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# AND BUDGET POLICIES


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## STRATEGIC PLANNING OVERVIEW

Strategic planning is the process of determining long-term goals and then identifying the best approach for achieving those goals. Waukesha County has been using strategic planning tools for over a decade, and in 2005 government officials invested time and resources to reinvigorate this important, forward-thinking process. Through the process, the County established links between core business functions and measurable program outcomes across all departments. Strategic planning ultimately helps the County identify and set priorities so that service delivery modifications can be made to better assist and serve its citizenry.

In order to begin the process of identifying core business functions and priorities, the County established a cross-departmental Strategic Planning Steering Committee to guide the process and to coordinate four focus groups with stakeholders that included: advocates, vendors, and service providers that regularly work with County government personnel; municipal elected officials; citizens appointed by elected officials to participate; and residents that were randomly selected using the Circuit Court Jury Trial Selection system. A total of 96 people took part in the effort that led to the collection of qualitative data. Responses were recorded and displayed during the sessions, and in some cases resulted in questions, discussion, or debate among the participants.

Overwhelmingly, focus group respondents indicated that they desire the highest quality service at the lowest possible cost. Fiscal responsibility and low taxes were consistently emphasized. To maintain low tax rates, participants generally supported a variety of measures, from the establishment of alternative service delivery arrangements to reducing or eliminating non-essential services. Cooperative efforts with other jurisdictions' to share governmental services were also widely supported, while contracting for services was supported on a narrower range of specific criteria.

Taken as a whole, focus group members were open to having government explore new ways of doing business. Most seem willing to accept slower or less convenient service if necessary to keep tax rates low, though most would prefer that the County find ways of reducing costs without sacrificing quality. In addition, they feel that the County should focus on its core services and should consider reducing or eliminating nonessential and non-governmental activities. Any tax increases would need to be well defined and solidly justified to find support among the focus group participants.

Defining essential and non-essential services can be a difficult undertaking, but focus group respondents provided the steering committee a sound understanding of the services areas that they value. Public safety functions, such as law enforcement, child protection, road safety, and health inspections, were most important, with economic vibrancy following close behind. Services that support limited groups or the non-mandated, non-core operations of County government were more likely to be chosen as candidates for service reductions.

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## STRATEGIC PLANNING OVERVIEW *continued…*

With the help of a consultant, steering committee members rigorously analyzed the data that was collected at the focus group sessions. Using this information, they charted a course for a new strategic planning process that resulted in the creation of a new mission statement, vision statement, core values, strategic outcomes, and plan format linked directly into the County's budget.

The County continues to be a leader by strategically providing high quality services at the lowest possible cost via shared services, public/private partnerships, collaborative efforts, and technology investments to redesign how the County does its business and streamline business processes.

The strategic plan is a living document and will be updated annually to reflect best practices in meeting the needs of Waukesha County residents.

### Mission Statement:

*"The mission of Waukesha County government is to promote the health, safety and quality of life of citizens while fostering an economically vibrant community. We are committed to delivering effective, high quality programs and services in a courteous and fiscally prudent manner."*

### Vision Statement:

*"Waukesha County…leading the way with quality and value."*

### Core Values:

*Excellence, Customer Service, Fiscal Responsibility, Collaboration, Integrity, and Innovation*

### County-Wide Key Strategic Outcomes:

Strategic Outcomes provide departments with a framework for identifying core priorities and establishing program goals:

1. A safe county.
2. An economically vibrant county.
3. An environmentally responsible county.
4. A well-planned county.
5. A county that assists at-risk citizens.
6. A county that provides customers with quality programs and services.
7. Cost effective services delivered with competence and skill.

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Departmental budgets are tied to the Strategic Plan in the following manner:

- Budget initiatives are organized under County-Wide Key Strategic Outcomes.
- Objectives focus on areas that utilize significant budget resources.
- Key Outcome Indicators identify how the measure is an indication of success.
- Performance Measure data demonstrates level of achievement over multiple years and targets for the upcoming budget year.

For reference, please see the example illustrated below:

## General Fund County Executive Outcomes/Objectives

**Major Departmental Strategic Outcomes and Objectives for 2010**

**County-Wide Key Strategic Outcome: An economically vibrant county**

**Objective 1:** Maintain exemplary financial management practices to help lower borrowing costs and the tax rate.

Key Outcome Indicator: The bond rating status is reflective of the County's diverse and growing tax base, personal income levels, solid financial position and flexibility, and low debt burden.

| Performance Measure: | 2010 Actual | 2011 Actual | 2012 Target |
|---|---|---|---|
| County's Bond Rating | AAA/Aaa | AAA/Aaa | AAA/Aaa |

**County-Wide Key Strategic Objective: A county that provides customers with quality programs and services**

**Objective 2**: Provide constituents with timely, courteous and professional assistance and service.

Key Outcome Indicator: Percent of positive, unsolicited responses generated from the Citizen Comment Card above the department standard of 80%.

| Performance Measure: | 2010 Actual | 2011 Target | 2011 Estimate | 2012 Target |
|---|---|---|---|---|
| Percent of positive survey responses | 85% | 80% | 85% | 87% |

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# WAUKESHA COUNTY PLANNING PROCESSES

## PLANNING FOR THE FUTURE

To plan for the future, Waukesha County continues to engage in a strategic planning process, which focuses on long-term planning and the desire to be a mission driven organization continuously improving its services and operations.

The County develops five-year capital projects and debt financing plans. In addition, a five-year operating budget plan is developed, which incorporates key assumptions, significant strategic budget initiatives, and budget drivers.

The County has processes to identify and plan for recurring operational needs for the following: Building and Grounds Maintenance, Vehicle and Equipment Replacements, and Technology and Transportation infrastructures.

## BUDGET BOOK REFERENCE

The County's Strategic Plan is referenced throughout the budget document as part of each department's strategic outcomes and objectives. These outcomes and objectives are directly linked to Waukesha County's Mission Statement.

The County's capital operational equipment replacement facilities, grounds and parks maintenance plans are part of the operating budget document. The specific page references for these plans are included in the table of contents and in the budget index.

The specific plans and processes used in the development and management of the county budget are listed in the summary chart below.

Further detail on the county budget and operations can be obtained from the Waukesha County website at **www.waukeshacounty.gov**

| PLAN | TYPE OF PLANNING PROCESS | DESCRIPTION OF PROCESS | BUDGET IMPACTS |
|---|---|---|---|
| Strategic Planning | Long range (3 to 10 years) with objectives established for the budget year. | The County Executive's Office coordinates department plans with review by Strategic Planning Steering workgroup. | Allows for the reallocation of resources to pre-determined strategic goals and objectives. |
| Capital Projects Plan | Five-year plan that includes project listing by plan year. | County Executive submits plan for County Board approval by resolution with possible County Board amendments. | Provides a predictable funding level from year to year to allow for the planning of debt service requirements, operating costs of new facilities, and infrastructure improvements. (Capital Projects and Operational Impacts) |
| Operating Budget Financial Forecast | Operating five year forecast to facilitate long term financial planning. | DOA Budget Division staff work together with department staff to determine key forecast assumptions to project major revenue sources and expenditures. | Provides for budget fiscal sustainability, planning and direction for future action plans of resource allocation, linked to the County's strategic planning goals. |
| Technology Projects Review Process | Multi-year (3 years) technology review process. | Department submits projects for review by Technology Review & Steering Committees. Criteria are established to set priorities and make recommendations for funding. | Provides a thorough technology review, considers best practices, and cost/benefit criteria. Ranks projects to meet budget priorities over the three-year planning cycle. |

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# WAUKESHA COUNTY PLANNING PROCESSES, CONT.

| PLAN | TYPE OF PLANNING PROCESS | DESCRIPTION OF PROCESS | BUDGET IMPACTS |
|---|---|---|---|
| End User Technology Fund<br>(Internal service fund) | Multi-year plan to replace computers and network infrastructure. Provides for IT support, maintenance, help desk support, web administration, and Records Management. | The DOA Information Systems (Computers) and Records Management (Copiers) maintains computer support, inventories and approves IT equipment replacements and computer support based on criteria reflective of the cost drivers and return on investment. | Allows for the funding of IT equipment replacements, maintenance, service utilization, help desk support, network infrastructure, and web administration annually. Replacement decisions consider changing software technology, economic issues, maintenance costs, and downtime. This is based on IT utilization of IT resources. |
| Building Maintenance | Five-year plan by facility and maintenance activity or project. | The Public Works Department prioritizes department requests for projects along with known required maintenance. | Provides a stable annual level of expenditures to insure continued maintenance of county facilities. (Public Works Section, Five-Year Building Improvement Plan) |
| Parks Maintenance | Three-year plan to address County grounds, park facilities, parking lots, roadways, and paths. | The Parks and Land Use Department schedule identifies ground maintenance for park facilities projects according to priorities and funding level. | Provides for a stable annual level of expenditures to insure the continued maintenance of county grounds. (Parks, Environment, Education and Land Use Section, Three-Year Maintenance Plan) |
| Vehicle/Equip. Replacement<br>(Internal service fund) | Five-year plan to replace most vehicles and contractor type equipment. | A Vehicle Replacement Advisory Committee reviews and approves replacement criteria. | Allows funding of the replacement of vehicles or major equipment items annually at an established base level. This ensures that the condition of the fleet is at an optimal level, which reduces fleet maintenance and costs of service. (Public Works Section, Five-Year Vehicle & Equipment Replacement Plan) |
| Sherriff's Jail Equipment Replacement | Five-year plan to replace most jail equipment costing less than $100,000 | The Sherriff's Department submits and updates the replacement plan annually as part of the operating budget. | Allows for funding necessary jail equipment replacements efficiently. |
| Highway Improvements Program<br>- Culvert Replacement<br>- Repaving Plan<br>- Bridge Replacement<br>-Signal/Safety Improvements | Internal ten-year plan to maintain and improve the County trunk highway system that integrates with the five-year Capital Plan. | Public Works staff develops an internal highway improvement program based on Southeastern Wisconsin Regional Planning Commission (SEWRPC)'s Highway Jurisdictional Plan with priorities and criteria.<br>- Replace 1-2 culverts annually.<br>- Resurface approx. 15 to 20 mi. of CTH using pavement mgmt. system with pavement index goal of >70%.<br>- Install new traffic signals. | Long term planning for highway infrastructure needs, which mitigates future on-going maintenance costs, addresses highway safety issues, and extends the life of highways and bridges. Therefore, delays the need for their reconstruction. |

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# FINANCIAL MANAGEMENT POLICIES

Waukesha County's long- and short-term financial policies are derived from various sources. The State of Wisconsin Statutes prescribes the basic budgeting standards for county governments. The Waukesha County Code establishes the basis of accounting in conformance with Generally Accepted Accounting Principles (GAAP). Below is a description of the County's fiscal management policies for revenues, operating expenditures, capital improvements, debt, investments, reserves, and the basis of budgeting and accounting methods. **The County budget is balanced as County budgeted expenditures and revenues are equal.**

In addition to statutory requirements and conformance with recognized financial standards, Waukesha County's commitment to strategic budgeting requires decisions to be made in conformance with the County's budget philosophy.

**Waukesha County Budget Philosophy**

The overriding goal of the Waukesha County budget is to keep the County's spending needs and the homeowners' ability to pay in balance.

- **Incorporate citizen and stakeholder involvement**
- **Establish links to strategic planning**
- **Base Decisions on measurable objectives**
- **Maintain best budgeting practices (for stable future budgets)**
- **Protect the County's Aaa / AAA bond ratings**

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# FINANCIAL MANAGEMENT POLICIES, CONT.

**Revenue Policy**

1. The County relies on property tax as its sole source of local tax revenues to fund state and local programs and services. Property taxes account for about 35% of total revenues. Excluding interdepartmental revenues, which are mostly charges from county internal service funds, property taxes account for about 41% of revenue. Other tax options allowable by statute to counties include a 0.5% County sales tax and a local motor vehicle registration fee. Waukesha County has not implemented these other tax options.

2. The County attempts to maintain a diversified and stable revenue stream. The County continues its efforts for greater reliance on true user fee service charges to help offset reductions of federal/state funding and to reduce reliance on property tax revenues. Service fee charges (user fees) are implemented for services that can be individually identified and where costs can be directly related to the level of service provided. The County's budgeting philosophy is to annually review and provide at least nominal inflationary increases on appropriate user fees charges for service to cover increasing costs of providing those services.

3. The County maximizes its return on investment consistent with its investment policy. Investment income is used to reduce reliance on the property tax levy. It is a reliable funding source because of the strict adherence to investment and liquidity guidelines.

4. One-time revenues shall not be used to fund continuous operating costs, except to manage a short-term spike in program costs, the phasing of a new or expanded program, making investments that have future payoffs, and to smooth out the impacts of significant state and/or federal funding reductions.

5. Revenue forecasts (estimates) need to document the methods employed and the underlying assumptions that the revenue projections are based on.

**Balanced Budget**

A balanced budget is a budget in which revenues and expenditures are equal. Waukesha County's budget is balanced, as County budgeted total expenditures are funded by a combination of various external revenue sources (e.g., intergovernmental grants, licenses, fees, or fines), property taxes, and funds available for appropriation in fund balances as identified in the prior year Comprehensive Annual Financial Report.

**Property Tax Levy Increase Limits**

Enrolled 2011 Wisconsin Act 32 (2011-2013 State Budget) imposed new local tax levy increase limits for the 2012 and 2013 budgets. The law allows a County to increase its total property tax levy for the 2012 or 2013 Budgets by the percentage change in the County growth in equalized value due to net new construction between the previous year and the current year. It continues major current law exemptions including the Federated Library system tax levy, debt service tax levy (including related refinancings and refundings) and bridge and culvert repair aids to towns paid with County tax levy and an exemption provision to allow for payments of consolidated (shared) services. In addition, unused tax levy authority up to a maximum of 0.5% of the prior year levy could be carried forward by a super majority vote of the County Board. Waukesha County does not plan to utilize the unused levy carry forward to meet its 2012 tax levy budget.

**The 2012 Waukesha County Budget meets the tax levy limit as adopted in Wisconsin Act 32.**

**Property Tax Levy Rate Limit**

Since 1993, limits have been imposed on the property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 Budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the county qualifies for one of the exceptions allowed under the statute. In the 2012, Waukesha County is well below these tax rate limits, even though Act 32 suspended the operating tax rate limit for budget years 2012 and 2013.

A county can exceed the debt service levy limit if the individual borrowing is adopted by at least three-fourths vote of the county board. The County Board has adopted each debt issue since the tax levy limits took effect by votes of greater than 3/4 of the members elect. Therefore, each note issued is not subject to the debt service rate limit.

**The 2012 Budget is within the debt tax levy rate limitations contained in the state law, even without the exception from the debt service rate limits noted above.**

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# FINANCIAL MANAGEMENT POLICIES, CONT.

**Operating Expenditure Budget**

1. State statutes require budgetary control at the total expenditure level by agency or department. However, the County's policy requires more stringent controls. The operating budget control is established for a department's fund budget by appropriation unit category or class of accounts (i.e. Personnel costs, Operating expenses, Interdepartmental charges, and fixed assets) for governmental funds, with the exception of the Tarmann Park Land Acquisition Fund which has bottom line expenditure control. For proprietary funds, capital projects and debt service funds total expenditure levels are the control limit.

2. The fixed asset capitalization level is at $5,000 to be consistent with Federal and State fixed asset capitalization levels and to efficiently administer the asset inventory tracking requirements imposed by Governmental Accounting Standards Board (GASB) pronouncement #34.

3. The County Executive establishes specific departmental operating budget tax levy target guidelines to limit county spending and taxes in budgets presented to the County Board by October 1st of each year. This year the County Executive set tax levy targets to limit the proposed tax levy increase to be within the State Tax Limit provisions. Tax levy targets issued for all departments continue to be tighter than normal and, in many cases, do not provide fully for the cost to continue operations because of these limited tax levy targets.

   - Departments having Enterprise, Internal Service, and certain non-tax levy supported Special Revenue funds are expected to generate operating revenues sufficient to offset costs. At this time, tax levy is provided to the Airport enterprise fund budget to fund an estimated net operating loss, or to provide cash flow for fixed assets purchases. Internal Service fund operations (except the End User Technology Fund (EUTF) see 6 below) receive no direct tax levy (although department revenues may be levy funded) and are limited to billing rate service charge increases at or near inflationary costs (with any proposed rate increases based on cost justification).

   - Special initiative requests or decision service package requests that are sound investments may receive funding over levy target amounts or cost to continue funding. If these requests are granted, they are based on need or specific cost/benefit, or return on investment justifications.

4. The Public Works Department includes a highway pavement replacement program in the Capital Projects budget. The estimated 15 to 20 year replacement cycle is implemented based on pavement ratings system to address safety concerns and highways with the greatest need of upgrade.

5. A five-year Vehicle/Equipment Replacement Plan is updated annually to specify the replacement cycle for county vehicles and equipment that meet the required criteria. Adopted in 1990 by the County Board, the plan reduces year-to-year fluctuations in departments' fixed asset budgets, and helps to ensure that the County's vehicles and equipment are replaced before age or usage cause excessive maintenance costs and expensive equipment downtime. A Vehicle/Equipment Replacement Fund was created to implement this plan. Replacement vehicles and equipment are purchased from this fund, and user departments pay for the asset (and associated insurance coverage) through an annual charge similar to a lease (see the Public Works section, Vehicle/Equipment Replacement Fund).

6. The End User Technology Fund (EUTF) has evolved from a similar fund established in the 1996 Budget to provide funding for computer technology maintenance and equipment replacements on a regular schedule. A long-term plan is intended to manage the year-to-year variation in budgeting requirements by basing computer and infrastructure replacement and repair decisions on changing technology and just-in-time replacement, maintenance and other economic issues. The fund is used to approximate "total cost of ownership concept" in the appropriate departmental program budget. This program has phased out tax levy by shifting it into department program budgets, but uses General and EUTF Fund Balance appropriations to fund depreciation expense and provides a small subsidy funding amount until all related costs can be absorbed by annual charges to departments.

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**Operating Expenditure Budget (cont.)**

7. Health & Dental Insurance Fund is budgeted in Non-Departmental functional areas as an Internal Service Fund beginning with the 2009 budget to make the self insured insurance costs more transparent in the budget.

8. The Parks and Land Use department is responsible for the County's Grounds Maintenance and Parks Pavement Management Program. The department has established a three-year Parks maintenance program, which includes a parks roadway and parking lot maintenance program as well as continued maintenance of county grounds and park facilities as a priority area within the Department's operating budget.

9. The Public Works Department maintains a five-year Building Improvement Plan. The five-year Building Improvement Plan identifies and prioritizes future building improvement projects, including mechanical infrastructure replacements required for proper maintenance of County facilities. The first year of these plans is included in the operating budget, and individual projects are usually less than $100,000. Therefore, the capital budget and related financing is not used to fund these projects.

10. The 2011 budget includes the first year development and budget for the Sheriff's jail equipment five-year replacement plan funded with prior years jail assessment fee revenues and some base budget equipment funding. In addition, Circuit Court services have stated an equipment and chair replacement program.

**Capital Improvement Plan**

1. The County prepares and adopts a five-year capital improvement plan, which provides comprehensive planning, budget stability, and analysis of the long-range capital needs of the County. The plan describes details of each capital project, estimates the project cost and priorities, identifies funding, provides a cost/benefit or return on investment analysis justification, considers alternatives, and estimates the impacts to the operating budget.

2. A Capital Project is defined as an active or proposed non-recurring expenditure in one or more specified plan years, of an amount in excess of $100,000 (including non County funding sources) for a permanent fixed asset (building, land, or technology improvements or equipment installation), which has or extends the useful life of an existing fixed asset, usually in excess of seven years.

3. The Capital Plan maintains emphasis on planning and funding for infrastructure and capital improvements projects, as they are needed rather than reacting to crisis situations. New projects should be requested in the last year of the five-year plan, unless circumstances require a more immediate time frame. County Code Sec 7-16 (c) requires design and implementation for larger projects to be, at a minimum, in separate calendar years. This project methodology further identifies documentation and justification requirements to support the project from the first year included in the plan to project completion. Information Systems Technology projects are required to follow an established Technology review process that includes a business case analysis.

4. Operational impacts of capital projects indicate the annual on-going and one-time costs or savings associated with implementing the capital improvement program. The additional on-going impacts are included in the departments' operating budget requests. This includes providing for additional personnel, operating costs, needed fixed assets or any new/additional revenues to be achieved. Cost savings are also identified in the department's budget if base budget costs can be reduced or cost increases are offset or avoided. Major operating impacts (excluding Debt Service) in the budget are identified in each department's operating budget, and explained in further detail in the Capital Projects section. Debt Service impacts are also identified in further detail in the Debt Service section.

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# FINANCIAL MANAGEMENT POLICIES, CONT.

**Debt Policy**

1. Capital projects are in part financed through the issuance of general obligation promissory notes with a goal to borrow less than 80% of the net capital project expenditures. A long range goal to managing overall debt service is to use annual cash balances from tax levy and governmental fund balance to fund capital projects at a minimum of 20 percent of net capital expenditures. This "down payment", reduces the need to borrow additional funds and manages debt service growth in relationship to the operating budget. This also allows the County to manage the debt service to operating budget expenditures ratio at less than 10%.

   The five-year Debt Service Plan is based on net capital expenditures planned in the County's five-year Capital Plan. See Debt Service Activity data for current trends.

2. The County structures its debt borrowing issues with a moderate term of nine to ten years to maintain stable annual debt service payments and to avoid major fluctuations between years.
   - Promissory notes are amortized with larger payments in final years to integrate new debt with existing debt in order to achieve operating budget stability. The continuation of the current debt strategy allows for the larger principal payments of each successive annual debt issue in the years that previous years' issues have been retired (see Debt Service Section Requirements page and Projected Debt Service illustration page).
3. By state statute, the County's debt obligations cannot exceed 5% of the equalized value of all property in the County, including Tax Increment Financing Districts. The County has over 95% availability of its statutory debt limit with the planned 2012 debt issue.

**Reserve Policy**

1. The County will maintain unassigned fund balances (in accordance with GASB #54) to provide necessary working capital (for at least eight weeks) to avoid cash flow interruptions and short-term borrowing to fund daily operations. These fund balance working capitals amounts are used to generate interest income and to assist in maintaining the County's Aaa/AAA bond ratings.
   - The unassigned Fund Balance to general and special revenue fund expenditures ratio is maintained at a minimum of 11%. The current target is 15%.
   - An explanation of the County's Fund Balance projections for each year-end December 31 is provided in the summary section of the adopted budget document and is published as part of the state mandated budget public notice issued in October of the preceding year.
2. There will be no shifting from Fund Balance reserves to offset continuous on-going operations, except to phase in new major service costs unlikely to be repeated and building project (one-time) improvements and equipment replacement plans, or to address the phase out of a significant loss of revenue. To the extent possible, reserves will be used to make investments to provide operating efficiencies over the long term.
3. The County's contingency fund provides for emergencies or other expenditures which could not have been planned for or anticipated during the budget review process. Contingency fund transfers are authorized by the Finance Committee (fund transfer) and/or the County Board (by ordinance) as allowed by state law, if the need is of sufficient urgency, and it is not a circumvention of the budget process.
4. When both assigned and unrestricted fund balances are available for use, it is the County's policy to use assigned fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used. Additionally, all spendable, unrestricted revenue amounts in the Special Revenue funds (except for the Transportation Special Revenue Fund), Debt Service, and Capital Project Funds are assigned to be used for the purpose for which the fund was established.

**Investments**

The County has adopted an investment policy with the primary objectives of preservation of capital in the overall portfolio, in order to protect investment principal, to maintain liquidity, and to maximize returns on investment. Investments are primarily limited to U.S. Treasury obligations, Government Agency Securities, taxable municipal (G.O.) bonds, Aaa rated Money Market Funds, and the State of Wisconsin Investment Pool. Significant management effort is directed toward managing the average and maximum life and duration of securities in the portfolio to ensure that liquidity needs are met. The County's CAFR complies with Governmental Accounting Standard Board (GASB) Statement 40 regarding disclosure of various investment risks, such as interest rate and custodial credit risk.

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# FINANCIAL MANAGEMENT POLICIES, CONT.

**Accounting Policy and Basis of Budgeting**

1. The official books and records of the County will be maintained in conformance with accounting principles generally accepted in the United States of America as promulgated by GASB.
2. The accounting records of the County are maintained on the modified accrual basis of accounting for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds. Enterprise Funds, Internal Service Funds, and Fiduciary Funds are maintained with the full accrual basis of accounting. In general, under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. In addition, the County publishes entity-wide statements prepared on the full accrual basis. Under the full accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when liabilities are incurred or economic asset used without regard to receipt or disbursement of cash. The County's fiscal year is on a calendar year basis from January 1 to December 31. An expanded explanation of the County's accounting policies is contained in the Notes to Combined Financial Statements in the CAFR.
3. Budgetary control is maintained by a formal appropriation and encumbrance system. The annual budget approved by the County Board, is by department appropriation unit in each fund (with the exception of proprietary funds, and the Tarmann Land Acquisition special revenue fund which are controlled by total expenditure budgets and capital projects, which are controlled by project). An appropriation unit is a group of accounts within a department. Types of appropriation units include Personnel costs, Operating expenses, Interdepartmental charges, fixed assets and Improvements (capital outlay), and Debt Service. The appropriation unit within each department and within fund maintains budgetary control. Purchase orders or payment vouchers, which result in an overrun of the appropriation unit, are not released or paid until additional appropriations are made available in accordance with county policy.
4. An appropriation system of internal control will be maintained to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.
5. The County budget is adopted as required by state statutes and prepared on substantially the same basis as the financial statements. The basis of budgeting is in accordance with GAAP. Budgetary expenditures include encumbrances, and budgetary revenues include all property taxes levied for the fiscal year and unrestricted Fund Balance appropriations. In addition, Proprietary Fund budgets do not budget for compensated absences and non-operating gains or losses on disposal of fixed assets. Fixed asset purchases and debt principal repayments in Proprietary Funds are shown as memo items for budget disclosure purposes to comply with state law. For certain funds with significant outside (i.e. non-county) capital investment, the county budgets only for the portion of depreciation expense proportionate to the County's contribution. The County does not budget for Jail Assessment fee revenues in the year they are received, but applies these fee payments on a one year delayed basis to fund jail capital projects, and related debt service and jail equipment replacements. Fiduciary Funds - are not included in the budget. The CAFR shows fund expenditures and revenues on both a GAAP basis and budget basis for comparison purposes.
6. County policy, which is in accordance with state and federal requirements, provides for an annual audit of the financial records of the government by a competent certified public accountant. In addition to meeting the requirements set forth above, the audit is designed to meet the requirements of the federal Single Audit Act of 1984 and related U.S. Office of Management and Budget Circular A-133. The independent auditors' report on the general purpose financial statements, individual fund statements, and schedules are included in the financial section of the CAFR. The auditors' report that is related specifically to the single audit, is included in a separately issued single audit report.
7. Full disclosure for bond representation is provided in the County's official statement. In order to comply with SEC Rule 15c2-12, the County uses the Electronic Municipal Market Access (EMMA) continuing disclosure service, which has been designated by the Securities and Exchange Commission as the single repository for municipal bond continuing disclosure. The information is available at www.emma.msrb.org.

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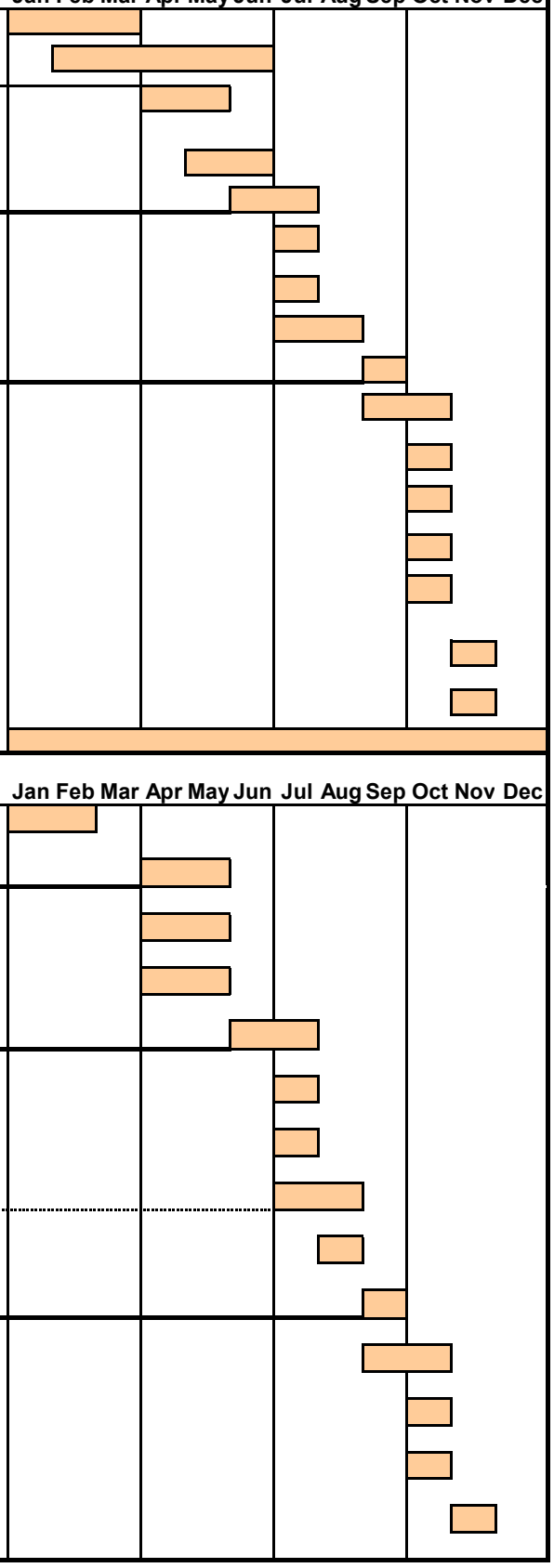
# Capital and Operating Budget Process

| Operating Budget Process | 2011 KEY DATES |
|---|---|
| Review prior year results/identify potential budget issues. | |
| Analyze impact of State budget on County funding/programs. | |
| Develop budget assumptions and Internal Service rates for the ensuing year. | |
| Department budget targets developed and issued. | June 3 |
| Department budget development. | |
| Co. Executive holds Town Hall public hearing on budget. | July 13, 22, & 26 |
| Departments submit budget and new position requests. | |
| Department Heads present budget requests to Co. Executive. | |
| Executive budget prepared. | Sept. 17 |
| Co. Executive message and budget presented to Co. Board. | Sep. 28 |
| Publication of County Board Public Notice. | Oct. 4 |
| Finance Committee holds public hearing on Proposed Budget. | Oct. 20 |
| Committees review of Co. Executive Proposed Budget. | |
| Finance Committee reviews amendments and makes recommendation to Board. | |
| Co. Board votes for adoption/amendment of budget. | 2nd Tues. in Nov. |
| Co. Executive vetoes (if necessary)- Co. Board action. | |
| Budget Monitoring. | |

| Capital Budget Process | 2011 KEY DATES |
|---|---|
| All open projects reviewed; completed projects closed. | |
| Project list developed and submitted to departments. | |
| Review of open and planned projects. | |
| Preliminary consideration of new project requests. | |
| Technical reviews of projects. | |
| Departments present project plans to Co. Executive. | |
| Co. Executive holds Town Hall public hearing on budget. | July 13, 22, & 26 |
| Executive review and decision making. | |
| Executive's capital budget and five-year plan developed. | |
| Executive presents five-year plan to Co. Board. | By Sep. 1 |
| Committees review of five-year capital plan. | |
| Finance Committee holds public hearing on proposed budget. | Oct. 20 |
| Board adopts/amends capital plan. | |
| Capital budget is adopted with operating budget. | 2nd Tues. in Nov. |

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## CAPITAL AND OPERATING BUDGET PROCESS

The annual budget process, under a County Executive form of government, is comprised of the development of both an operating budget and a capital budget with a five-year capital plan. Both processes involve department budget submittals to the County Executive for review and approval. The resulting Executive's Budget is then presented to the County Board and reviewed by County Board Committees as assigned by the County Board Chairman and as designated in County Code. Standing Committees review the budget and recommend amendments to the County Board. The Executive Committee reviews, prioritizes, and makes recommendations relative to the five-year capital plan for County Board consideration. The County Board considers Committee and individual supervisor amendments and adopts a budget. The County Executive may exercise a line item veto of provisions contained within the County Board adopted budget. The County Board reviews all vetoes and takes action to override or sustain vetoes.

The chronological sequence of events followed by the Capital and Operating Budget Processes is as follows:

| | Capital Budget and Five Year Plan | Operating Budget |
|---|---|---|
| JAN-MAR (1st Qtr) | All open projects reviewed; completed projects closed<br>List of current projects developed and submitted to departments | Review prior year results/identify potential budget concerns and issues to develop solutions<br>Formulate budget strategies, planning and update forecast<br>Analyze impact of State Budget on County funding and programs |
| APR-JUNE | Review of open and planned projects<br>Preliminary consideration of new project requests<br>Technical reviews of project requests by Facilities Management, DOA-Information Systems Division, DOA-Budget Division and Executive's Office | Develop budget assumptions for ensuing year<br>Budget procedures instructions, Internal Service Rates updated and distributed to departments<br>Budget training provided to County Board of Supervisors, department Heads and fiscal staff<br>Departmental budget targets issued<br>Departments submit new position requests |
| JULY-AUG | County Executive holds Town Hall meetings<br>Departments present project plans to County Executive<br>Executive review and decision making<br>Executive's capital budget and five year capital plan developed and finalized | County Executive holds Town Hall meetings<br>Departments submit budget requests<br>DOA-Budget Division staff review and analyze budget requests<br>Department administrators present budget requests to County Executive<br>DOA-Employment Services Division, Budget Office, and Executive's Office review and recommend new/abolish positions<br>DOA Budget staff make recommendations to Exec.<br>Executive makes budget decisions |
| SEP-OCT | Executive presents five year capital plan to County Board<br>County Board Chairman designates distribution<br>Appropriate Board Committees review and recommend amendments<br>Executive Committee reviews and considers committee recommendations<br>Executive Committee presents resolution to adopt capital plan<br>County Board acts on proposed amendments and adopts capital plan | Executive budget prepared<br>County Executive message and budget document presented to County Board<br>Publication of Public Notice<br>Finance Committee holds Public Hearing on Executive's proposed budget<br>Standing Committee budget reviews<br>Finance Committee budget reviews and consideration of Committee amendments<br>Personnel Committee reviews and presents ordinance recommending new positions to County Board |

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## CAPITAL AND OPERATING BUDGET PROCESS, CONT.

| | Capital Budget and Five Year Plan | Operating Budget |
|---|---|---|
| NOV | Capital budget appropriations are made in conjunction with the adoption of the operating budget | County Board agendizes ordinance to adopt budget for second week of November<br>Finance Committee presents ordinances to adopt budget, distributes and recommends budget amendments<br>Standing Committees/Supervisor propose additional budget amendments<br>County Board acts on amendments and adopts budget<br>County Executive reviews budget and may line item veto<br>County Board review/takes action on vetoes |

### Budget Amendment Process

The Waukesha County budget process operates pursuant to Section 65.90(5)(a) and (b), Wisconsin Statutes. Any expenditure change which deviates from the original purpose or amount approved in the adopted budget constitutes a “budget change” and must be approved by a two-thirds vote of the entire County Board. Budget changes made under this statutory provision, except for Finance Committee transfers described in #1 and #2 below, require the County to publish a class 1 notice within 10 days after a change is made. Failure to give notice precludes changes in the proposed budget.

To amend the budget an ordinance is prepared by the requesting department, reviewed by the Department of Administration and the County Executive. If the County Executive approves the ordinance, it is forwarded to the County Board for action. All such ordinances amending the County Adopted Budget require a two-thirds majority vote of the entire membership (17 votes of County Board).

State law also permits county boards to delegate specific budgetary fund transfer authority powers to its finance committee. In Waukesha County, the County Board, in accordance with State Statutes, has empowered the Finance Committee to authorize the following fund transfers:

1. To transfer funds between budgeted items of an individual office, agency or department, if such budgeted items have been separately appropriated.

2. To supplement the appropriation for a particular office, department or activity by transfers from the contingency fund. Committee transfers shall not exceed the amount set up in the contingency fund and may not exceed 10% of the funds originally appropriated for an individual office, department or activity. Transfers in excess of 10% must follow the budget amendment process.

If a transfer of funds is determined to be necessary and the above two criteria are met, then the requesting department prepares the transfer request and submits it to the DOA-Budget Division for review and a recommendation to the County Executive. If the County Executive approves the request, it is forwarded to the Finance Committee for action.

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# FINANCIAL STRUCTURE

## Summary

Waukesha County (the County) was incorporated in January 1846, and operates in accordance with provisions set forth in Chapter 59 of the Wisconsin State Statutes. The County is governed by a County Board. In April 1991, the County elected its first County Executive to coordinate and direct all administrative and management functions of County government which are not vested in other elected officials. The Executive has the authority to propose and veto legislation, and formulate the County budget and veto in whole or in part the budget adopted by the County Board. A two-thirds vote (17 members) of the Board is required to override each County Executive veto.

The County provides many functions and services to citizens, including but not limited to law enforcement, justice administration, health and human services, parks, education and cultural activities, planning, zoning, land use, environmental including water quality, recycling and general administrative services. Other activities the County provides are public works services including highway operations, mass transit, airport and fleet and facilities maintenance. In addition, golf courses, and ice arenas, a convention and meeting facility and grounds are available for citizen use.

## Fund Accounting

Similar to most government entities, the County organizes its finances on the basis of funds and account groups. Each fund is considered a separate accounting entity. Operations of individual funds are accounted for with a separate set of accounts that consists of its assets, liabilities, fund equity, revenue and expenditure or expenses, as appropriate. County resources are accounted for in each fund based on the purpose for which they are spent and by which spending activities are controlled. In 2002, the County implemented the new financial reporting mode required by Governmental Accounting Standards Board (GASB) Statement 34. In addition to traditional fund reporting, a statement of activities and statement of net assets are prepared on an entity-wide basis.

## Fund Types

Funds are normally classified according to the accounting conventions which apply to them. The County presents financial statements in its Comprehensive Annual Financial Report (CAFR), grouped into three broad fund categories comprised of seven fund types as indicated below. Note however, the County does not budget for fiduciary fund types **(For more detailed information, see Fund Balance Projections and Fund Descriptions within the Summary.)**

**"GOVERNMENTAL FUNDS"** are governed by standards developed specifically for government activities.
General Fund -The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs, but excludes debt serviced by proprietary funds.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources which are used for all acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust fund).

In 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, “Fund Balance Reporting and Governmenta Fund Type Definitions”, which identified additional restrictions related to the classification of a special revenue fund and related special revenue fund balance reporting. As a result of a review of the County’s special revenues for the 2011 Budget, the County has reclassified Health and Human Services and Child Support special revenue funds to the General Fund.

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# FINANCIAL STRUCTURE, CONT.

**"PROPRIETARY FUNDS"** are governed by the same accounting standards which apply to private business.

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost reimbursement basis.

**"FIDUCIARY FUNDS"** are agency funds. **Note the County does not budget for these funds**.

Agency Funds - Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

"**MAJOR FUNDS"** -The County also presents financial statements in its Comprehensive Annual Financial Report (CAFR), grouped by Major and Non-Major fund. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
b) The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
c) In addition, any other governmental or proprietary fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County has four major funds; General, Capital Projects, Debt Service, Health and Dental Insurance Fund and Airport. The County's financial structure and definition of major funds are included in the Budgetary Fund Structure organizational chart on the following page.

**For more details regarding Basis of Accounting, refer to the County's Year End Comprehensive Annual Report (CAFR) Notes to Combined Financial Statements.**

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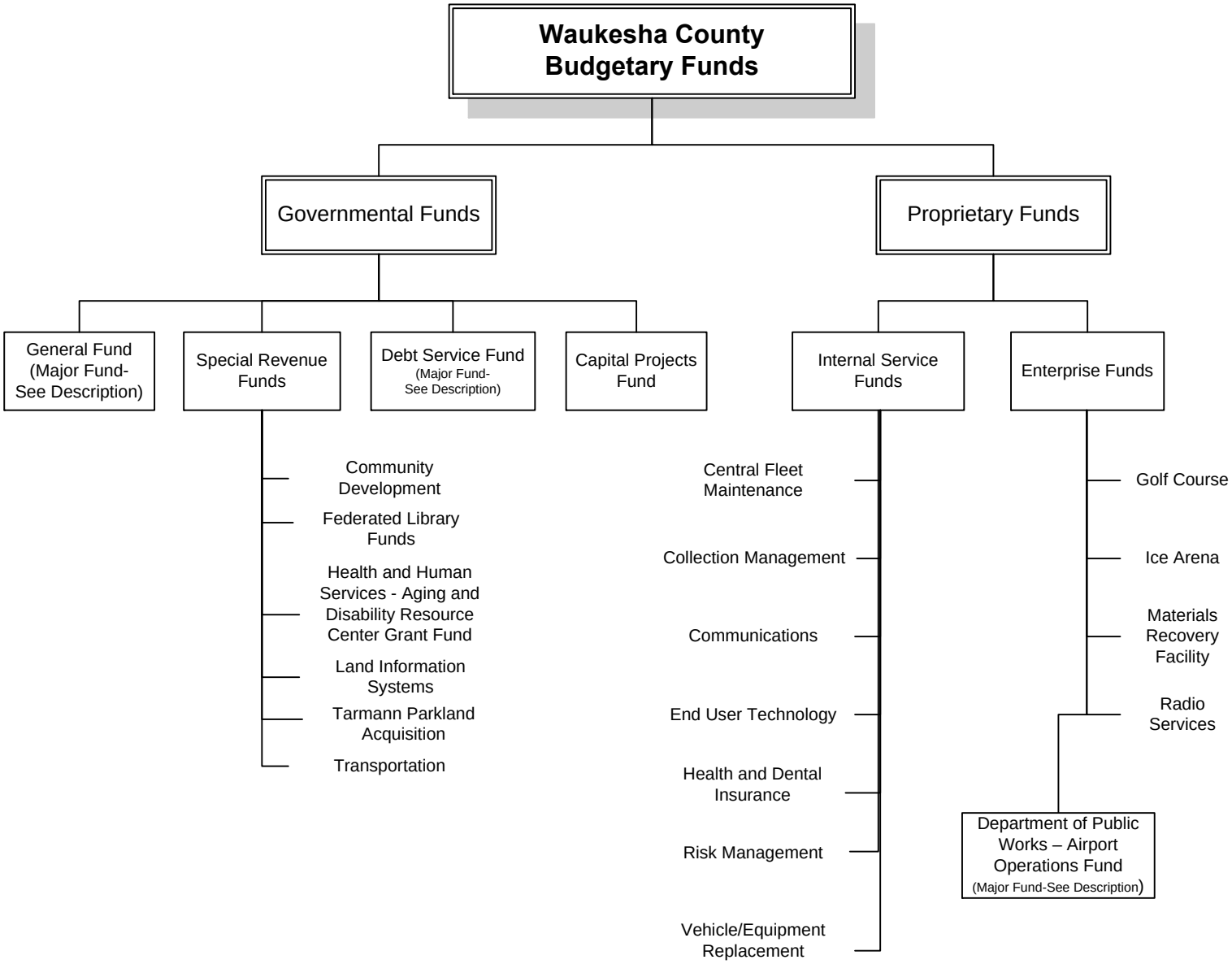


GENERAL FUND - The General Fund is the primary operating fund of the County. It is used to account for resources traditionally associated with governments, except those required to be accounted for in another fund.

DEBT SERVICE FUND - The debt service fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and service costs.

AIRPORT OPERATIONS FUND – A proprietary fund that accounts for the operation and maintenance of the County airport facilities and runways, located in Waukesha, Wisconsin.

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# FUND DESCRIPTIONS

The following are capsule descriptions of each County fund. To the right of each description are the total 2012 expenditures and property tax levy for that fund.

| | 2012 Expenditure Budget | 2012 Tax Levy |
|---|---|---|
| **GENERAL FUND** | | |
| The General Fund is the largest single County fund. It is the primary operating fund of the County. It accounts for all revenues that are not required to be processed through another fund. Almost two-thirds of General Fund revenue is received from taxes, but it also receives fines, fees, intergovernmental revenues, interest earnings, and other revenues. | | |
| **TOTAL GENERAL FUND** | **$158,069,090** | **$80,103,040** |
| **SPECIAL REVENUE FUNDS** | | |
| Special Revenue funds are used to account for the proceeds from specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specific purposes. | | |
| **HHS - Aging and Disability Resource Center (ADRC) Grant Fund** | | |
| To account for Special revenue (Federal/State) funds needed to provide older adults and individuals with disabilities age 18 and above, and their families services with information, referral, assistance, long term care financial and functional eligibility, long-term care options counseling, short-term case management, elderly and disability benefits counseling, prevention, early intervention, health promotion, outreach/marketing, advocacy, and emergency referrals and services related to aging or living with a disability. | $2,932,563 | $0 |
| **Transportation Fund** | | |
| To account for funds needed to provide all services on the County trunk highway system and selected non-County roads, including: planning, designing, maintenance and construction and to account for state funds provided on a reimbursement basis for performing maintenance and repair on other projects as specified on all state trunk highways within the County. To account for state, federal, and local funds used to provide transit bus services to selected areas of the County. | $11,712,839 | $2,001,880 |
| **Federated Library Funds** | | |
| To account for funds provided to maintain a member library system. | $4,600,236 | $2,883,486 |
| **Community Development Fund** | | |
| To account for federal funds to provide to other governmental units or nonprofit organizations that aid low to moderate income and other disadvantaged persons. | $3,110,840 | $0 |
| **Walter J. Tarmann Parkland Acquisition Fund** | | |
| To account for funds provided to acquire parkland and natural areas as identified in the Waukesha County Park and Open Space Plan. | $1,000,000 | $0 |
| **Land Information Systems Fund** | | |
| To establish a County-wide, integrated approach to linking land parcel locations to digital mapping and databases concerning property information. | $726,335 | $0 |
| **SPECIAL REVENUE FUND TOTALS** | **$24,082,813** | **$4,885,366** |

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# FUND DESCRIPTIONS

| INTERNAL SERVICE FUNDS | 2012 Expenditure Budget | 2012 Tax Levy |
|---|---|---|
| Internal Service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis. | | |
| **End User Technology Fund**<br>To finance the common technology infrastructure for County users. The fund is managed on a total cost of ownership basis, and is designed to identify the services provided and resources required by the Information Systems staff to support end user departments. To account for the costs associated with the operation and maintenance of the County's central imaging, microfilming, records management services, contracted central printing, and mail room services. Costs are billed to user departments based on a time and material cost basis. | $6,301,879 | $20,000 |
| **Vehicle/Equipment Replacement Fund**<br>To account for the costs associated with the financing of vehicle/equipment replacements when the individual item's cost equals or exceeds $7,500, and has a useful life of two or more years. Costs are billed to user departments based on the depreciable life of the asset. | $2,569,597 | $0 |
| **Central Fleet Maintenance Fund**<br>To account for the costs associated with the maintenance, repairs and centralized fueling of all County-owned motorized equipment. Costs are billed to user departments based on work orders, time and material costs. | $3,581,024 | $0 |
| **Communications Fund**<br>To account for the costs associated with the operation and maintenance of the County's telecommunication system. Costs are billed to user departments based on actual usage and equipment inventories. | $795,534 | $0 |
| **Risk Management Fund**<br>To account for the costs associated with loss control, the investigation and payment of employee claims, claims administration, and the transfer of risk to third parties through purchased insurance coverage. Costs are allocated to other County departments mostly on a claims experience/exposure basis, except for special insurance coverage, which are charged based on actual costs. This fund also accounts for funds invested in the Wisconsin Municipal Mutual Insurance Company (WMMIC). The County, together with certain other units of government within the State of Wisconsin, created WMMIC to provide general and police professional liability, errors and omissions, and vehicle liability coverage for counties or cities in Wisconsin. | $2,548,754 | $0 |
| **Collection Management Fund**<br>To account for the costs associated with County-wide delinquent account collection activity. Costs are allocated to other County departments based on costs of services provided. Negative tax levy reflects payback of tax levy provided for startup costs in the early years of operation. | $1,038,380 | -$120,000 |
| **Health and Dental Insurance Fund**<br>The Health Insurance Fund is an interest-bearing Internal Service Fund established to provide for and effectively manage the health and dental benefits for County employees, elected officials, retirees, and dependents. | $21,984,500 | $0 |
| **INTERNAL SERVICE FUND TOTALS** | **$38,819,668** | **-$100,000** |

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# FUND DESCRIPTIONS

| | 2012 Expenditure Budget | 2012 Tax Levy |
|---|---|---|
| **ENTERPRISE FUNDS** | | |
| Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. | | |
| **Radio Service Fund** | | |
| To account for operations and maintenance of County-wide radio services. Customers are billed on a fee for service basis. | $961,038 | $0 |
| **Golf Courses Fund** | | |
| To account for operations and maintenance of the three County golf courses. | $3,227,000 | $0 |
| **Ice Arenas Fund** | | |
| To account for operations and maintenance of the two County ice arenas. | $1,076,203 | $0 |
| **Department of Public Works - Airport Operations Fund** | | |
| To account for Department of Public Works Airport operations and development of the County airport. | $1,108,222 | $192,563 |
| **Materials Recycling Facility Fund** | | |
| To account for operations and maintenance in the processing and marketing of recyclable materials collected from municipalities within the County program. | $2,619,718 | $0 |
| **ENTERPRISE FUND TOTALS** | **$8,992,181** | **$192,563** |
| **DEBT SERVICE FUNDS** | | |
| Debt service funds are used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and services costs (Excludes debt services budgeted in Internal Service and Enterprise Funds). For further detailed information, see Debt Service Section. | | |
| **TOTAL DEBT SERVICE FUNDS** | **$14,698,898** | **$13,415,000** |
| **CAPITAL PROJECTS FUNDS** | | |
| All capital project funds used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds). | | |
| **TOTAL CAPITAL PROJECTS FUNDS** | **$39,956,000** | **$2,425,000** |
| **TOTAL ALL FUNDS** | **$284,618,650** | **$100,920,969** |

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