



Waukesha County

Department of Administration

December 14, 2018

Dear Honorable County Board Supervisors:

The 2019 Adopted County Budget continues a commitment to provide high-quality services in our growing county, meeting our benchmark standards while keeping taxes low. This is accomplished through strategic planning, identifying opportunities for sharing services, creating public partnerships, and investing in key technologies to improve how the county does business.

COUNTY EXPENDITURES AND REVENUES

Expenditures in the adopted budget total \$307.3 million, an increase of \$13.7 million from the prior year. Operating budget expenditures increase \$7.4 million or 2.7%. This includes an increase of \$1.7 million for the new federal Workforce Innovation and Opportunity Act program to assist job seekers. It is fully grant funded. Waukesha County began serving as the fiscal agent in 2018 for the Waukesha-Ozaukee-Washington Workforce development Board (WOW-Board).

Capital project expenditures increase \$6.2 million for a total capital budget of \$25.0 million. The significant increase in the capital budget is due to one major project, the first phase of the expansion, renovation, and operations of the Waukesha County Courthouse, which has been planned for years. The first phase is the construction of a courts tower for criminal courts. Moving these court operations out of the existing Courthouse accommodates a complete renovation in phase two. This project accounts for \$15 million of the total capital budget in 2019.

This budget continues careful management of personnel with cost increases of 3.3% for 2019. The change in positions for 2019 includes 20.0 new positions offset by 7.0 position abolishments. In addition, 14.79 positions were created in 2018 after the budget was adopted and included 12 FTE grant-funded positions in the Aging and Disabilities Resource Center. These positions had been previously contracted. County departments have worked diligently to review and adjust positions to meet service demand, use technology in innovative ways, and seek collaborative partners. New positions in 2019 include 6.0 FTE correctional officers.

The 2019 budget includes changes in key revenue sources.

- Investment income is increased \$540,000 to \$3,048,000. Higher interest rates are expected to impact investment income positively in 2019 as bond portfolios turn over.

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Penalty and interest revenue from delinquent taxes is reduced by \$310,000 and offset by a temporary use of fund balance as outstanding delinquent taxes continued to decline.

- The real estate market has shown some increased property sales resulting in an increase of almost \$40,000 in real estate transfer fees to \$1,833,000. This is offset by a reduction of \$100,000 in document recording fees due to continuing reductions in home mortgage refinancing.
- State revenue sources remain stable for Human Services Basic Community Aids, Youth Aids, and the Circuit Court support grant funding. General Transportation Aids increase \$475,000, which will benefit highway operations and capital projects in this budget. Federal Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) funding increases \$702,000 or 26% to address identified community needs in a collaborative, coordinated manner.

PROJECT FUNDING AND DEBT MANAGEMENT

The County values strategic, long-range capital planning, budgeting and debt management policies and practices.

Property tax levy support for the capital budget is reduced \$691,073 to \$1,055,927, mainly due to new State personal property aid revenue of \$744,073 for the tax exemption of machinery and tools. The tax levy and the use of governmental fund balance of \$1.7 million, internal service fund balance of \$350,000 and other revenues of \$1.9 million maintains the County's "down payment" at 21% of net capital expenditures, above the target policy of 20%.

Borrowed funds are budgeted at \$17.5 million as planned, an increase of \$5 million from the 2018 budget. Borrowing and financial planning have been adjusted in recent years to build capacity to take on borrowing for the crucial courthouse project. From 2014 through 2018, we have retired nearly \$10 million more in debt than we have taken on.

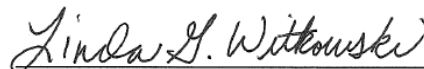
The County's 2019 debt service payment is budgeted at \$14.8 million, which is well within the County's key benchmark ratio of debt service expenditure budget to the total governmental operating expenditures of less than 10%. Maintaining debt service on borrowing at a lower level in the range of 6.5% to 7.5% assures the County will be able to maintain its infrastructure without diminishing funding needed for direct services for future generations.

ACKNOWLEDGEMENTS

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 standards of service excellence.

Sincerely,


Norman A. Cummings,
Director of Administration


Linda G. Witkowski
Budget Manager

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