



December 12, 2007

Dear Honorable County Board Supervisors,

It is an honor to provide you with a 2008 Adopted Budget that continues Waukesha County's tradition of prudent investing and disciplined budgeting that steers our way towards a sustainable future. Thanks to the successful working relationship between our executive and legislative branches of government, we were able to advance another balanced budget, which maintains the high quality services while freezing the County portion of the property tax bill.

TAX FREEZE FOR HOMEOWNERS

Tax performance can be measured many different ways, but we strongly believe that most taxpayers look at their property tax bill and compare this year's bill with last year's bill. That being said, the vast majority of our residents will see no increase or a slight decrease in the County portion of their property tax bill. Despite the average value of a Waukesha County house, which will increase by about 3.1% in 2007, this budget reduces the tax levy rate by five cents from \$1.83 to \$1.78 per \$1,000 of value and freezes taxes on the average home at last year's level or even lower.

As the County and metropolitan region continue to grow, increasing demands for government services seriously challenge the public sector. To meet the needs of our citizenry, this budget makes justice and public safety the highest priority, effectively serves at-risk individuals and families, and demonstrates our commitment towards maintaining quality roadways and buildings. To illustrate these priorities, the following chart depicts how tax levy funding will be spent by functional area:

2007-2008 TAX LEVY BY FUNCTION	2007 Adopted Budget	2008 Adopted Budget	Increase/(Decrease) from 2007 Budget	
			\$	%
Justice & Public Safety *	\$33,974,190	\$35,437,152	\$ 1,462,962	4.3%
Health & Human Services	\$21,780,088	\$22,449,060	\$ 668,972	3.1%
Public Works *	\$ 9,323,010	\$ 9,695,359	\$ 372,349	4.0%
Parks, Environment, Education & Land Use	\$ 8,101,855	\$ 8,116,352	\$ 14,497	0.2%
General Administration/Non-Departmental *	\$ 2,599,542	\$ 1,972,102	\$ (627,440)	-24.1%
Debt Service/Capital Projects	\$15,515,376	\$15,518,306	\$ 2,930	0.0%
TOTAL TAX LEVY	\$91,294,061	\$93,188,331	\$ 1,894,270	2.1%

* 2007 Adopted Levy has been restated for comparative purposes due to program shifts in the 2008 Adopted Budget.

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LIMITING TAXES AND SPENDING

Waukesha County continues to be one of the State's low tax leaders. Next year, the County's tax levy rate will decline for the 18th consecutive year. Thankfully, this reduction is not only well below the State's enacted tax levy increase cap of 3.86%, but includes a 2.1% property tax levy increase that is within the net new construction property value growth for 2007.

For 2008 budget purposes, the 2007 County property tax (General and Federated Library tax) totals \$93,188,331. This control of spending effectively demonstrates our commitment to maintaining the County's exceptional fiscal health and long-term planning. The 2008 total expenditure budget is \$255,533,289, which is an increase of about \$1.5 million or less than 1% from the 2007 Adopted Budget. Appropriations consist of departmental operating budget expenditures of \$235,070,289 and capital project spending of \$20,463,000.

BUDGET DRIVERS

Next year, we will dedicate \$1.5 million in new tax levy for Justice and Public Safety initiatives and almost \$600,000 in additional tax levy for Health and Human Service programs. To ensure that these top priority areas receive necessary resources, we were able to offset costs by reducing our tax levy dependency for administrative support expenditures by more than \$650,000. Yet, there are still a number of factors that will drive the budget, which are demonstrated below and expand upon what County Executive Vrakas previously mentioned:

- As with any business or organization, personnel costs, which make up 45% of our operating budget, put significant pressure on the overall budget. It pleases us to share with you that the County has been able to limit the average health insurance premium increases to 6% in 2007 and 5% in 2008, which is well below the national average. This was accomplished by investing in wellness programming and negotiating changes in deductibles and co-pays.
- Jail costs continue to escalate with the rise in the number of inmates resulting in a corrections-related tax levy increase of over \$300,000.
- Increased demands for mental health, long-term care, child abuse and neglect, and other human services programs also put a significant pressure on our operating budget. Within this critical area, tax levy support for mental health out-patient services alone will require an increase of more than \$320,000.
- Unfortunately, energy costs are rising faster than the rate of inflation. It is anticipated that we will incur a 4.7% increase for electricity, a 7.6% increase for water, a 2.4% increase for natural gas, and a vehicle fuel cost increase over 3% after a 25% increase in the 2007 budget. These energy-related cost increases result in higher budgeted costs of nearly \$100,000.

PARTNERSHIP/COLLABORATIONS

While the items listed above drive our budget, it is important for us to engage in strategic partnerships and collaborations that help us improve operational efficiencies and reduce costs. In our efforts undertake initiatives that advance this cause, the following items expound on or are in addition to what County Executive Vrakas referenced earlier:

- Circuit Court Services will transition involuntary commitment cases from the Register in Probate Office to Juvenile Court in an effort to more effectively delivery these services while reducing personnel costs by nearly \$54,000.

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- As part of Wisconsin's Long Term Care reform initiative, the Aging and Disability Resource Center of Waukesha County is scheduled to begin operation on April 1, 2008. This unique venture will serve aging and disabled adults and their families by integrating functions of the Department of Health and Human Services Long Term Care Division and staffing from the Economic Support Division with information and assistance referrals, benefits counseling, and case management services offered by the Department of Senior Services. This transition is not only designed to improve service delivery, but will result in lowering the County's expenditure budget by over \$8.3 million for Community Integration and Community Options funded services and will reduce tax levy support by over \$100,000.
- Corporation Counsel's Child Support agency will contract with a private company for call center services. This movement to privatize its basic call-taking and customer service functions will allow the department to realize a \$30,000 savings in personnel costs in the first year by unfunding of two clerk typist positions.

INFRASTRUCTURE INVESTMENTS

The 2008-2012 Capital Projects plan continues to strike a balance between maintaining our important infrastructure and delivering critical services to ensure our County's continued growth, economic viability, and legacy of fiscal responsibility. In addition to a variety of important road and building projects, it calls for a number of environmentally sustainable initiatives that require us to make earth-friendly investments that will ultimately save significant, long-term tax dollars.

TRANSPORTATION:

Approximately 75%, or almost \$64 million of the 5-year Capital Projects plan, is dedicated to maintaining highway infrastructure, which includes nearly \$13 million for the important repaving program; \$5.1 million for signal and safety improvements; and \$1.6 million for future bridge repairs. This funding commitment assures that our County Trunk Highway (C.T.H.) System can safely accommodate increased traffic while fueling economic development. Project highlights include improvements to three significant highway intersections over the next two years and expanded highway capacity projects at C.T.H. Y (Racine Avenue), C.T.H. X (St. Paul Avenue), C.T.H. VV (Silver Spring Drive), and C.T.H. L (Janesville Road).

FACILITIES:

The five year Capital Projects plan also provides for critical facility maintenance projects. New facility maintenance projects will include the planning for the future development of a new sustainable Human Service Center; expanded space for the Medical Examiner's Office to address current and projected greater needs for autopsies and the storage of evidentiary items of value to law enforcement; Courthouse and Northview facility upgrades; and space for the Adult Resource Center at the Human Service Center. In addition, the County's highly acclaimed Park System will undergo a number of improvements, which include: park roadway and recreation trail pavement improvements; the replacement of three maintenance buildings; restroom upgrades at six parks; and a new picnic shelter at Fox Brook Park.

SUSTAINABILITY:

As previously mentioned, the County's management team actively identifies improvements and pursues environmentally-friendly projects that conserve energy and save tax dollars. Staff is currently studying the return on investment for projects to upgrade lighting and plumbing fixtures, replace manual lighting switches with occupancy sensors, and transition to more efficient boilers. The Capital

Projects plan calls for investing \$600,000 beginning in 2008 for energy conservation efforts that are expected to save future annual utility costs of \$100,000 or more.

We believe that the 2008-2012 Capital Projects plan balances the County's continued growth while maintaining high quality infrastructure with the desire to hold taxes to a minimum level.

PROJECT FUNDING AND DEBT MANAGEMENT

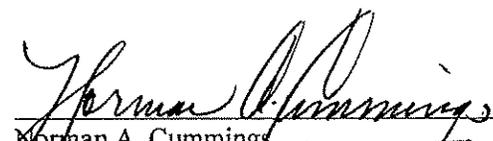
This 2008 Adopted Budget continues to strengthen Waukesha County's prudent capital budgeting and debt management practices. The Capital Projects budget will be funded with a tax levy down payment of \$3.15 million to cover costs associated with identified improvements. This meets our performance measure of at least a 20% levy down payment. In addition, debt borrowing, which is budgeted at \$12 million in 2008, will be reduced by \$800,000 from the 2007 Adopted Capital Plan. We are also pleased to report that a multi-jurisdictional agreement to fund the I-94/C.T.H. P interchange in the Oconomowoc area will help foster future economic development and retail trade in the western portion of the County. The \$25 million project includes expansion of County Trunk Highway P at an estimated cost of \$4.5 million. This budget uses \$1.75 million of surplus Capital Project funds from previous years to pay for the County's share of the effort, together with contributions from the developer and City of Oconomowoc Tax Increment District funds will constitute the local share.

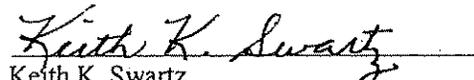
The 2008 Debt Service expenditure budget is projected to increase by only \$90,830. The ratio between the Debt Service expenditure budget and total government operating expenditures are expected to be at 6.4%, which is considerably lower than the County's performance measure target of less than 10%. Maintaining low borrowing costs assures us that it will not affect our County's ability to fund direct services in the future.

ACKNOWLEDGEMENTS

By establishing strategic partnerships, implementing new ways of doing business more efficiently, and focusing on core service priorities this budget prepares us for the future with a "Roadmap to Success". We would like to take this opportunity to thank the County Board for its thorough review and continued support and department administrators and their staff for their dedication to this process. Without their combined efforts, this fiscally responsible budget would not have been possible.

Sincerely,


Norman A. Cummings
Director of Administration


Keith K. Swartz
Budget Manager