



December 15, 2014

Dear Honorable County Board Supervisors:

The 2015 Adopted County Budget continues a commitment to high standards and delivery of quality services while keeping taxes low during these challenging times. This budget will result in no increase in the County portion of the tax bill to most homeowners.

For 2015 budget purposes, the adopted 2014 County General property tax levy totals \$100.5 million; an increase of \$987,100, limiting the increase to less than 1% from the prior year budget and less than the percentage increase of new construction to the tax base this past year.

The adopted expenditure budget totals \$277.4 million. The Budget contains \$261.2 million in operating appropriations and the remaining \$16.1 million is dedicated to our capital project budget for infrastructure investments. Total expenditures are down \$4.7 million from the 2014 budget. This budget maintains our low employee per capita ratio of 3.5 employees to 1,000 residents by controlling positions and limiting net personnel cost increases to 1.45%.

The special Federated Library System tax applied to those communities without libraries is \$3.4 million, an increase \$459,000. The increase in the library tax is primarily due to a one-time modification to the formula as a result of the dissolution of the Sussex-Lisbon joint library.

#### **BUDGET CHALLENGES**

The County's budget continues to be challenged by the slow economic recovery and related County revenues. Investment income (limited to fixed securities) is budgeted to decrease by \$805,000 to \$3,608,000, reflecting continued historically low bond rates and 2014 underperformance of budget. Also, Register of Deeds document revenue is budgeted at \$1,350,000, a reduction of \$75,000 from 2014. While the estimate for Delinquent Taxes Penalty and Interest is reduced by \$50,000, it reflects positively, as outstanding Delinquent Taxes declined during 2013 into 2014. The 2015 Budget recognizes declining trends in prisoner board revenue for Federal prisoners totaling \$197,000. Court revenues also decline \$175,000.

State revenues in the 2015 budget include more stable revenue sources overall. Human services basic community aids are reduced slightly and youth aids are unchanged. General Transportation Aid (GTA) is reduced \$200,000 for 2015 as a result of an unfavorable State aid formula allocation. The Circuit Court support grant is restored to the 2011 level, resulting in a budget increase of \$72,000. The 2014 use of one time county redaction fee revenue (authorized in the 2013-15 State Budget) of \$400,000 is removed from the 2015 budget.

A number of program areas will see increased service levels resulting from increases in State revenue. Some areas will see reductions as planned. This includes:

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- Additional State funds of almost \$700,000 will provide services for children with long term needs and fund two service coordinator positions.
- An additional \$613,000 in State revenues in the Comprehensive Community Services (CCS) program resulting from a federal reimbursement change to cover 100% of costs. This funding provides psychosocial rehabilitative treatment in the community and in residential care facilities and will expand services to children.
- A new regional crisis grant of \$109,100 will fund training for County staff and law enforcement to improve crisis intervention services.
- The Treatment Alternates and Diversion (TAD) grant approved by ordinance in 2014, will allow the drug court to continue in 2015 with \$143,000 of grant funding. The tax levy funding portion of the Alcohol Treatment Court of \$125,000 continues after the expansion grant ended in 2014.
- Additional State funds of \$925,000 will meet the State request for an increase in highway maintenance on State roads and fund 4.0 FTE patrol workers. A portion of the increase will be in a performance based contract.

The 2015 budget will also address County priority areas including an expenditure increase of \$259,000 for Emergency Preparedness including costs associated with 2.0 FTE positions and one time purchase of fire emergency dispatch software for \$109,000 using fund balance. The additional positions will allow the department to meet industry benchmarks and to avoid overtime costs incurred when new employees are being trained.

**PROJECT FUNDING AND DEBT MANAGEMENT**

The County values strategic long-range capital planning, budgeting and debt management policies and practices. Borrowed funds are budgeted at \$10 million, the same level as the 2014 budget. Tax levy and the use of governmental fund balance of \$1.2 million and other revenues of \$700,000 maintain the County’s “down payment” at 27% of net capital expenditures, well above the target of 20%.

The County’s 2015 debt service payment is budgeted at \$14.6 million, which is well within to the County’s key benchmark ratio of debt service expenditure budget to the total governmental operating expenditures of less than 10%. Maintaining debt service at a lower level as planned in the next five years (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 in future budgets.

**ACKNOWLEDGEMENTS**

We believe you will find the 2015 Adopted County Budget balances essential service delivery needs while keeping taxes low. We take this opportunity to thank the County Board for its very thorough review and continued support. Certainly, this budget could not be accomplished without the cooperation of department administrators and their hard working, dedicated staff making decision that reflect the County’s core values of collaboration, ethics and integrity, innovation, efficiency and our Aaa/AAA standard.

Sincerely,

  
 Norman A. Cummings,  
 Director of Administration

  
 Linda G. Witkowski  
 Budget Manager