

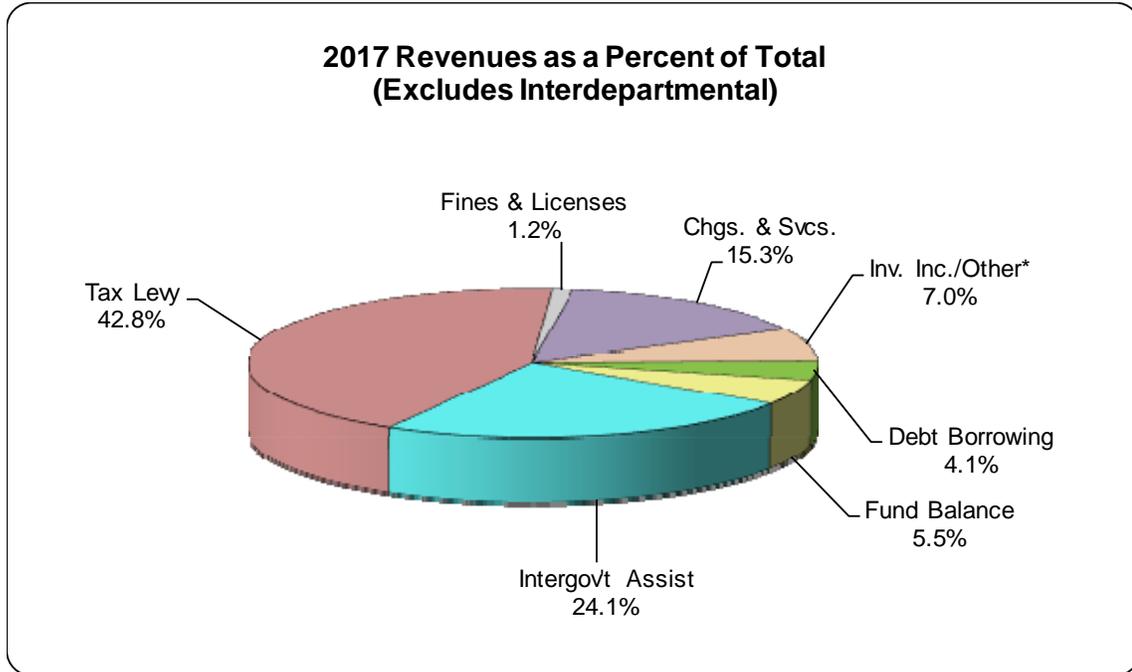
2017 REVENUE HIGHLIGHTS

Revenue Budget:

The **2017 revenue budget (excluding property Tax Levy, Fund Balance appropriations and revenue generating proprietary fund retained earnings) totals \$165,385,400**, a decrease of \$2,290,700 or 1.4% from the 2016 Adopted Budget. The revenue budget includes \$38,043,000 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 2017 revenues consist of departmental operating revenues budgeted at \$152,929,000 and capital project funds at \$12,456,400 including \$10,000,000 from planned borrowing. Overall, the operating revenues increase nearly \$1.58 million or 1.0% from the prior year budget, while capital project revenues decrease by \$3.87 million or 23.7%.

The graph below reflects the ratio of revenue sources budgeted for 2017 to all revenue sources, with tax levy of 42.8% and Intergovernmental Assistance of 24.2% (after excluding Interdepartmental revenues) as the major revenue components.



* Excludes Retained Earnings

Revenue Projection Methodology

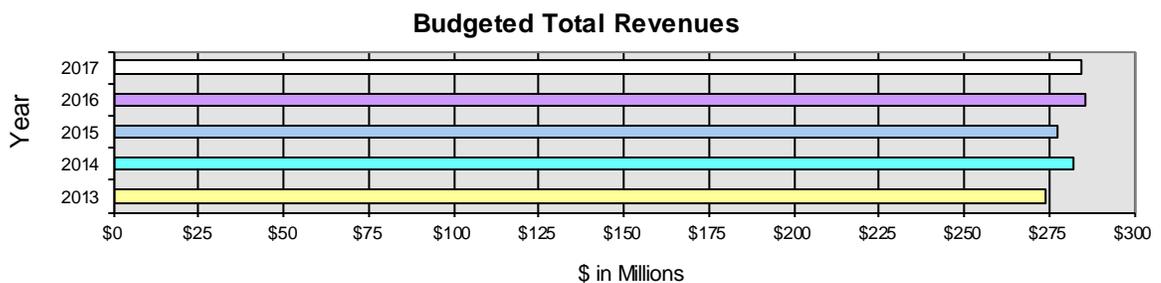
Realistic, conservative and accurate revenue estimates are one of the key building blocks in the development of a fiscally sound budget. The County combines four primary projection methods, mentioned below, based on the unique characteristics of forecasted revenue.

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 2013-2017. Total revenues are budgeted to decrease nearly \$1.28 million or 0.4% to \$284.2 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 2017 revenue budget decreases by \$1.28 million to \$284.2 million, largely due to decreases in Intergovernmental revenues of \$1.9 million to \$59.6 million, attributable to about \$2 million in municipal contributions for highway projects budgeted in 2016 that are not repeated in the 2017 budget. In addition, Debt Borrowing to fund capital project expenditures decreases \$2 million to \$10 million. This is partially offset by increases in Charges for Services of \$1.8 million, due to a 5% increase in the employee cost share of county provided health insurance of \$779K, increases in HHS-Clinical Services Outpatient client fee revenues of \$355,100 for services provided as part of the Comprehensive Community Services (CCS) program and Community Recovery Services (CRS) program, and increases in the Mental Health Center of \$172K based on prior year actuals and an intergovernmental agreement with Jefferson County. Fund Balance appropriations increase about \$103K and the County General Tax Levy (excluding the Special Library Tax) increases \$850,947 or less than 1%.

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.

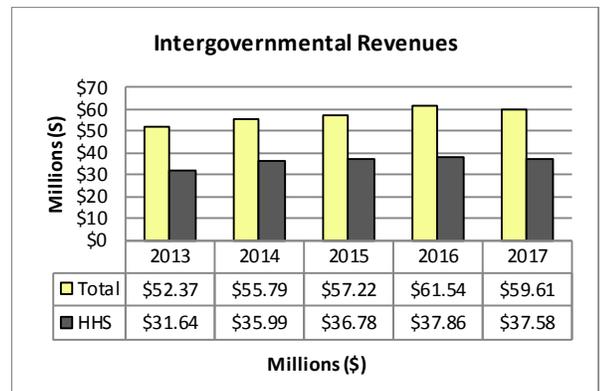
Detailed revenue highlights are included within each functional area summary.

A summary of highlights and major changes from the 2016 Budget to the 2017 Revenue Budget, by source, follows.

Intergovernmental Contracts & Grants:

Combined, total 2017 intergovernmental contracts, grants, state/federal aids and state shared revenues together reflect a budgeted decrease of \$1,928,600 or 3.1% from the 2016 Adopted Budget (as indicated below).

- **Capital Project** intergovernmental revenues decrease \$1.9 million to \$2.15 million mainly due to decreases in local share revenue for one-time road projects and County Highway Improvement Plan (CHIP) revenues, not continued in the 2017 budget.
- **H&HS Functional Area** Intergovernmental Revenue decreases by \$281,500 to nearly \$37.6 million as follows:
 - **Department of Health and Human Services (H&HS) – Children with Special Needs Program** includes a decrease in pass-through intergovernmental State revenue reimbursements related to the Children’s Long Term Support (CLTS) Third Party Administrator (TPA) program of \$317K to serve children with long term support needs.
 - **H&HS – Family and Juvenile Services Program** includes a decrease of nearly \$100,000 due to a decline of \$73,000 in Youth Aids as a result of a declining trend in correctional placements, as well as a \$21,000 decrease in Independent Living revenue due to the program transition from a County allocation to a private consortium in June 2017.
 - **The H&HS Economic Support Program** includes a decrease of \$221,300 to \$138,200 in Patient Protection Affordable Care Act (PPACA) revenues, coinciding with a reduction of 2.0 FTE sunset positions. The funding will continue to be reduced as prescribed by state statute. This decrease is partially offset by an increase of \$189,200 in the Income Maintenance Contract allocation.

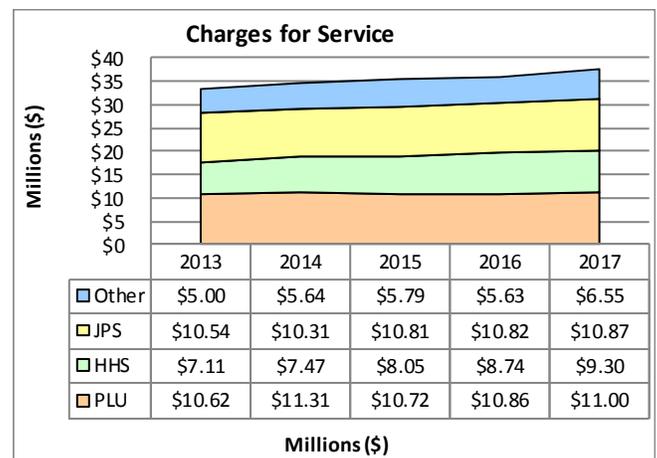


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- **Aging and Disability Resource Center** net General Government revenues increase nearly \$128,000, mainly due to an increase of nearly \$77,000 in Older Americans Act funding, a \$30,500 increase related to an Alzheimer grant, as well as slight increases in other federal programs.
- **Parks and Land Use-General Fund** budgeted intergovernmental revenues include a decrease of \$100,500, related to one-time, grant funded, handicap-accessible projects around UW-Waukesha and county maintained facilities scheduled to be completed in 2016, partially offset by a \$61,000 Aquatic Invasive Species joint-program with Washington County.
- The **District Attorney's** budget includes an increase of about \$157,000, mainly due to the expansion of the federal Victims of Crime Act (VOCA), to fund a 1.00 FTE Victim Witness Specialist and increase a 0.25 FTE Victim Witness Counselor to full time.
- **Parks and Land Use-Materials Recycling Facility** budgeted State Recycling Grant revenues increase \$111,500 to \$1 million, which restores funding previously reduced in the 2016 budget due to anticipated cuts in the 2015-2017 Wisconsin State Budget.
- General Government Revenues in the **Sheriff's** budget increases \$63,600 mainly due to additional grant funds awarded to support increased drug investigation and enforcement within Waukesha County.

Charges for Services: User fees are budgeted to increase nearly \$1,824,700 or 5.1% to approximately \$37.7 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).

- **Non-Departmental** functional area revenues increase \$779,000 due to a 5% increase in the employee share of all county health insurance plans.
- **Health & Human Services (HHS)** functional area Charges for Service revenues increase by about \$560,000 to nearly \$9.3 million, and includes **Clinical Services Division** increases of about \$527,400 to about \$8 million, related to Mental Health Outpatient Client Fee revenue increases of nearly \$355,100 due to increased funding reimbursements for additional Comprehensive Community Services (CCS) program and Community Recovery Services program activities, to provide community living support services, including employment and peer support through psychosocial rehabilitation. In addition, Mental Health Center revenues increase over \$172K to nearly \$3 million, partially due \$90,000 budgeted for Jefferson County clients when the hospital has availability.



- **Parks, Environment, Education & Land use (PLU)** functional area Charges for Service revenues are budgeted to increase by nearly \$140K to \$11.0 million mainly due to an increase in **Parks-General Fund** revenues of \$70,100 mostly related to increases for various park fees (e.g. annual stickers, reservation fees, etc.). In addition, **UW-Extension** revenues increase about \$17,500 related to additional workshops and courses for municipal entities related to strategic planning. **Parks-Golf Course** revenues increase \$35,000, related to fee increases at all courses, reflecting market conditions and current estimates. The **Federated Library System** revenues increase \$16,100 related to charge-backs to member libraries for CAFÉ license and database-related software costs.
- **Public Works** functional area revenues include a \$74,700 increase in the **Airport Operations Fund**, due to a newly negotiated 22-year contract with the existing fixed-based operator, expected to generate more land lease and fuel sales revenues for the Airport.
- **Justice and Public Safety (JPS)** functional area Charges for Service revenues increase slightly by approximately \$207,600 to \$10.9 million, mainly due to an increase in **Sheriff-Municipal Patrol Contract** revenues by \$178,200; reflecting an increase in the patrol contract with the Town of Lisbon of 2.00 FTE Deputy Sheriff positions.

Fines and Licenses: Fine and license revenues are budgeted to increase about \$104,000, or 3.7% to \$2,902,100 in 2017, and include the following: **Parks and Land Use** budget includes an increase of \$40,000 increase in septic permits, as well as a \$13,000 increase in restaurant and retail food licenses. The **Treasurer's** budget includes a \$50,700 increase in Agriculture Use Conversion penalties based on an increase in real estate activity, and **Public Works** includes an increase of \$20,000 in utility permits and \$13,000 in driveway permits. This is partially offset by a decrease in the **Medical Examiner's** budget of \$29,300 in cremation permit revenue due to state mandates requiring a higher number of waivers to be issued.

Interdepartmental Revenues:

2017 Interdepartmental revenues increase approximately \$112,100 or less than 1/2% to \$38,043,000. 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.

- 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 \$31,100 to \$2.18

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million. This fund remains subsidized by General Fund Balance, which is projected to be phased out over future years and is reduced nearly \$47K in 2017.

- **Non-Departmental-Health and Dental Insurance Fund** interdepartmental revenues are budgeted to decrease by \$374,000 or 2.1% to \$17.3 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 \$237K to nearly \$7.7 million. Department charges for vehicle operations increase nearly \$74,000 including an increase of vehicle repair and maintenance charges of nearly \$115,300, and vehicle replacement charges of \$112,600, partially offset by a decrease in fuel by \$154,000. Additional items include: Building/Office rental charges increase nearly \$145,000 for maintenance and services provided to County departments.

Other Revenues:

Other revenues from various sources decrease about \$403K or 2.3% in the 2017 Budget to a total of about \$17.1 million.

- The **Office of the Treasurer** investment income decreases by \$400,000 to \$3 million due to estimated lower investment rates of return, and the interest and penalty on delinquent taxes decreases by \$63,000 to \$2.6 million.
- The **Community Development Block Grant (CDBG)** fund is budgeting a decrease of \$105,000 to \$355,000 in combined program income and revolving loan income revenues due to fewer loans estimated to be issued.
- **Department of H&HS – Administrative Services Division** prior year revenues are budgeted to increase by about \$161,600 to \$261,200, to more accurately reflect Wisconsin Medical Assistance Cost Reporting (WIMCR) program reimbursements.

Debt Financing:

The 2017 Budget includes borrowing of \$10 million to finance a major portion of 2016 capital projects, a decrease of \$2 million from the 2016 Adopted Budget (The 2016 budget was modified to appropriate \$500,000 of Tarmann Parkland Acquisition Fund Balance for Parks and Land use capital projects, thereby reducing the need for debt issue proceeds from \$12,000,000 to \$11,500,000 per enrolled ordinance 170-87).

Appropriated Fund Balance:

To reduce the 2016 Tax Levy (for 2017 Budget purposes), the Budget includes Fund Balance appropriations of \$13.5 million for one-time projects and temporary expenditures or to phase in the impact of significant revenue losses, an increase of about \$103K from the previous year. This includes \$10.9 million for the operating budgets and \$2.6 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			\$52,656				\$52,656
Admin Dept-Risk Management			\$16,554				\$16,554
End User Tech. Fund	\$231,500		\$547,943				\$779,443
Airport Fund				\$180,829			\$180,829
Capital Projects Budget					\$2,620,000		\$2,620,000
Circuit Court Services	\$20,000						\$20,000
Contingency Fund	\$1,200,000						\$1,200,000
Corporation Counsel Dept.							\$0
County Clerk Dept.	\$0						\$0
Debt Service Fund						\$1,701,400	\$1,701,400
District Attorney							\$0
Emergency Preparedness	\$342,750			\$753,316			\$1,096,066
Human Services Dept.	\$521,875						\$521,875
Non-Departmental	\$570,400		\$1,939,500				\$2,509,900
Federated Library Fund		\$129,200					\$129,200
Parks and Land Use Dept.	\$70,000	\$400,000		\$1,230,000			\$1,700,000
Public Works Dept	\$100,000	\$124,000	\$107,083				\$331,083
Register of Deeds	\$250,000						\$250,000
Sheriff Dept.	\$368,252						\$368,252
UW Extension Dept.	\$2,500						\$2,500
Total by Fund Type	\$3,705,277	\$653,200	\$2,663,736	\$2,164,145	\$2,620,000	\$1,701,400	\$13,507,758

Tax Levy: The overall 2016 Tax Levy (for 2017 Budget purposes) is \$105,316,851, which represents an increase of \$904,580 or 0.87% from the 2016 Adopted Budget. The total Tax Levy consists of General County Purpose Levy of \$101,799,099, a \$850,947 or 0.84% increase from the 2016 Adopted Budget, and the Special Federated Library Tax Levy of \$3,517,752, an increase of \$53,633 or 1.5% from the 2016 Adopted Budget, which are assessed to municipalities without Libraries.