



December 13, 2013

Dear Honorable County Board Supervisors:

The 2014 Adopted County Budget continues a commitment to high standards and delivery of quality services. During these challenging times, the 2014 Adopted Budget meets our benchmark standards by keeping taxes low, while continuing to maintain high quality services. In fact, this budget will result in no increase in the County portion of the tax bill to most homeowners.

For 2014 budget purposes, the adopted 2013 County General property tax levy totals \$99.5 million; an increase of \$707,000, limiting the increase to only 0.72% from the prior year budget, the same percentage increase of new construction to the tax base this past year.

The adopted expenditure budget totals \$282.1 million. Included as part of total expenditures is a state mandated change to the way the County reports and accounts for payments that a third party administrator makes to service providers for children with long-term support needs. That change inflates expenditures in the 2014 Budget by \$3.2 million. The money is offset dollar for dollar with an equal revenue increase. The Budget contains \$254.1 million in operating appropriations. This budget maintains our low employee per capita ratio of 3.5 employees.

The Capital expenditure budget includes \$28 million for infrastructure investments, the same level as the 2013 budget.

The special Federated Library System tax applied to those communities without libraries is \$2.97 million an increase of 1.2%, about \$35,000.

BUDGET CHALLENGES

The County's budget continues to be challenged by the slow economic recovery and related County revenues. Investment income is estimated to decrease by \$127,000 to \$4,438,000, reflecting continued historically low rates. Also, the estimate for Delinquent Taxes Penalty and Interest is reduced by \$42,000 to \$2,808,000 as outstanding Delinquent Taxes declined, as the economy improved, during 2012 into 2013. The 2014 Budget recognizes declining trends in prisoner board revenue for Federal prisoners and Huber room and board totaling \$259,000. Court revenues also decline \$180,000. The real estate market has improved with expected increases in real estate transfer fees and document recording fee revenues of \$200,000 over the 2013 budget.

The 2013-2015 State Budget had a much more modest impact on the County than previous budgets. Most major state revenue funding sources remained at or near their current 2011-2013 levels. The

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Health and Human Services budget includes State/Federal revenue increases of \$667,000 related to the 2013 mid-year creation of ten regular full-time Economic Support Specialist positions to assist individuals applying for health insurance under the Affordable Care Act. These positions will sunset when the funding is reduced or terminated in 2015.

The County budget continues to be driven by higher Justice and Public Safety operational costs which requires the majority of new tax levy support. This includes \$375,000 for the Sheriff's budget mostly for jail inmate related costs and lower inmate revenue, \$291,000 for Emergency 9-1-1 response primarily due to full year costs of both the transfer of New Berlin dispatch activity to the Communications Center and the implementation of the new computer aided dispatch software, and \$232,000 for Circuit Court Services. Highway safety and road maintenance needs are addressed with added levy support of \$107,000. The County's Crisis Line call center will transition to a new service delivery model due to the loss of the previous provider. Mental health outpatient and support services anticipate an increase in days of care costing \$413,000.

Despite these significant budget challenges, we have successfully addressed many of these areas despite limiting tax levy growth to the State's imposed levy limit. We have been able to accomplish this by making difficult priority decisions and through operational efficiencies. The full year impact of a new Health and Human Services building in 2014 is absorbed within budget base funding and from lower utility costs per square foot than the old facility.

The County continues to be well-positioned to meet its strategic outcomes while focusing on core essential services due to its prudent prior investments made in technology, energy conservation and infrastructure to help address these increasing challenges now and in the future.

PROJECT FUNDING AND DEBT MANAGEMENT

The County values strategic long-range capital planning, budgeting and debt management policies and practices. Borrowed funds are budgeted at \$10 million, a decrease of \$7 million mostly due to the completion of the Health and Human Service building project in 2013. Tax levy and the use of governmental fund cash balance of nearly \$6.1 million and general revenues of \$650,000 maintains the County's "down payment" at well over the 20% goal of net capital expenditures to keep borrowing costs down.

The County's 2014 debt service payment is budgeted at \$14.4 million, which is well within to the County's key benchmark ratio of debt service expenditure budget to the total governmental operating expenditures targeted at less than 10%. Maintaining debt service on borrowing at a lower level in the range of 6.5% to 7.5% assures that the County will be able to maintain its infrastructure without diminishing funding needed for direct services for future generations.

ACKNOWLEDGEMENTS

We believe you will find the 2014 Adopted County Budget balances essential service delivery needs while keeping taxes low. We take this opportunity to thank the County Board for its very thorough review and continued support. Certainly, this budget could not be accomplished without the cooperation of department administrators and their hard working, dedicated staff making decision that reflect the County's core values of collaboration, ethics and integrity, innovation, efficiency and our Aaa/AAA standard.

Sincerely,


Norman A. Cummings,
Director of Administration


Linda G. Witkowski
Budget Manager