WAUKESHA COUNTY FIVE-YEAR FINANCIAL FORECAST

The County uses long range financial planning to project the cost to continue existing programs by using assumptions about economic conditions, potential strategic objectives, and financial challenges to project revenues and expenditures over a five-year period. The five-year forecast also provides dynamic information for the planning process and assists in providing direction for future actions and planning of resource allocations in a way that links to the County's strategic planning goals.

The five-year financial forecast is developed annually in the early stages of budget development. It includes a review of the prior fiscal year-end results and considers the impacts of various County planning processes, including the capital plan and related debt financing. The Budget Division of the Department of Administration works with staff in other departments to determine key financial assumptions, which are used to project impacts to future expenditures and major revenue sources.

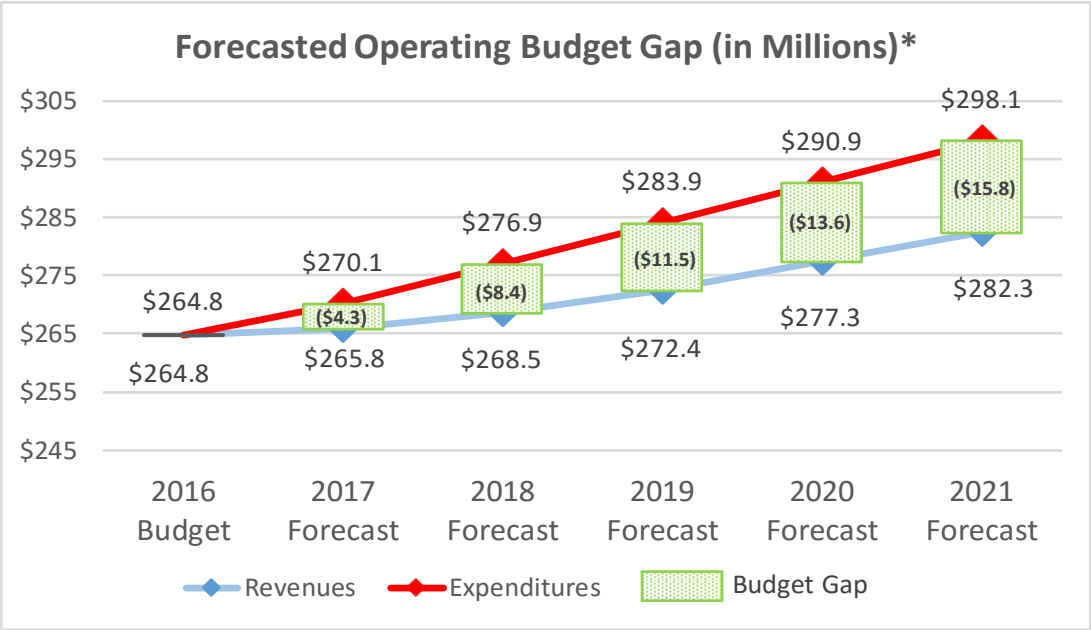
The purpose of utilizing a financial forecast is to identify and determine the extent of actions necessary to close the gap between revenues and expenditures to ensure long-term fiscal sustainability and to prepare for impacts identified in future years.

Below is a summary of Waukesha County's financial outlook as it appeared in the current year's five-year forecast prior to budget development.

Operating Budget (Non-Capital) Five Year Financial Forecast Summary 2017-2021

Operating Budget (in Millions)			
Year	**Revenues**	**Expenditures**	**GAP**
2016 Budget	$264.8	$264.8	$0.0
2017 Forecast	$265.8	$270.1	($4.3)
2018 Forecast	$268.5	$276.9	($8.4)
2019 Forecast	$272.4	$283.9	($11.5)
2020 Forecast	$277.3	$290.9	($13.6)
2021 Forecast	$282.3	$298.1	($15.8)

Closing the structural budget gap in a given year helps future budgets by reducing the gap in future years. For example, closing the 2016 budget gap resulted in a $3.4 million reduction to the projected 2017 gap – from $7.7 million to the current 2017 projection of $4.3 million. The 2017 Budget is balanced, which will again favorably impact the projected gap in future years (as demonstrated in the charts below). This was done by working to reduce expenditures and conservatively increasing revenues (when justified). The use of fund balance and other one-time revenues is limited to the situations described in the County Revenue Policy section of this document.



*The 2017 Operating Budget is balanced at $267.4 million, reflecting the elimination of the gap through expenditure reductions and revenue increases.