to provide the necessary funding until the costs can be fully absorbed by annual charges to departments. The 2006 budget consolidated the former Records Management (internal service) Fund to incorporate and gain efficiencies with identifying appropriate record access/retrieval methods, imaging, and electronic document management technology into the EUTF. Based on Internal Audit recommendations, a major change for the 2008 budget was a shift in the cost allocation process from a workstation based formula to one based on actual utilization of IT resources considering server usage, connected devices, and user identification.

7. A new Health & Dental Insurance Fund is budgeted for as an Internal Service fund in 2009.

# FINANCIAL MANAGEMENT POLICIES, CONT.

**Operating Expenditure Budget (cont.)**

8. The Parks and Land Use department is responsible for the County's Grounds Maintenance and Parks Pavement Management Program. The department has established a three-year Parks maintenance program, which includes a parks roadway maintenance program as well as continued maintenance of county grounds and park facilities as a priority area within the department's operating budget.

9. The Public Works department maintains a five-year Building Improvement Plan. The five-year Building Improvement Plan identifies and prioritizes future building improvement projects, including mechanical infrastructure replacements required for proper maintenance of county facilities. The first year of these plans is included in the operating budget, and individual projects are usually less than $100,000. Therefore, the capital budget and related financing is not used to fund these projects.

**Capital Improvement Plan**

1. The County prepares and adopts a five-year capital improvement plan, which provides comprehensive planning, budget stability, and analysis of the long-range capital needs of the County. The plan describes details of each capital project, estimates the project cost and priorities, identifies funding, provides a cost/benefit or return on investment analysis justification, considers alternatives, and estimates the impacts to the operating budget.

2. A Capital Project is defined as an active or proposed non-recurring expenditure in one or more specified plan years, of an amount in excess of $100,000 (including non County funding sources) for a permanent fixed asset (building, land, or technology improvements or equipment installation), which has or extends the useful life of an existing fixed asset in excess of seven years.

3. Building construction and renovation projects in the Capital Plan are required to follow the County's established building methodology process. Information Systems projects are required to follow an established Technology review process.

4. Operational impacts of capital projects indicate the annual on-going and one-time costs or savings associated with implementing the capital improvement program. The additional on-going impacts are included in the departments' operating budget requests. This includes providing for additional personnel, operating costs, needed fixed assets or any new/additional revenues to be achieved. Cost savings are also identified in the department's budget if base budget costs can be reduced or cost increases are offset or avoided. Major operating impacts (excluding Debt Service) in the budget are identified in each departments operating budget, and explained in further detail in the Capital Projects section. Debt Service impacts are also identified in further detail in the Debt Service section.

**Debt Policy**

1. Capital projects are in part financed through the issuance of general obligation promissory notes with a goal to borrow less than 80% of the net capital project expenditures. This allows the County to manage the debt service to operating budget expenditures ratio at less than 10%. The five-year Debt Service Plan is based on net capital expenditures planned in the County's five-year Capital Plan. See Debt Service Activity data for current trends.

2. The County structures its debt borrowing issues with a moderate term of nine to ten years, and to maintain stable annual debt service payments to avoid major fluctuations between years.

   - Promissory notes are amortized with larger payments in final years to integrate new debt with existing debt in order to achieve operating budget stability. The continuation of the current debt strategy allows for the larger principal payments of each successive annual debt issue in the years that previous years' issues have been retired (see Debt Service Section Requirements page and Projected Debt Service illustration page).

# FINANCIAL MANAGEMENT POLICIES, CONT.

**Debt Policy (cont.)**

3. By state statute, the County's debt obligations cannot exceed 5% of the equalized value of all property in the County, including Tax Increment Financing Districts. The County has over 95% availability of its statutory debt limit with the planned 2009 debt issue.

**Reserve Policy**

1. The County will maintain unrestricted fund balances to provide necessary working capital (for at least eight weeks) to avoid cash flow interruptions and short-term borrowing to fund daily operations. These fund balance reserves are used to generate interest income and to assist in maintaining the County's Aaa/AAA bond ratings.

   - The unrestricted governmental (general and special revenue) fund balance to governmental expenditures ratio is maintained at a minimum of 11%.

   - An explanation of the County's fund balance projections for each year-end December 31 is provided in the summary section of the adopted budget document and is published as part of the state mandated budget public notice issued in October of the preceding year.

2. The County's contingency fund provides for emergencies or other expenditures which could not have been planned for or anticipated during the budget review process. Contingency fund transfers are authorized by the Finance Committee (fund transfer) and/or the County Board (by ordinance) as allowed by state law, if the need is of sufficient urgency, and it is not a circumvention of the budget process.

3. There will be no shifting from Fund Balance reserves to offset continuous on-going operations, except to phase in new major service costs unlikely to be repeated and building project (one-time) improvements, or to address the phase out of a significant loss of revenue.

**Investments**

The County has adopted an investment policy with the primary objectives of preservation of capital in the overall portfolio, in order to protect investment principal, to maintain liquidity, and to maximize returns on investment. Investments are primarily limited to U.S. Treasury obligations, Government Agency Securities highly rated taxable municipal (G.O.) bonds, Aaa rated Money Market Funds ,and the State of Wisconsin Investment Pool. Significant management effort is directed toward managing the average and maximum life and duration of securities in the portfolio to ensure that liquidity needs are met. The County's CAFR complies with Governmental Accounting Standard Board (GASB) Statement 40 regarding disclosure of various investment risks, such as interest rate and custodial credit risk.

**Accounting Policy and Basis of Budgeting**

1. The official books and records of the County will be maintained in conformance with accounting principles generally accepted in the United States of America as promulgated by GASB.

2. The accounting records of the County are maintained on the modified accrual basis of accounting for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds and Fiduciary Funds are maintained with the full accrual basis of accounting. In general, under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. In addition, the County publishes entity-wide statements prepared on the full accrual basis. Under the full accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when liabilities are incurred or economic asset used without regard to receipt or disbursement of cash. The County's fiscal year is on a calendar year basis from January 1 to December 31. An expanded explanation of the County's accounting policies is contained in the Notes to Combined Financial Statements in the CAFR.

**Accounting Policy and Basis of Budgeting (Cont.)**

3. Budgetary control is maintained by a formal appropriation and encumbrance system. The annual budget approved by the County Board, is by department appropriation unit in each fund (with the exception of proprietary funds, which are controlled by total expenditure budgets and capital projects, which are controlled by project). An appropriation unit is a group of accounts within a department. Types of appropriation units include Personnel Costs, Operating Expenses, Interdepartmental Charges, Fixed Assets and Improvements (capital outlay), and Debt Service. The appropriation unit within each department and within fund maintains budgetary control. Purchase orders or payment vouchers, which result in an overrun of the appropriation unit, are not released or paid until additional appropriations are made available in accordance with county policy.

4. An appropriation system of internal control will be maintained to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

5. The county budget is adopted as required by state statutes and prepared on substantially the same basis as the financial statements. The basis of budgeting is in accordance with GAAP. However, budgetary expenditures include encumbrances, and budgetary revenues include all property taxes levied for the fiscal year and unrestricted fund balance appropriations. In addition, Proprietary Fund budgets do not budget for compensated absences and non-operating gains or losses on disposal of fixed assets. Fixed asset purchases and debt principal repayments in Proprietary Funds are shown as memo items for budget disclosure purposes to comply with state law. For certain funds with significant outside (i.e. non-county) capital investment, the county budgets only for the portion of depreciation expense proportionate to the County's contribution. The County does not budget for Jail Assessment fee revenues in the year they are received, but applies these fee payments on a one year delayed basis to fund jail related capital projects and related debt service. **Fiduciary Funds - are not included in the budget. The CAFR shows fund expenditures and revenues on both a GAAP basis and budget basis for comparison purposes.**

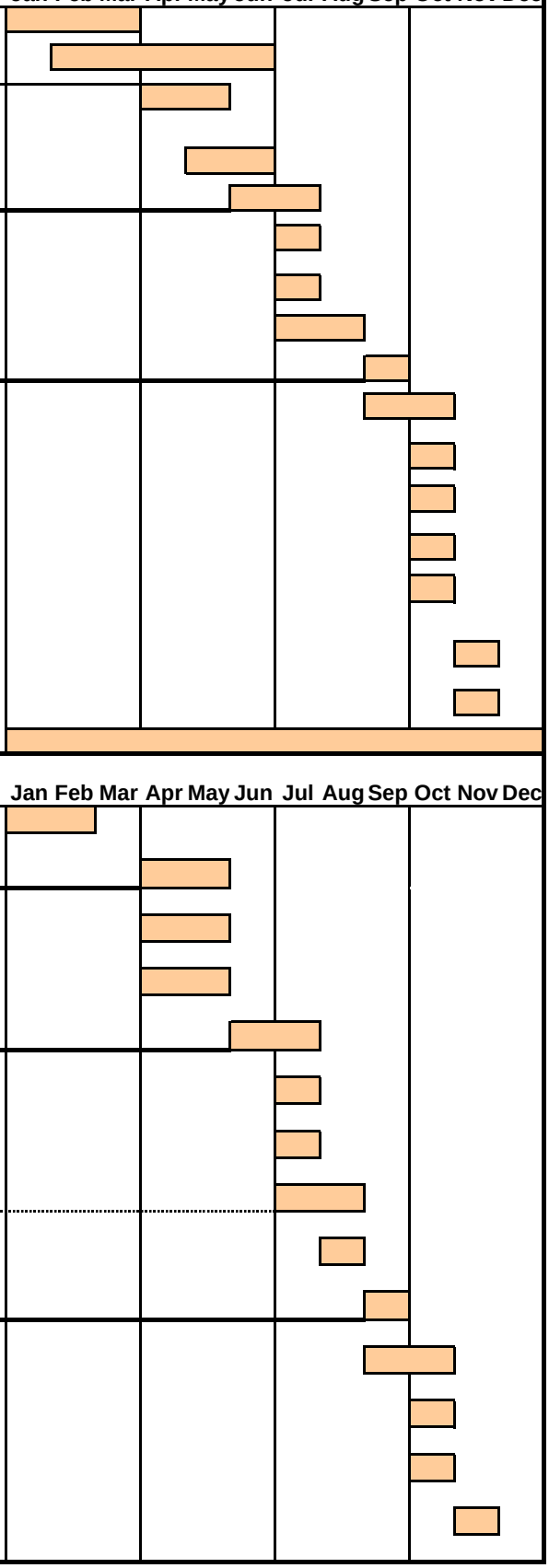
6. County policy, which is in accordance with state and federal requirements, provides for an annual audit of the financial records of the government by a competent certified public accountant. In addition to meeting the requirements set forth above, the audit is designed to meet the requirements of the federal Single Audit Act of 1984 and related U.S. Office of Management and Budget Circular A-133. The independent auditors' report on the general purpose financial statements, individual fund statements, and schedules are included in the financial section of the CAFR. The auditors' report that is related specifically to the single audit, is included in a separately issued single audit report.

7. Full disclosure for bond representation is provided in the County's official statement. Beginning in 2005, in order to comply with Section Rule 15c2-12, continuing disclosure has been provided to recognized municipal securities information repositories, utilizing the Disclosure USA service by filing copies of the CAFR.

# Capital and Operating Budget Process

| Operating Budget Process | 2009 KEY DATES |
|---|---|
| Review prior year results/identify potential budget issues. | |
| Analyze impact of State budget on County funding/programs. | |
| Develop budget assumptions and Internal Service rates for the ensuing year. | |
| Department budget targets developed and issued. | June 5 |
| Department budget development. | |
| Co. Executive holds Town Hall public hearing on budget. | July 23, 28, & Aug 5 |
| Departments submit budget and new position requests. | |
| Department Heads present budget requests to Co. Executive. | |
| Executive budget prepared. | Aug. 30 |
| Co. Executive message and budget presented to Co. Board. | Sep. 23 |
| Publication of County Board Public Notice. | Oct. 7 |
| Finance Committee holds public hearing on Proposed Budget. | Oct. 22 |
| Committees review of Co. Executive Proposed Budget. | |
| Finance Committee reviews amendments and makes recommendation to Board | |
| Co. Board votes for adoption/amendment of budget. | 2nd Tues. in Nov. |
| Co. Executive vetoes (if necessary)- Co. Board action. | |
| Budget Monitoring | |

| Capital Budget Process | 2009 KEY DATES |
|---|---|
| All open projects reviewed; completed projects closed. | |
| Project list developed and submitted to departments. | |
| Review of open and planned projects. | |
| Preliminary consideration of new project requests. | |
| Technical reviews of projects. | |
| Departments present project plans to Co. Executive. | |
| Co. Executive holds Town Hall public hearing on budget. | July 23, 28, & Aug 5 |
| Executive review and decision making. | |
| Executive's capital budget and five year plan developed. | |
| Executive presents five year plan to Co. Board. | By Sep. 1 |
| Committees review of five year capital plan. | |
| Finance Committee holds public hearing on Proposed Budget. | Oct. 22 |
| Board adopts/amends capital plan. | |
| Capital budget is adopted with operating budget. | 2nd Tues. in Nov. |



# CAPITAL AND OPERATING BUDGET PROCESS

The annual budget process, under a County Executive form of government, is comprised of the development of both an operating budget and a capital budget with a five-year capital plan. Both processes involve department budget submittals to the County Executive for review and approval. The resulting Executive's Budget is then presented to the County Board and reviewed by County Board Committees as assigned by the County Board Chairman and as designated in County Code. Standing Committees review the budget and recommend amendments to the County Board. The Executive Committee reviews, prioritizes, and makes recommendations relative to the five year capital plan for County Board consideration. The County Board considers Committee and individual supervisor amendments and adopts a budget. The County Executive may exercise a line item veto of provisions contained within the County Board adopted budget. The County Board reviews all vetoes and takes action to override or sustain vetoes.

The chronological sequence of events followed by the Capital and Operating Budget Processes is as follows:

| | Capital Budget and Five Year Plan | Operating Budget |
|---|---|---|
| JAN-MAR (1st Qtr) | All open projects reviewed; completed projects closed<br>List of current projects developed and submitted to departments | Review prior year results/identify potential budget concerns and issues to develop solutions<br>Formulate budget strategies, planning and update forecast<br>Analyze impact of State Budget on County funding and programs |
| APR-JUNE | Review of open and planned projects<br>Preliminary consideration of new project requests<br>Technical reviews of project requests by Facilities Management, DOA-Information Systems Division, DOA-Budget Division and Executive's Office | Develop budget assumptions for ensuing year<br>Budget procedures instructions, Internal Service Rates updated and distributed to departments<br>Budget training provided to County Board of Supervisors, department Heads and fiscal staff<br>Departmental budget targets issued<br>Departments submit new position requests |
| JULY-AUG | County Executive holds Town Hall meetings<br>Departments present project plans to County Executive<br>Executive review and decision making<br>Executive's capital budget and five year capital plan developed and finalized | County Executive holds Town Hall meetings<br>Departments submit budget requests<br>DOA-Budget Division staff review and analyze budget requests<br>Department administrators present budget requests to County Executive<br>DOA-Employment Services Division, Budget Office, and Executive's Office review and recommend new/abolish positions<br>DOA Budget staff make recommendations to Exec.<br>Executive makes budget decisions |
| SEP-OCT | Executive presents 5 year capital plan to County Board<br>County Board Chairman designates distribution<br>Appropriate Board Committees review and recommend amendments<br>Executive Committee reviews and considers committee recommendations<br>Executive Committee presents resolution to adopt capital plan<br>County Board acts on proposed amendments and adopts capital plan | Executive budget prepared<br>County Executive message and budget document presented to County Board<br>Publication of Public Notice<br>Finance Committee holds Public Hearing on Executive's proposed budget<br>Standing Committee budget reviews<br>Finance Committee budget reviews and consideration of Committee amendments<br>Personnel Committee reviews and presents ordinance recommending new positions to County Board |

## CAPITAL AND OPERATING BUDGET PROCESS, CONT.

| | Capital Budget and Five Year Plan | Operating Budget |
|---|---|---|
| NOV | Capital budget appropriations are made in conjunction with the adoption of the operating budget | County Board agendizes ordinance to adopt budget for second week of November<br>Finance Committee presents ordinances to adopt budget, distributes and recommends budget amendments<br>Standing Committees/Supervisor propose additional budget amendments<br>County Board acts on amendments and adopts budget<br>County Executive reviews budget and may line item veto<br>County Board review/takes action on vetoes |

### Budget Amendment Process

The Waukesha County budget process operates pursuant to Section 65.90(5)(a) and (b), Wisconsin Statutes. Any expenditure change which deviates from the original purpose or amount approved in the adopted budget constitutes a “budget change” and must be approved by a two-thirds vote of the entire County Board. Budget changes made under this statutory provision, except for Finance Committee transfers described in #1 and #2 below, require the County to publish a class 1 notice within 10 days after a change is made. Failure to give notice precludes changes in the proposed budget.

To amend the budget an ordinance is prepared by the requesting department, reviewed by the Department of Administration and the County Executive. If the County Executive approves the ordinance, it is forwarded to the County Board for action. All such ordinances amending the County Adopted Budget require a two-thirds majority vote of the entire membership (24 votes of County Board).

State law also permits county boards to delegate specific budgetary fund transfer authority powers to its finance committee. In Waukesha County, the County Board, in accordance with State Statutes, has empowered the Finance Committee to authorize the following fund transfers:

1. To transfer funds between budgeted items of an individual office, agency or department, if such budgeted items have been separately appropriated.

2. To supplement the appropriation for a particular office, department or activity by transfers from the contingency fund. Committee transfers shall not exceed the amount set up in the contingency fund and may not exceed 10% of the funds originally appropriated for an individual office, department or activity. Transfers in excess of 10% must follow the budget amendment process.

If a transfer of funds is determined to be necessary and the above two criteria are met, then the requesting department prepares the transfer request and submits it to the DOA-Budget Division for review and a recommendation to the County Executive. If the County Executive approves the request, it is forwarded to the Finance Committee for action.

# FINANCIAL STRUCTURE

## Summary

Waukesha County (the County) was incorporated in January 1846, and operates in accordance with provisions set forth in Chapter 59 of the Wisconsin State Statutes. The County is governed by a County Board. In April 1991, the County elected its first County Executive to coordinate and direct all administrative and management functions of County government which are not vested in other elected officials. The Executive has the authority to propose and veto legislation, and formulate the County budget and veto in whole or in part the budget adopted by the County Board. A two-thirds vote (24 members) of the Board is required to override each County Executive veto.

The County provides many functions and services to citizens, including but not limited to law enforcement, justice administration, health and human services, parks, education and cultural activities, planning, zoning, land use, environmental including water quality, recycling and general administrative services. Other activities the County provides are public works services including highway operations, mass transit, airport and fleet and facilities maintenance. In addition, golf courses, and ice arenas, a convention and meeting facility and grounds are available for citizen use.

## Fund Accounting

Similar to most government entities, the County organizes its finances on the basis of funds and account groups. Each fund is considered a separate accounting entity. Operations of individual funds are accounted for with a separate set of accounts that consists of its assets, liabilities, fund equity, revenue and expenditure or expenses, as appropriate. County resources are accounted for in each fund based on the purpose for which they are spent and by which spending activities are controlled. In 2002, the County implemented the new financial reporting mode required by Governmental Accounting Standards Board (GASB) Statement 34. In addition to traditional fund reporting, a statement of activities and statement of net assets are prepared on an entity-wide basis.

## Fund Types

Funds are normally classified according to the accounting conventions which apply to them. The County presents financial statements in its Comprehensive Annual Financial Report (CAFR), grouped into three broad fund categories comprised of seven fund types as indicated below. Note however, the County does not budget for fiduciary fund types **(For more detailed information, see Fund Balance Projections and Fund Descriptions within the Summary.)**

**"GOVERNMENTAL FUNDS"** are governed by standards developed specifically for government activities.

General Fund -The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

# FINANCIAL STRUCTURE, CONT.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs, but excludes debt serviced by proprietary funds.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources which are used for all acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust fund).

**"PROPRIETARY FUNDS"** are governed by the same accounting standards which apply to private business.

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost reimbursement basis.

**"FIDUCIARY FUNDS"** are agency funds. **Note the County does not budget for these funds**.

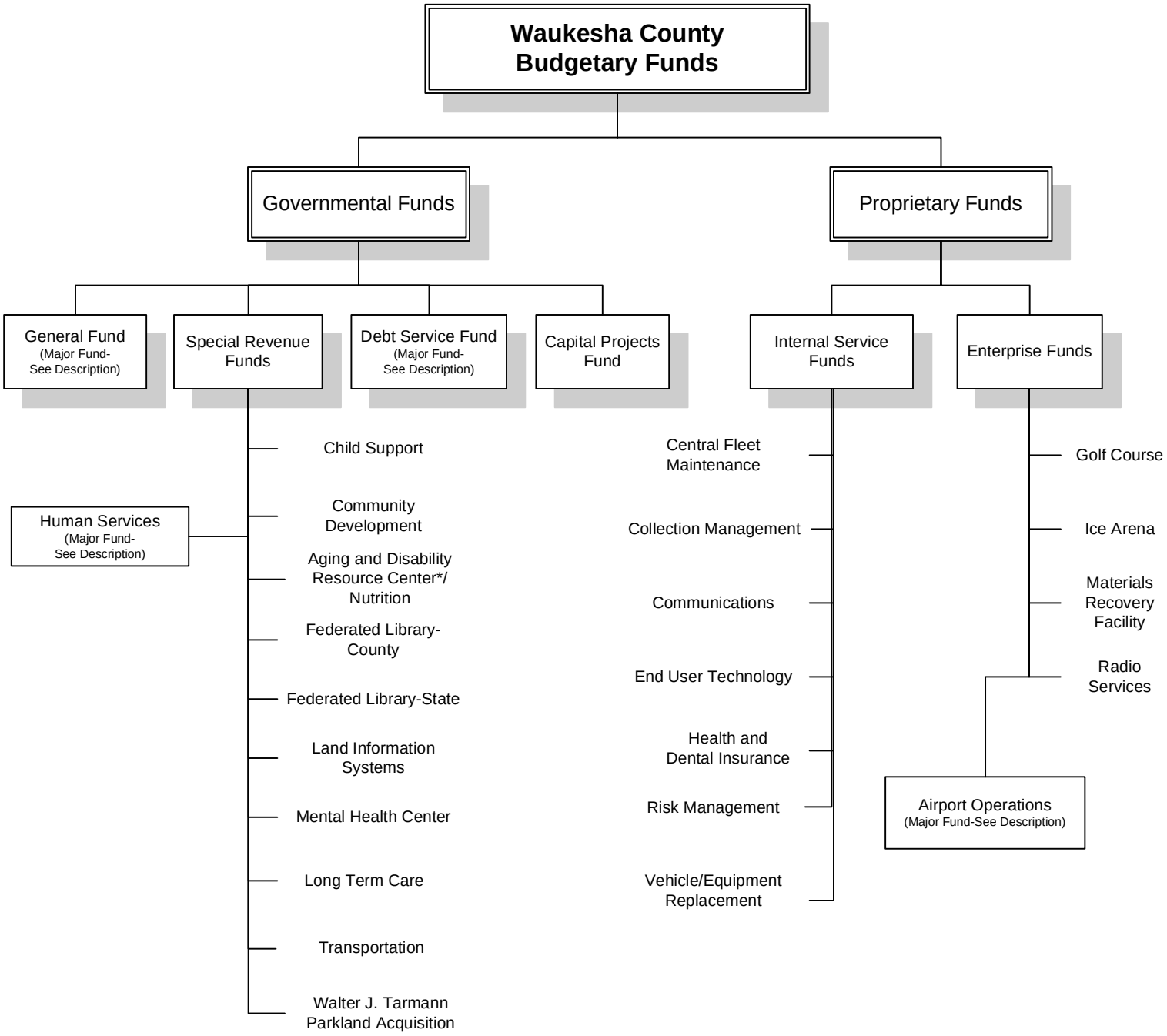
Agency Funds - Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

"**MAJOR FUNDS"** -The County also presents financial statements in its Comprehensive Annual Financial Report (CAFR), grouped by Major and Non-Major fund. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
b) The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
c) In addition, any other governmental or proprietary fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County has five major funds; General, Human Services, Long Term Care, Debt Service and Airport. The County's financial structure and definition of major funds are included in the Budgetary Fund Structure organizational chart on the following page.

**For more details regarding Basis of Accounting, refer to the County's Year End Comprehensive Annual Report (CAFR) Notes to Combined Financial Statements.**




GENERAL FUND - The General Fund is the primary operating fund of the County. It is used to account for resources traditionally associated with governments, except those required to be accounted for in another fund.

HUMAN SERVICES FUND - To account for funds provided for income maintenance, counseling, alcohol and drug abuse programs, children's center services, services to the developmentally disabled, chronically mentally ill, elderly and administrative support services.

DEBT SERVICE FUND - The debt service fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and service costs.

AIRPORT OPERATIONS FUND - To account for the operation and maintenance of the County airport buildings and runways, located in Waukesha, Wisconsin.