

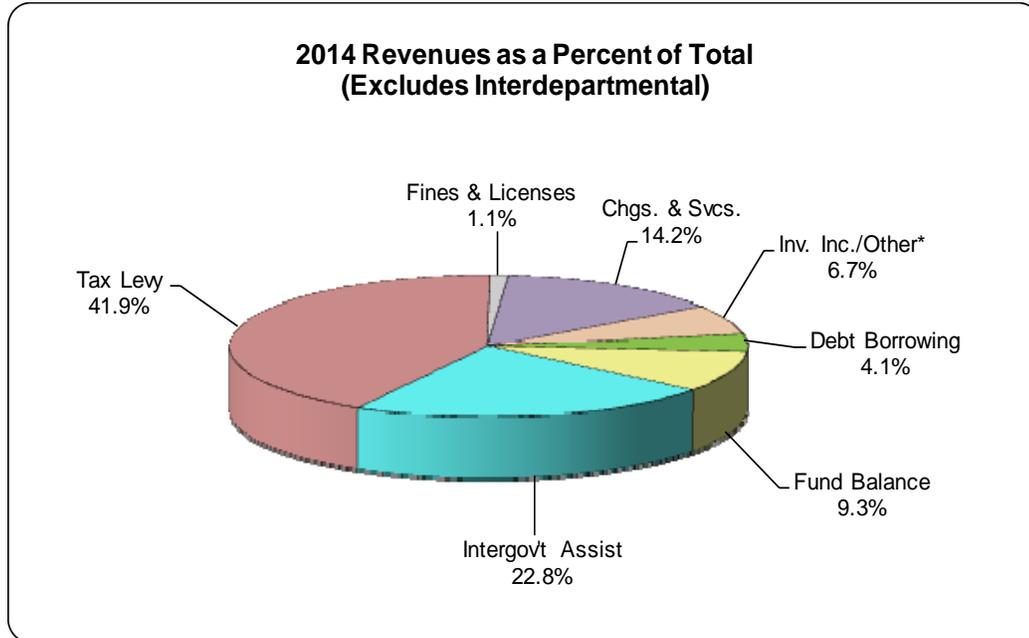
# 2014 REVENUE HIGHLIGHTS

## Revenue Budget:

The 2014 revenue budget (excluding property Tax Levy, Fund Balance appropriations and revenue generating proprietary fund retained earnings) totals \$157,337,598, a decrease of \$3,192,662 or -2.0% from the 2013 Adopted Budget. The revenue budget includes \$37,223,385 of interdepartmental revenues (mostly from internal service funds, e.g., Health and Dental Insurance Fund and cross charges such as Sheriff Bailiff, court security, etc.).

The 2014 revenues consist of departmental operating revenues budgeted at \$144,825,183 and capital project funds at \$11,900,000 including \$10,000,000 from planned borrowing. Overall, the operating revenues increase nearly \$7.16 million or 5.2% from the prior year budget, while capital project revenues decrease by about \$10.4 million.

The graph below reflects the ratio of revenue sources budgeted for 2014 to all revenue sources, with tax levy of 41.9% and Intergovernmental Assistance of 22.8% (after excluding Interdepartmental revenues) as the major revenue components.



\* Excludes Retained Earnings

## **Revenue Projection Methodology**

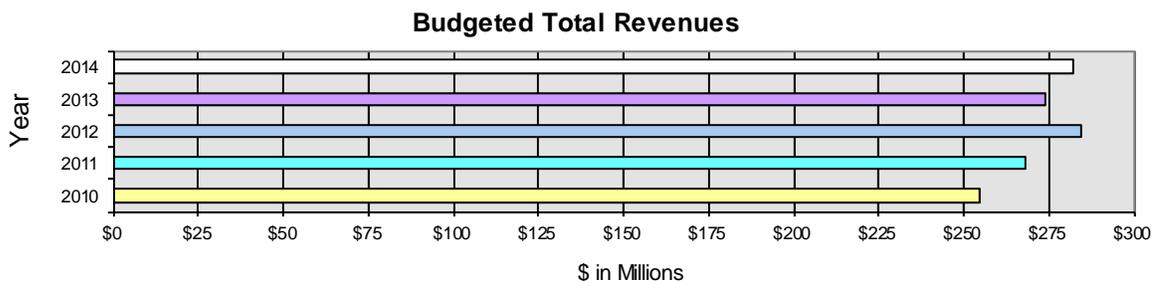
Realistic, conservative and accurate revenue estimates are one of the key building blocks in the development of a fiscally sound budget. The County combines four primary projection methods, mentioned below, based on the unique characteristics of forecasted revenue.

1. Informed and 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).

## **Projection and Trends:**

External factors that may impact estimated future revenue trends include a continued slow economic recovery, a lack of recover in the real estate market and its impact on future property tax base values, moderate inflation, Federal and State budget deficits which will likely result in revenue reductions and the potential for higher future interest rates. Internal factors mainly include user fee rate increases which help cover the rising costs of services and the ability to collect on client accounts.

The graph below shows the total budgeted revenue trends from all sources for 2010-2014. Total revenues are budgeted to increase nearly \$8.3 million or 3.0% to \$282.1 million to be within about 1% of the 5-year high of \$284.6 million in 2012 summarized below.



A brief summary of the major changes in the past five years to the adopted budget are briefly explained as follows:

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The 2014 revenue budget increases by nearly \$8.3 million to \$282.1 million, largely due to an increase of about \$10.8 million of Fund Balance appropriations to nearly \$23 million. This offsets a decrease of \$7 million of Debt Borrowing to fund capital project expenditures. Intergovernmental revenues increase by \$1.4 million mainly due to increases in the Children with Long-Term Support Needs (CLTS) Third Party Administrator (TPA) grant of \$3.25 million, partially offset by federal and state funding reductions. Charges for Services increase \$1.45 million and the County General Tax Levy (excluding the special Library tax) increases by \$706,630.

The 2013 revenue budget decreases by nearly \$10.8 million to \$273.7 million, including Debt Borrowing decreasing by \$3 million to \$17 million to fund Capital Project expenditures; Overall Fund Balance appropriation reductions of \$8.4 million, including a \$6.8 million drop in the Capital Budget and \$1.5 million less for the Operating budget. Intergovernmental Revenues decline by about \$880,000 due to federal and State funding reductions. User fee charges for services decreases by \$131,586 and the County general tax levy increases (excluding the special Library tax) by \$761,039.

The 2012 revenue budget increases by nearly \$16.5 million to \$284.6 million including Debt Borrowing of \$20 million to fund higher Capital Project expenditures. Interdepartmental Revenues increase by \$1.6 million, including estimated increases in the County's share of health insurance premiums of \$797,000, allocating out the last \$380,000 in charges and related Tax Levy funding from the End User Technology program to departments for the total cost of computer ownership, and higher Risk Management and Public Works Charges to departments. Fund Balance appropriation increases by \$6.84 million, mainly for budgeted increases for Capital Projects; a nearly \$645,000 increase in County General Tax Levy; Charges for Service revenue increases by about \$346,600; partially offset by a decrease in Intergovernmental Revenues by over \$3.2 million, mainly due to revenue reductions of over \$2.5 million from the State's 2011-13 Biennial Budget, primarily in H&HS and Public Works.

The 2011 revenue budget increased by \$6.5 million. This increase includes an increase in intergovernmental revenue of \$1.8 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 mostly related to health insurance premiums; a \$1.4 million increase in Fund Balances use mainly to help fund Capital projects and debt service; and a \$1.8 million increase in Tax Levy offset by decreases in Other Revenue of \$115,800 and reduction in 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 (ARRA) dollars; \$1.8 million for a contract with the City of Pewaukee to provide police service; and \$600,000 for the County Highway Improvement-Discretionary program budgeted every other year.

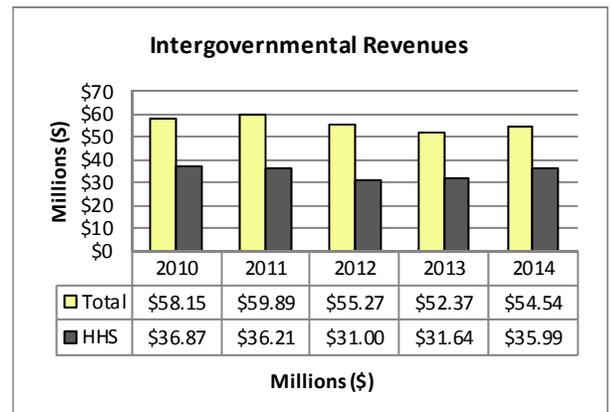
Detailed revenue highlights are included within each functional area summary.

A summary of highlights and major changes from the 2013 Budget to the 2014 Revenue Budget, by source, follows.

### Intergovernmental Contracts & Grants:

Combined, total 2014 intergovernmental contracts, grants, state/federal aids and state shared revenues together are budgeted at \$55,789,128, an increase of \$1,401,717 or 2.6% from the 2013 Adopted Budget (as indicated below).

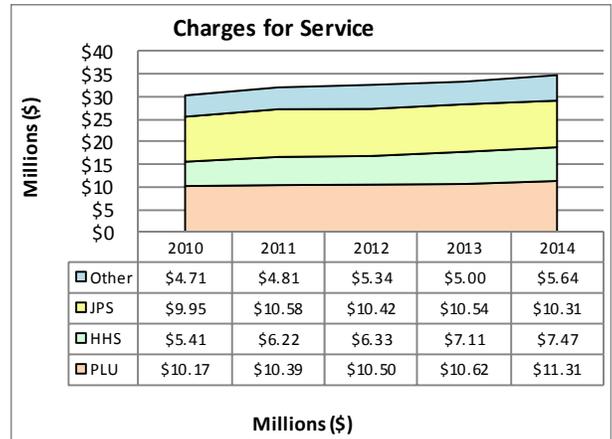
- **H&HS Functional Area** Intergovernmental Revenue increases by \$4,284,741 to nearly \$36 million as follows:
  - **Department of Health and Human Services (H&HS) – Children with Special Needs Program** includes an increase in intergovernmental State revenue reimbursements related to the Children's Long Term Support (CLTS) Third Party Administrator (TPA) program of \$3.25 million as a result of the State of Wisconsin issuing an opinion making these payments to service providers documented as grant expenditures. These expenditures were removed from the budget in the prior year when the State implemented a change to the TPA. In addition, intergovernmental revenues increase about \$84,300 due to the Children's Long Term Support (CLTS) waiver program as state reimbursement for the recapture of service coordinator client service hours.
  - **H&HS – Economic Services Administration and Support Program** includes an increase of both federal and state funding related to the Moraine Lakes Consortium of \$667,000, including approximately \$559,300 in funding for 10.0 FTE Economic Support Specialist sunset positions to assist citizens with the implementation of the Patient Protection Affordable Care Act (PPACA).
  - **Family Services & Juvenile Services Division's** 2014 budget includes increases in State Youth Aids funding by about \$210,100 to \$3.46 million, based on an adjustment made by the Wisconsin Department of Corrections made to county allocations in 2013.
  - **Administrative Services** intergovernmental revenue increases by nearly by about \$107,500 mainly due to increases in indirect cost recovery expected from the Aging and Disability Resource (ADRC) Contract Fund of about \$140,000 from \$477,600 to \$617,400.



## 2014 REVENUE HIGHLIGHTS

- **Criminal Justice Collaborating Council** General Government revenues are budgeted to decrease by about \$126,900 to \$383,400 largely due to a reduction in the 3-year Alcohol Treatment Court expansion grant for 4<sup>th</sup> OWI offenders budgeted to be discontinued September 30, 2014.
- **Capital Projects** Funding from General Government revenues are budgeted to decrease by about \$3.6 million including a reduction of \$1.9 million of Federal Transportation Enhancement grant funding for bike trail paving, as well as a reduction of about \$2.0 million for local reimbursement of the cost of street amenities.
- General Government Revenues in the **Public Works Functional Area State Highway Maintenance operations** for work on State roads as directed by DOT are budgeted to increase by nearly \$167,800 to over \$4.7 million based on the current (2013) State's Routine Maintenance Agreement (RMA) and State Department of Transportation levels of services being requested.
- **University of Wisconsin – Extension** budgeted intergovernmental revenues decrease by about \$76,900 to \$166,300, mainly due to the department not receiving the Drug Free Communities grant in 2014, previously budgeted at \$125,000 in 2013.

**Charges for Services:** User fees are budgeted at \$34,728,301, which represents an increase of \$1,451,996 from the 2013 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. Major User fees include document recording and real estate transfers; public admission for recreation usage, regulation enforcement and education within the Parks, Environment, Education and Land Use (PLE) functional area; client treatment, inpatient or outpatient residential services fees accessed in the Health and Human Services (H&HS) area; and inmate board, contracted Sheriff patrols, and judicial and public safety related fees (JPS).



- **Parks, Environment, Education & Land use (PLU)** functional area Charges for Service revenues are budgeted to increase by about \$688,000 to \$11.3 million mainly due to an increase in **Register of Deeds** revenues by approximately \$611,400, reflecting an increase of \$325,000 of redaction fee revenues due to the 2013-2015 Wisconsin State Budget allowing Counties the use of redaction fee revenues in 2014 for general purposes. Also, Real Estate Transfer fees are budgeted to increase about \$191,400 due to an increase in home sales, reflecting improving conditions in the real estate market. Document recording fee revenues are also budgeted to increase \$75,000.
- **Health & Human Services (HHS)** functional area Charges for Service revenues increase by about \$365,500 to \$7.4 million, and includes **Clinical Services Division** increases of about \$295,000 to nearly \$6.14 million, related to Mental Health Outpatient Client Fee revenue increases of nearly \$170,000, and a \$100,000 increase at the Mental Health Center reflecting an increase of \$16 per client day.
- **Justice and Public Safety (JPS)** functional area Charges for Service revenues decrease by approximately \$229,400 to \$10.3 million mainly due to a decrease in Federal prisoner revenue of \$113,500 (4.04 inmate per day) and **Huber room and board** revenues of about \$145,400 (18.16 paying inmates per day). This reduction is offset in part with an increase of \$65,400 for Wisconsin DOC inmate (3.48 inmates per day). In addition, **Circuit Court Services** revenues decrease about \$116,000 due to reductions for bail forfeiture revenues, reduced revenues from custody studies conducted by the Family Court Services unit, and reduced Criminal and Civil Court Fees.

**Fines and Licenses:** Fine and license revenues are estimated to total \$2,677,545 for 2014, decreasing about \$37,400, or 1.4% from the 2013 Budget, including the following: **Circuit Court Services** budget includes a reduction of \$65,000 in Fines and Forfeiture revenues, partially offset by increases in the **Medical Examiner** budget from Cremation Permit revenue of nearly \$23,000.

### **Interdepartmental Revenues:**

2014 Interdepartmental revenues total \$37,223,385, an increase of about \$514,800 or 1.4% from the 2013 Adopted Budget. Interdepartmental revenues are primarily related to internal service fund charges and cross charges for services provided by one County department to another, which are in essence double budgeted. These charges are originally funded through an external revenue sources or tax levy in the service consumer (user) department budgets.

- In order to better reflect an increase in Worker's Compensation self-insured claims costs and higher estimated future years claims payments base on historical trends, **DOA-Risk Management** interdepartmental revenue increases by about \$144,500 to \$1.9 million but is still being subsidized by General Fund Balance.
- End User Technology program interdepartmental revenues for the total cost of technology ownership increases by about \$179,500 in the 2014 budget as the department continues to phase in full cost recovery.
- Interdepartmental revenues in the **Public Works Functional Area** increase by about \$303,000 to nearly \$7.0 million. Department charges for vehicle operations increase \$178,000 including fuel of \$29,000, vehicle repair and maintenance charges of \$68,000, and vehicle replacement charges of \$72,000. Additional items include: and Building/Office rental charges increase of nearly \$47,000 for maintenance and services provided to County departments.

## 2014 REVENUE HIGHLIGHTS

### Other Revenues:

Other revenues from various other miscellaneous sources in the 2014 Budget total \$16.9 million, an increase of about \$476,200 from the 2013 Budget.

- **Department of H&HS – Clinical Division** Revenues are budgeted to increase by about \$165,000 to nearly \$1.7 million, largely from increases in Social Security Income Collections revenues of about \$92K and \$78K of State of Wisconsin Medical Assistance Cost Reporting (WIMCR) program reimbursements based on current (2013) year estimates.
- **Parks and Land Use General Fund** revenues include \$156,000 in pass through funding due to an agreement with the Emerald Park Landfill vendor to manage all invoicing related to the landfill in the Household Hazardous Waste program, budgeted for the first time in 2014.
- The **Office of the Treasurer** investment income decreases by \$127,000 to \$4.4 million due to estimated lower investment rates of return.
- **Capital Projects** include \$400,000 in excess land sale revenue, partially offset by an estimated decrease in investment earnings by \$260,000.
- **Public Works** includes a budgeted increase of \$85,000 from the sale of retired county vehicles at auction.

### Debt Financing:

The 2014 Budget includes borrowing of \$10 million to finance a major portion of 2014 capital projects, which is a decrease of \$7 million from the 2013 Adopted Budget mainly due to 2013 being the last year of funding of the H&HS Office Building (Project 200615).

### Appropriated Fund Balance:

To reduce the 2013 Tax Levy (for 2014 Budget purposes), the Budget includes Fund Balance appropriations of \$22,873,416 for one-time projects, temporary expenditures or to phase in the impact of significant revenue losses. This includes \$8,730,716 for the operating budgets and \$14,142,700 for the Capital Projects Budget, summarized 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	\$28,000						\$28,000
Administration Internal Service Funds			\$290,000				\$290,000
Admin Dept-Risk Management			\$179,885				\$179,885
End User Tech. Fund			\$567,025				\$567,025
Airport Fund				\$180,829			\$180,829
Capital Projects Budget					\$14,142,700		\$14,142,700
Circuit Court Services	\$20,000						\$20,000
Contingency Fund	\$1,200,000						\$1,200,000
County Clerk Dept.	\$110,000						\$110,000
Debt Service Fund						\$1,213,154	\$1,213,154
Emergency Preparedness	\$133,000			\$173,746			\$306,746
Human Services Dept.	\$177,722						\$177,722
Non-Departmental	\$719,200		\$1,002,000				\$1,721,200
Federated Library Fund		\$69,300					\$69,300
Parks and Land Use Dept.	\$65,000	\$700,000		\$978,700			\$1,743,700
Public Works Dept	\$270,000	\$222,900	\$133,083				\$625,983
Sheriff Dept.	\$279,672						\$279,672
UW Extension Dept.	\$17,500						\$17,500
<b>Total by Fund Type</b>	<b>\$3,020,094</b>	<b>\$992,200</b>	<b>\$2,171,993</b>	<b>\$1,333,275</b>	<b>\$14,142,700</b>	<b>\$1,213,154</b>	<b>\$22,873,416</b>

**Significant** increases in fund balance for the capital budget include the \$5.5 million for the digital radio system upgrade and \$5.4 million for the collaborative material recycling facility project.

**Tax Levy:** The overall 2013 Tax Levy (for 2014 Budget purposes) is \$102,470,780, which represents an increase of \$741,654 or 0.7% from the 2013 Adopted Budget. The total Tax Levy consists of General County Purpose Levy of \$99,505,152, a \$706,630 or 0.72% increase from the 2013 Adopted Budget, and the Special Federated Library Tax Levy of \$2,965,628, an increase of \$35,024 or 1.2% from the 2013 Adopted Budget, which are accessed to municipalities without Libraries.