

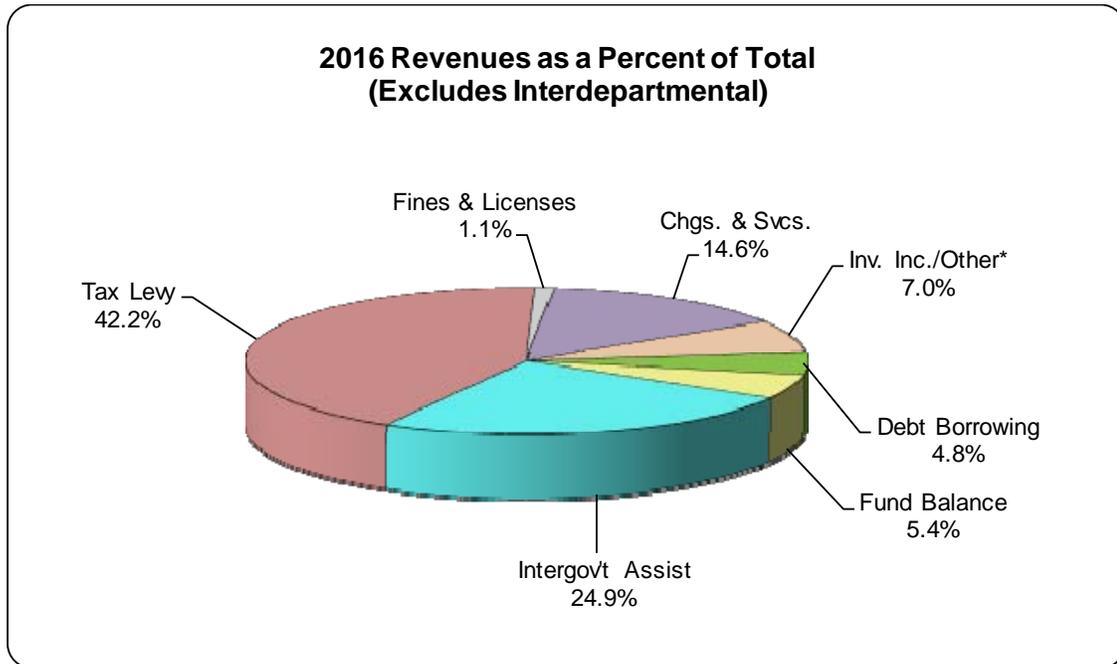
2016 REVENUE HIGHLIGHTS

Revenue Budget:

The **2016 revenue budget (excluding property Tax Levy, Fund Balance appropriations and revenue generating proprietary fund retained earnings) totals \$168,073,075**, an increase of \$7,154,590 or 4.4% from the 2015 Adopted Budget. The revenue budget includes \$37,930,939 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 2016 revenues consist of departmental operating revenues budgeted at \$151,348,108 and capital project funds at \$16,328,000 including \$12,000,000 from planned borrowing. Overall, the operating revenues increase nearly \$2.56 million or 1.7% from the prior year budget, while capital project revenues increase by \$4.56 million or 38.8%.

The graph below reflects the ratio of revenue sources budgeted for 2016 to all revenue sources, with tax levy of 42.2% and Intergovernmental Assistance of 24.9% (after excluding Interdepartmental revenues) as the major revenue components.



* Excludes Retained Earnings

Revenue Projection Methodology

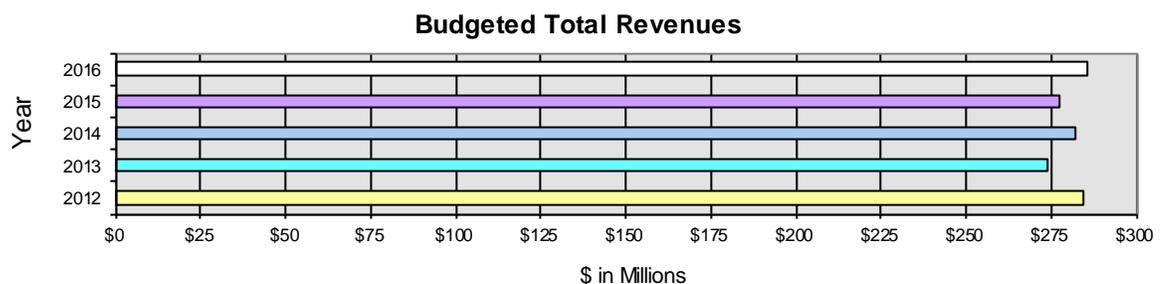
Realistic, conservative and accurate revenue estimates are one of the key building blocks in the development of a fiscally sound budget. The County combines four primary projection methods, mentioned below, based on the unique characteristics of forecasted revenue.

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, historically low interest rates impacting County investments, 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 2012-2016. Total revenues are budgeted to increase nearly \$8.11 million or 2.9% to \$285.5 million.



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

The 2016 revenue budget increases approximately \$8.11 million to \$285.5 million, mostly due to increases in Intergovernmental revenues of \$4.3 million to \$61.5 million, related to a \$2.60 million increase in capital project revenues related to local and county highway projects, as well as an increase of \$574K pass-through revenues related to the Children with Long Term Support Needs (CLTS) Third Party Administrator (TPA). In addition, Debt Borrowing to fund capital project expenditures increases \$2 million to \$12 million. Charges for services increase \$693K mainly due to increases in HHS-Mental Health Outpatient program revenues related to the Comprehensive Community Services (CCS) program. Other revenues decrease \$255K mostly due to reductions in investment income of \$200K based on low interest rates. Overall Fund Balance appropriations increase about \$500K and the County General Tax Levy (excluding the Special Library Tax) increases by \$455,900 or less than 0.50%.

The 2015 revenue budget decreases by nearly \$4.67 million to \$277.4 million, mainly due to decreases in appropriated Fund Balance by nearly \$10 million to \$12.9 million. Intergovernmental revenues increase \$1.4 million related to increases in state pass-through revenues related to the Children with Long Term Support Needs (CLTS) Third Party Administrator (TPA) of \$728K and Public Works State Highway operations funding of \$925K to \$5.6 million. Other revenues increase by \$920K mainly due to Material Recovery Facility budgetary changes related to the new joint operational agreement, resulting in an increase of \$1.45 million, partially offset by a reduction in investment income of nearly \$805,400 based on low interest rates. Charges for services increase \$798,600 and the County General Tax Levy (excluding the Special Library Tax) increases by \$987,100 or less than 1%.

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 IT Business and Infrastructure Services 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.

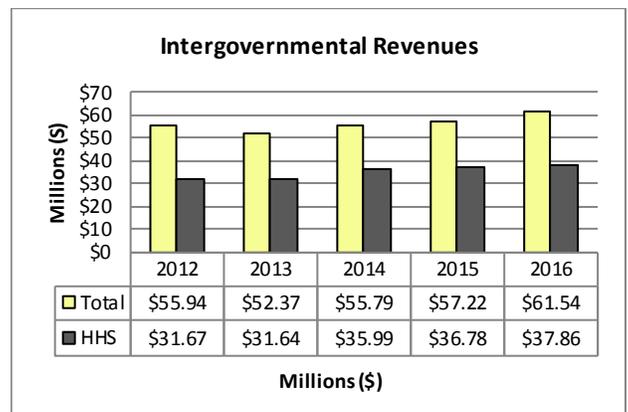
Detailed revenue highlights are included within each functional area summary.

A summary of highlights and major changes from the 2015 Budget to the 2016 Revenue Budget, by source, follows.

Intergovernmental Contracts & Grants:

Combined, total 2016 intergovernmental contracts, grants, state/federal aids and state shared revenues together reflect a budgeted increase of \$4,318,911 or 7.5% from the 2015 Adopted Budget (as indicated below).

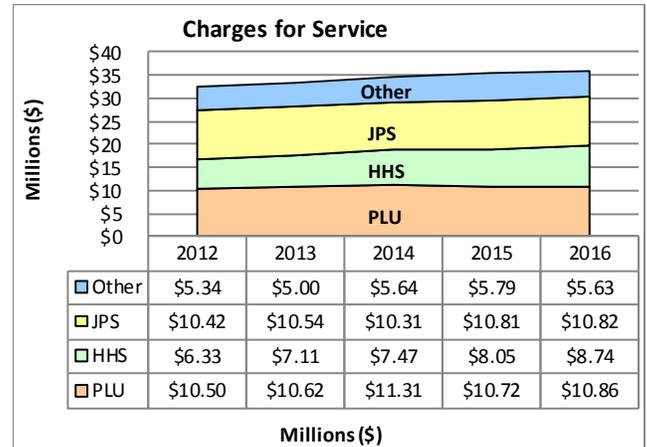
- **Capital Project** intergovernmental revenues increase \$2.6 million to \$4 million mainly due to increases in local share revenue for road projects and County Highway Improvement Plan (CHIP) revenues.
- **H&HS Functional Area** Intergovernmental Revenue increases by \$1.1 million to nearly \$37.9 million as follows:
 - **Department of Health and Human Services (H&HS) – Children with Special Needs Program** includes an increase in pass-through intergovernmental State revenue reimbursements related to the Children's Long Term Support (CLTS) Third Party Administrator (TPA) program of \$574K to serve additional children with long term support needs.
 - **H&HS – Economic Services Administration and Support Program** includes an increase of \$237,200 mostly related to the addition of 2.00 FTE Economic Support Specialist staff to assist with implementing Food Share Employment and Training (FSET) provisions included in the 2015-2017 Wisconsin State Budget, as well as an increase in Income Maintenance funding of \$88,700.
 - **Child and Family Services** intergovernmental revenue includes an increase of about \$141,300 partly due to an increase in State Community Aids of \$94,900 as part of a state initiative to allow children in foster care to continue to receive funding through age 21.



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- **Aging and Disability Resource Center** net General Government revenues increase nearly \$73,000, mainly due to an increase in the Wisconsin Specialized Transportation Grant of nearly \$20K and slight increases in other federal programs.
- General Government Revenues in the **Public Works Functional Area** increase \$289K related to **State Highway Maintenance operations** for work on State roads as directed by DOT increasing by \$151K to nearly \$5.8 million based on anticipated increases in State Routine Maintenance Agreement (RMA) reimbursements, and **State General Transportation Aids (GTA)** funding increases \$138K to \$4.6 million.
- The **District Attorney's** budget includes an increase of about \$107,000, mainly due to a grant related to the Violence Against Women Act, to fund a contracted state special prosecutor dedicated to work on cases of violence against women.
- **Parks and Land Use** budgeted intergovernmental revenues include an increase of nearly \$150K, related to one-time, grant funded, handicap-accessible projects around UW-Waukesha and county maintained facilities.
- **Federated Library** budgeted State Aid revenues increase about \$258,100 to \$1.2 million, related to additional revenues received as a result of the creation of the two-county system with Jefferson County.

Charges for Services: User fees are budgeted to increase nearly \$693,200 or 2% to approximately \$36.1 million. 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 (PLU) functional area; client treatment, inpatient or outpatient residential services fees accessed in the Health and Human Services (HHS) area; and inmate board, contracted Sheriff patrols, and judicial and public safety related fees (JPS).



- **Health & Human Services (HHS)** functional area Charges for Service revenues increase by about \$683,000 to \$8.7 million, and includes **Clinical Services Division** increases of about \$694,100 to nearly \$7.5 million, related to Mental Health Outpatient Client Fee revenue increases of nearly \$580,700 due to increased funding reimbursements for additional Comprehensive Community Services (CCS) program activities, to provide community living support services, including employment and peer support through psychosocial rehabilitation.
- **Parks, Environment, Education & Land use (PLU)** functional area Charges for Service revenues are budgeted to increase by about \$137,900 to \$10.9 million mainly due to an increase in **Parks-Golf Course** revenues of \$108,100 related to an increase in fees across all courses, reflecting market conditions as reviewed in a 2015 National Golf Foundation study. In addition, **UW-Extension** revenues increase about \$36,200 related to additional workshops and courses for municipal entities related to strategic planning. **Parks-General Fund** charges for services increase about \$58,400 for various park fee increases (e.g. annual park stickers). This increase is partially offset by a decrease in **Register of Deeds** revenues of approximately \$43,400, mainly reflecting a decrease of \$130,000 in document recording fee revenues related to a reduction in home mortgage refinancing activity, partially offset by an increase in Real Estate Transfer fees of \$60,000, reflecting growth in home sales and the real estate market.
- **Public Works** functional area revenues include a \$125,200 decrease in the **Transportation Fund**, due to charges to municipalities for salt purchases, which are anticipated to decrease 1,900 tons from 2015.
- **Justice and Public Safety (JPS)** functional area Charges for Service revenues increase slightly by approximately \$13,000 to \$10.8 million including a \$50,000 increase in **Radio Service Fund** revenues mostly due to an increase in municipal trunk radio operations charges, and an increase in **Sheriff-Municipal Patrol Contract** revenues by \$97,500; partially offset by a decrease of \$51,700 reflecting the reduction of the Norris School District School Resource Officer; and a \$25,000 decrease in process and warrant services based on past history. These increases are further offset by reductions of about \$28,000 in Waukesha County **Medical Examiner** revenues to remove one-time charges for transition services to Walworth County and reduce tissue recovery revenues to better reflect actual service levels. In addition, **Circuit Court Services** revenues decrease about \$35,000 due to reductions in custody and placement evaluation revenues.

Fines and Licenses: Fine and license revenues are budgeted to increase about \$93,400, or 3.5% to \$2,798,200 in 2016, and include the following: **Parks and Land Use** budget includes an increase of \$44,000 in restaurant and retail food licenses, as well as a \$15,000 increase in septic permits, and the **Medical Examiner's** budget includes a \$46,100 increase in cremation permit revenue. This is partially offset by a decrease of \$22,200 in **Circuit Court Services** fines and forfeiture revenues.

Interdepartmental Revenues:

2016 Interdepartmental revenues increase approximately \$303,700 or less than 1% to \$37,930,900. 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.

2016 REVENUE HIGHLIGHTS

- In order to better reflect an increase in Worker's Compensation self-insured claims costs and higher estimated future years claims payments based on historical trends, **DOA-Risk Management** interdepartmental revenue increases by about \$91,200 to \$2.15 million. This fund remains subsidized by General Fund Balance, which is projected to be phased out over future years and is reduced over \$55K in 2016.
- **Non-Departmental-Health and Dental Insurance Fund** interdepartmental revenues are budgeted to increase by \$136,000 or less than 1% to \$17.7 million, and reflects the County's share of insurance premiums charged to operating departments.
- Interdepartmental revenues in the **Public Works Functional Area** increase by about \$60K to nearly \$7.4 million. Department charges for vehicle operations increase nearly \$213,000 including fuel of \$23,000, vehicle repair and maintenance charges of nearly \$149,000, and vehicle replacement charges of \$44,000. Additional items include: Building/Office rental charges decrease nearly \$101,000 for maintenance and services provided to County departments.

Other Revenues:

Other revenues from various sources decrease about \$254,600 or 1.4% in the 2016 Budget to a total of about \$17.7 million.

- The **Office of the Treasurer** investment income decreases by \$200,000 to \$3.4 million due to estimated lower investment rates of return.
- **Department of H&HS – Clinical Division** recovery revenues are budgeted to decrease by about \$155K to \$1.7 million, mainly due to decreases in adult admissions to state mental health facilities that qualify for Medicaid reimbursement.
- **Department of H&HS – Children with Special Needs** revenues are budgeted to decrease \$166K related to pass-through reimbursements of Children's Long Term Support (CLTS) costs for certain vendors unable to directly bill the CLTS third-party administrator.
- The **Public Works-Transportation Fund** includes an increase of \$151K in Highway Safety Improvement Program (HSIP) reimbursements for staff engineering designs of county intersections.
- The **Sheriff** budget also includes an overall increase of \$165K mainly due to inmate phone revenue and merchandise and commission sales.

Debt Financing:

The 2016 Budget includes borrowing of \$12 million to finance a major portion of 2016 capital projects, an increase of \$2 million from the 2015 Adopted Budget.

Appropriated Fund Balance:

To reduce the 2015 Tax Levy (for 2016 Budget purposes), the Budget includes Fund Balance appropriations of \$13.4 million for one-time projects and temporary expenditures or to phase in the impact of significant revenue losses, an increase of about \$500K from the previous year. This includes \$10.7 million for the operating budgets and \$2.7 million 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			\$116,154				\$116,154
Admin Dept-Risk Management			\$63,428				\$63,428
End User Tech. Fund			\$846,750				\$846,750
Airport Fund				\$200,829			\$200,829
Capital Projects Budget					\$2,707,800		\$2,707,800
Circuit Court Services	\$20,000						\$20,000
Contingency Fund	\$1,200,000						\$1,200,000
Corporation Counsel Dept.							\$0
County Clerk Dept.	\$85,287						\$85,287
Debt Service Fund						\$1,544,117	\$1,544,117
District Attorney							\$0
Emergency Preparedness	\$349,841			\$751,723			\$1,101,564
Human Services Dept.	\$95,141						\$95,141
Non-Departmental	\$384,100		\$1,824,500				\$2,208,600
Federated Library Fund		\$100,000					\$100,000
Parks and Land Use Dept.	\$70,000	\$800,000		\$1,342,500			\$2,212,500
Public Works Dept	\$130,000	\$88,000	\$111,083				\$329,083
Register of Deeds	\$275,000						\$275,000
Sheriff Dept.	\$256,469						\$256,469
UW Extension Dept.	\$13,700						\$13,700
Total by Fund Type	\$2,907,538	\$988,000	\$2,961,915	\$2,295,052	\$2,707,800	\$1,544,117	\$13,404,422

Tax Levy: The overall 2015 Tax Levy (for 2016 Budget purposes) is \$104,412,271, which represents an increase of \$495,659 or 0.48% from the 2015 Adopted Budget. The total Tax Levy consists of General County Purpose Levy of \$100,948,152, a \$455,900 or 0.45% increase from the 2015 Adopted Budget, and the Special Federated Library Tax Levy of \$3,464,119, an increase of \$39,759 or 1.2% from the 2015 Adopted Budget, which are assessed to municipalities without Libraries.