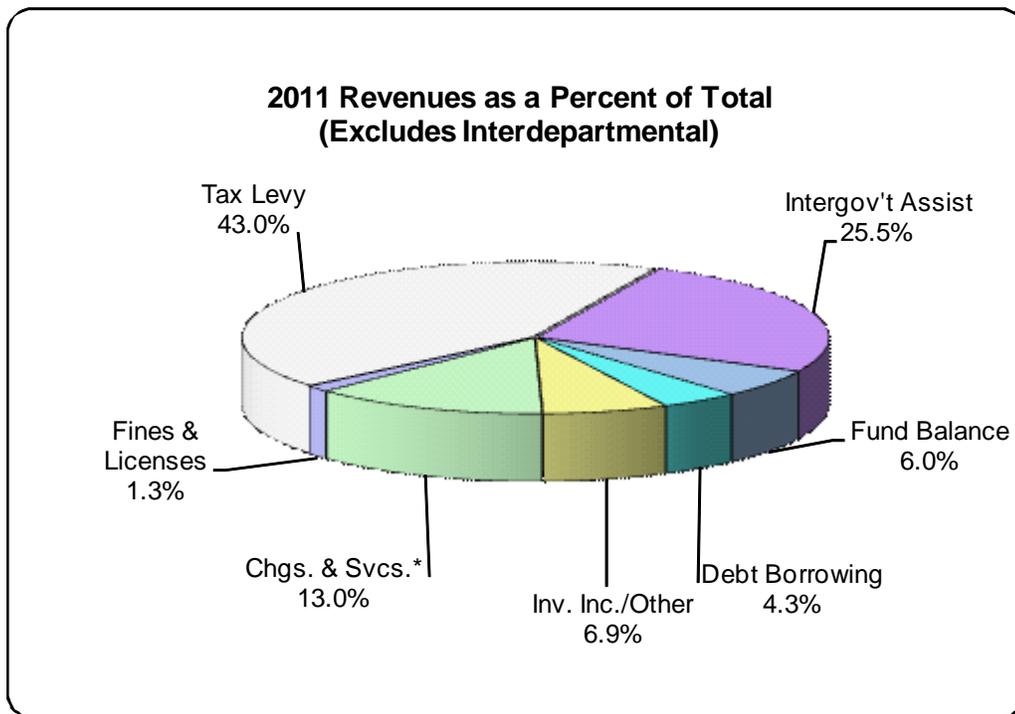

2011 REVENUE HIGHLIGHTS

Revenue Budget:

The 2011 revenue budget (**excluding property Tax Levy, Fund Balance appropriations and revenue generating proprietary fund retained earnings**) totals \$153,365,157, an increase of \$2,818,767 or 1.9% from the 2010 Adopted Budget. The net revenue budget is \$118,839,377 after elimination of \$34,525,780 of interdepartmental revenues (mostly from internal service funds i.e. Health and Dental Insurance Fund and cross charges such as Sheriff Bailiff, Conveyance services etc.), which are in essence double-budgeted. Also note, the 2009 Actual, 2010 Adopted Budget, and 2010 Estimate has been restated for comparison purposes. For the 2010 Adopted Budget, this includes lower interdepartmental revenues of \$257,695 to reflect the elimination of some intra-departmental cross charges which previously resulted in double budgeting.

The 2011 revenues consist of departmental operating revenues budgeted at \$140,054,657 and capital project funding at \$13,310,500, including \$10,000,000 from planned borrowing. Overall, the operating revenues increase nearly \$2.9 million or 2.1% from the prior year budget, while capital project revenues decrease by \$116,400.

The graph below reflects the ratio of revenue sources budgeted for 2011 to all revenue sources, with tax levy of 43.0% and Intergovernmental Assistance of 25.5% (after excluding Interdepartmental revenues) as the major revenue components.



* Excludes Retained Earnings

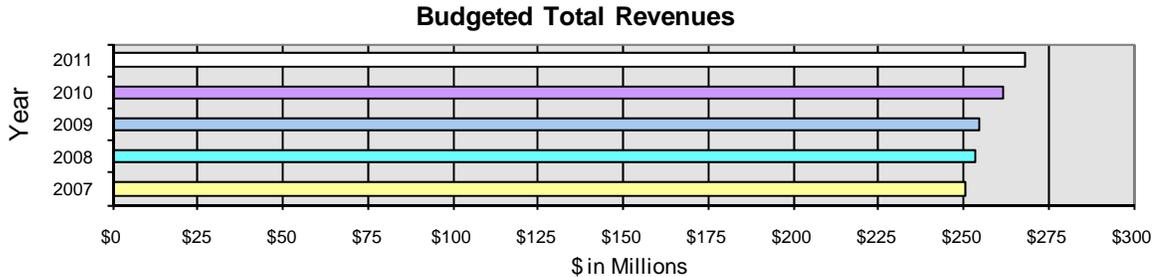
Revenue Projection Methodology

Realistic and accurate revenue forecasting is one of the primary building blocks in the development of a fiscally sound budget. The County combines four primary projection methods based on the unique characteristics of forecasted revenue. These methods include:

1. Informed/Expert Judgment (e.g., the advice of a department head).
2. Deterministic Techniques (e.g., formula based).
3. Time Series Technique (e.g., trend analysis, rolling averages).
4. Estimates from external sources or appropriated in adopted legislation (e.g., State and Federal governments).

2011 REVENUE HIGHLIGHTS

The graph below shows the total budgeted revenue trends from all sources for 2007-2011. Total revenues have shown annual increases during the five-year period as summarized below.

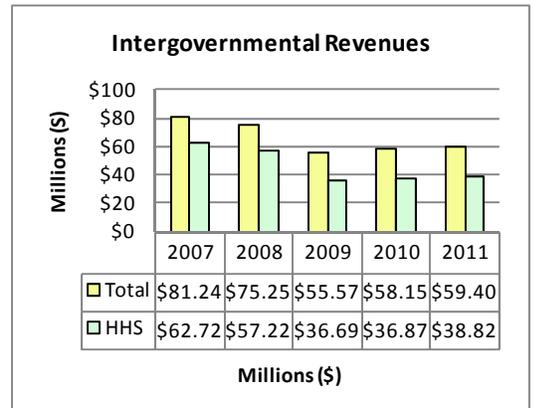


Detailed revenue highlights are included within each functional area summary. A summary of highlights and major changes from the 2010 to the 2011 Revenue Budget, by source, follows. The 2011 revenue budget increases by \$6.3 million. This increase includes an increase in Intergovernmental revenue of \$1.2 million largely as a result of increased revenue of \$808,000 for Health & Human Services (HHS) Children's Long Term Support Waiver funding and \$490,000 of HHS Community Service cost recoveries; Charges for Service revenue increases \$1.0 million mainly due to police patrol contracts with the City of Pewaukee and Village of Sussex and client fee revenues in the Department of Health and Human Services; an \$868,000 increase in Interdepartmental Charges revenue; a \$1.6 million increase in Fund Balance use mainly due to Capital projects and debt service; and a \$1.9 million increase in Tax Levy offset by a decrease in Other Revenue of \$196,000 and Fines and License revenue of \$208,000. The 2010 revenue budget increased by \$5.3 million largely due to an increase in Intergovernmental revenue of \$2.7 million due to revenue of nearly \$1.5 million for renewable energy incentive grants funded with federal stimulus money; \$1.8 for a million contract with the City of Pewaukee to provide police service; and \$600,000 for the County Highway Improvement-Discretionary program budgeted every other year. The 2009 Adopted Budget increased by \$920,800, which included a \$16.475 million increase in interdepartmental revenue mainly due to the addition of the new Health and Dental Insurance Fund; a \$2.8 million increase in Fund Balance use; and a \$2.65 million increase in Tax Levy mostly offset by \$19.7 million decrease in Intergovernmental contracts due to continued implementation of the State's Family Care Initiative reforming Long-Term Care; a \$2.0 million reduction in debt borrowing; and \$1.3 million reduction in Other Revenues. The 2008 Adopted total revenue budget increased by \$1.5 million. This increase for 2008 was largely due to almost a \$1.5 million increase in charges for services, a \$1.8 million increase in debt borrowing, a \$1.9 million increase in Tax Levy and a \$2.3 million net increase in other revenue categories mostly offset by a \$6.0 million decrease in intergovernmental contracts, grants and other State aids.

Intergovernmental Contracts & Grants:

Combined, total 2011 intergovernmental contracts, grants, state aids and state shared revenues are budgeted at \$59,398,124 representing an increase of \$1,239,820 or 2.1% from the 2010 Adopted Budget (see explanations below).

- H&HS Functional Area Intergovernmental Revenue increases by \$1,953,296 to \$38.8 million as follows:
 - **Federal Community Development** funding will continue the development of viable urban communities within Waukesha County through the provision of grants and technical assistance to cities, villages, towns and non-profit agencies participating in Waukesha County's Urban County Community Development Programs. Funding is provided to low and moderate-income households and to Neighborhood Revitalization Strategy Areas (NRSA) within the County for homeownership, housing rehabilitation, rental opportunities, planning, economic development and other County needs primarily through subgrantee agreements with non-profit agencies. The 2011 Budget includes \$3,100,000 of estimated federal funding from HUD which represents a \$150,000 increase to \$1,600,000 in CDBG funding and the HOME funding budgeted at \$1,500,000, which is unchanged from the 2010 Budget.
 - **Department of Health and Human Services** is budgeting the department's primary source of Intergovernmental revenue, **Community Aids-Basic County Allocation (BCA)** from the State Departments of Child and Family (DFS) and Health Services (DHS), to increase \$93,770 to \$7,440,563 after adjusting out the BCA portion of \$3,442,100 required to be paid back to the state as part of the State's Family Care initiative.
 - In 2011, the **Department of Health and Human Services Alcohol and Other Drug Abuse block grant** funding is budgeted to decrease \$183,547. (In 2010, the State Department of Health Services increased use of the Alcohol and Other Drug Abuse grant funding by \$183,547 to partially offset some of the reduction in the County's 2010 Community Aids allocation. In the 2011 budget, the AODA block grant funding is being reduced by \$183,547. However, Community Aid funding is only being restored by \$93,770, which results in an overall net decrease in funding of \$89,777.) Also, the Operating While Intoxicated surcharge revenues are reduced \$60,000 in the 2011 budget due to lower receipts received in 2009 and estimated for 2010.



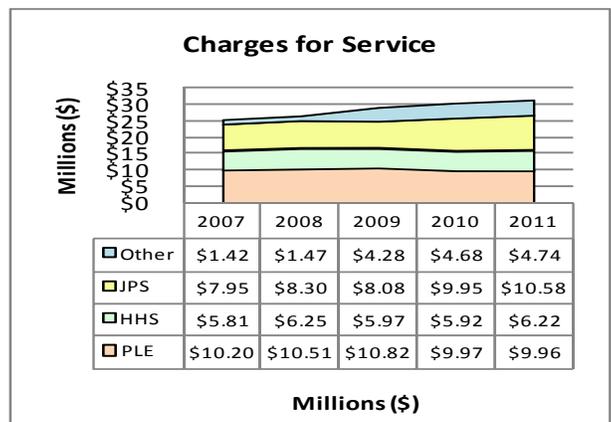
2011 REVENUE HIGHLIGHTS

- The **Department of Health and Human Services Children with Special Needs** intergovernmental revenues are budgeted to increase \$975,000 mainly as a result of the State Department of Family Services providing more waiver funding slots for children with Autism and other long-term special needs.
- **Department of Health and Human Services - Clinical Services Division Mental Health Outpatient program** is budgeting a \$492,700 revenue increase related to participation in a new state program which allows federal reimbursement for a portion of rehabilitative costs. Additionally, nearly \$203,200 of new state general purpose revenue is budgeted for children and elderly alternative planning.
- **Parks and Land Use Tarmann Fund** General Government revenues are budgeted to decrease by \$400,000 as State Department of Natural Resources Stewardship Grant reimbursements are not included in the 2011 Budget due to the timing of receipt of partial reimbursements for past and current year land acquisition costs, and are instead planned to be appropriated in future year budgets after they have been received.
- General Government revenues in the **Public Works Functional Area** are decreasing by \$384,000 mainly due to a reduction in of \$281,000 reduction from State Highway maintenance reimbursement revenue for work performed by the County on State Highways; General Transportation Aids are reduced \$97,000, which is mostly based on a rolling 6-year average of highway expenditures.

Charges for Services:

Charges for County Services (user fees) are budgeted at \$31,494,025, which represents an increase of \$1,004,570 from the 2010 Adopted Budget.

User Fees are charges for specific government services to those who utilize and value certain services. They provide an equitable, proportional user based charging method to continue service operations without relying solely on property taxes from property owners. User fees collected include fees for document recording; real estate transfers; public admission for recreation usage and regulation enforcement within the Parks, Environment and Land Use (PLE) areas; client treatment, inpatient or residential services fees within the Health and Human Services area (HHS); and inmate stays, contracted Sheriff patrols, and judicial and public safety.



- **Justice and Public Safety (JPS)** Charges for Service revenues are budgeted to increase \$624,187 to \$10.6 million mainly due to a \$508,300 increase in contracted police services resulting from the cost to continue increases related to existing contracts (\$144,800), City of Pewaukee contract (\$224,000) and an expanded contract with the Village of Sussex (\$139,500) in the **Sheriff's Department**. **Circuit Court Services** Charges for Service revenue increase by \$97,000 and include a new fee (\$50 per vehicle) for the court ordered use of Ignition Interlock Devices (IID's), upward adjustments in payment plan and mediation service fees, and over-all collection efforts.
- **H&HS** functional area Charges for Service revenues are budgeted to increase by about \$301,800 largely due to an increase of \$182,124 in the **HHS - Clinical Services Division Mental Health Outpatient program** reflecting client fees and 3rd party revenue reimbursements (\$66,400) Comprehensive Community Service (CCS) revenue (\$115,724). The **HHS - Mental Health Center** Charges for Service revenue increases by \$195,000 mostly due to the continuation of the Medicare prospective payment system that provides more timely reimbursements for services and factors that may be increasing the number of patients with billable insurance coverage, such as the State widening eligibility for Badger Care in recent years and state/federal mental health insurance parity legislation. These increases are offset by a decrease in Charges for Service revenue of \$38,500 in **HHS - Children and Family Division: In-home Safety and Out of Home Placement Services program** and a decrease of \$29,700 in the **HHS - Juvenile Center program** due to lower placement rates.

Fines and Licenses:

Overall fine and license revenues are estimated to total \$2,868,750 for 2011, a decrease of \$208,384, or 6.8% from the 2010 Adopted Budget.

- **HHS Department** is budgeting a \$60,000 decrease in the Operating While Intoxicated (OWI) Surcharge to \$475,000 to reflect lower actual prior year collections and current year estimates.
- The **Treasurer's Office** estimates Agricultural Use Conversion penalties to decrease by \$50,000 to \$80,000 reflecting estimated lower receipts from agricultural land use conversions fees based on current trends.
- The **Clerk of Courts Office** estimates penalties to decrease by \$40,000 to \$770,750 reflecting estimated lower receipts from marriage license fees, traffic fines, and occupational drivers license fees.
- The **Parks and Land Use Department** estimates lower zoning and permit fee revenues by \$30,000 to \$110,000 mainly due to the downturn in the housing development market.
- The **Public Works Department** estimates lower permit fee revenues by \$20,000 to \$110,000 mainly due to the downturn in the economy and housing market.

2011 REVENUE HIGHLIGHTS

Interdepartmental Revenues:

Interdepartmental revenues total \$34,525,780, an increase of about \$867,000 from the 2010 Adopted Budget. Interdepartmental revenues are primarily related to internal service fund charges and cross charges for services provide by one County department to another, which are in essence double budgeted. These charges are originally funded through an external revenue source or tax levy in the service consumer (user) department budgets.

- Based on actuarial recommendations, **Health and Dental Insurance Fund** Interdepartmental Revenues increase by \$208,000 to \$16,780,000 mostly to cover the County Departments' share of active employee self-insured health and dental claims.
- Tax Levy Support for the **DOA-End User Technology Fund (EUTF)** decreases by \$380,000 to \$399,872, mostly due to reallocating the tax levy subsidy in the End User Technology program out to departments to reflect infrastructure use.
- In order to better reflect historical insurance claims payout patterns, **DOA-Risk Management** interdepartmental revenue increases by \$143,900 to \$1,463,400, but are still being subsidized by General Fund Balance.
- Interdepartmental revenues in the **Public Works Functional Area** are increasing by \$72,622 largely due to vehicle replacement costs of \$96,449 that result in a revenue increase and a building maintenance services revenue increase of \$19,701 for maintenance work performed by DPW for other County Departments. This is partially offset by a \$49,756 decrease in vehicle repairs and maintenance due to a reduced volume of maintenance work and less fuel purchased as a result of reduced work performed on State Highways.

Other Revenues:

Revenues from various other sources in the 2011 Budget total \$16.1 million. This represents a net decrease of \$195,777 from the 2010 Adopted Budget.

- The **Office of the Treasurer** revenues include an estimated decrease in investment income of \$430,000 to \$4,920,000 as lower rates of return experienced in 2010 are expected to continue into 2011. Penalties and interest on delinquent taxes are budgeted to increase by \$450,000 due to higher levels of delinquent tax receipts estimated for 2010.
- **PLE - Land Information System Fund** other revenues decline by \$75,500 to \$6,500, mostly due to the elimination of \$80,000 in landfill siting fees temporarily budgeted in the LIS Fund in 2010 to help offset a decline in document recording fees resulting from the downturn in the real estate development market.
- **HHS - Administrative Services** is budgeting the **Wisconsin Medicaid Cost Report (WIMCR)** revenues to decrease \$75,000 to about \$128,200, reflecting prior year actual declining trends. **HHS - Senior Dining** is reducing other revenues by \$38,000 based on prior year revenue and a reduction in client donations.

Debt Financing:

The 2011 Budget includes borrowing of \$10.0 million to finance a portion of 2011 capital projects, which is the same level of borrowing as in the 2010 Adopted Budget.

Appropriated Fund Balance:

To reduce the 2010 Tax Levy (for 2011 Budget purposes), the Budget includes Fund Balance appropriations of \$14,054,330 for one-time projects or temporary expenditures or to phase in the impact of significant revenue losses. This includes \$9,682,330 for the operating budgets and \$4,372,000 for the Capital Projects Budget as summarized in this table below:

Fund Balance Use in Fund / Department Budgets	General Fund	Special Revenue Funds	Internal Service Funds	Enterprise Funds	Capital Fund	Debt Service Fund	Total
Administration	\$1,500						\$1,500
Administration Internal Services			\$295,020				\$295,020
Admin Dept-Risk Management			\$528,522				\$528,522
End User Tech. Fund			\$888,464				\$888,464
Airport Fund				\$180,829			\$180,829
Capital Projects Budget					\$4,372,000		\$4,372,000
Circuit Court Services	\$6,000						\$6,000
Contingency Fund	\$1,000,000						\$1,000,000
Corporation Counsel Dept.	\$55,000						\$55,000
County Clerk Dept.							\$0
Debt Service Fund						\$1,304,386	\$1,304,386
District Attorney	\$61,000						\$61,000
Emergency Preparedness	\$186,350			\$102,297			\$288,647
Human Services Dept.	\$874,224						\$874,224
Non-Departmental	\$489,300		\$786,500				\$1,275,800
Federated Library Fund		\$2,501					\$2,501
Parks and Land Use Dept.	\$85,000	\$700,000		\$1,305,435			\$2,090,435
Public Works Dept	\$462,500	\$78,000	\$141,083				\$681,583
Sheriff Dept.	\$148,419						\$148,419
Total by Fund Type	\$3,369,293	\$780,501	\$2,639,589	\$1,588,561	\$4,372,000	\$1,304,386	\$14,054,330

Tax Levy:

The overall 2010 Tax Levy (for 2011 Budget purposes) is \$100,401,004, which represents an increase of \$1,909,647 or 1.9% from the 2010 Adopted Budget. This is within the State imposed tax levy increase limit of 3.0%. The total Tax Levy consists of General County Purpose Levy of \$97,547,065, a \$1,829,608 or 1.9% increase from the 2010 Adopted Budget, and the Federated Library Tax Levy of \$2,853,939, an increase of \$80,039 or 2.9% from the 2010 Adopted Budget.