Financial Management Plan

For

Jefferson County, Wisconsin

June 9, 2009

Presented by:

Dawn R. Gunderson, CPFO, CIPFA
Financial Advisor/Vice President

Dave Wagner
Senior Financial Advisor/Vice President

EHLERS
LEADERS IN PUBLIC FINANCE

Wisconsin
Offices also in Illinois and Minnesota

phone 262-785-1520
fax 262-785-1810
toll free 800-717-9742

375 Bishops Way, Suite 225
Brookfield, WI 53005-6202

TABLE OF CONTENTS

Section 1 – Background 3

Section 2 – Process 3

Section 3 – Current Financial Position of the County 3

3.1 General Obligation (G.O.) Debt Schedule 3

3.2 Financial Indicators 5

Section 4 – Financial Plan Data Tables and Key Assumptions 9

4.1 Equalized Value 9

4.2 Operating Budget Projections 11

4.3 Capital Finance Plan 14

Section 5 – Projected Property Tax Impacts 18

Section 6 – Alternative Projections with sale of Countryside Home 20

Section 7 – Alternative Projections with $3.5 million referendum in 2010 23

Section 8 – General Conclusions & Observations 25

Section 9 – Recommendations 27

TABLES

Table 1 Schedule of General Obligation Debt Outstanding 4
Table 2 Bond Rating Definitions 5
Table 3 Rating Factors of Comparable Communities 8
Table 4 Equalized Value Historical Growth 9
Table 5 Equalized Value Growth Projection 10
Table 6 Summary Assumptions of Operating Revenue Increases 11
Table 7 Summary Assumptions of Operating Expenditure Increases 12
Table 8 Summary Assumptions of Individual Revenue & Expenditure Adjustments 13
Table 9 Projection of Net Tax Levy Required for Operations & Debt Service 13

TABLES (Con't)

Table 10	Summary Potential County Facility Infrastructure needs 2011 – 2013 Sizing worksheet	15
Table 11	Facility Infrastructure Financing Plan – Debt Structure 2011-2013	16
Table 12	General Obligation Debt Capacity Utilization – Current and Projected	17
Table 13	Consolidated Tax Rate and Levy Projections (Base Case)	19
Table 14	Forecast of Undesignated Year-end Fund Balance (Base Case)	20
Table 15	Consolidated Tax Rate and Levy Projections (Sale of Countryside)	21
Table 16	Comparison of Forecast excess or (shortfall) (Sale of Countryside vs 3% levy limit increase)	22
Table 17	Comparison of Forecast of Undesignated Year-end Fund Balance (Sale of Countryside vs 3% levy limit increase)	22
Table 18	Consolidated Tax Rate and Levy Projections ($3.5 million referendum)	24
Table 19	Comparison of Forecasts of excess or (shortfall) (Sale of Countryside, $3.5 million referendum vs 3% levy limit increase)	25
Table 20	Comparison of Forecasts of Undesignated Year-end Fund Balance (Sale of Countryside, $3.5 million referendum vs 3% levy limit increase)	
Table 21	Sample Fiscal Planning Cycle Timeline	28

APPENDIXES

Appendix 1 Detail of program Projections
Appendix 2 Power Point presented to the County Board June 9, 2009

Section 1 – Background

In November of 2008, Ehlers & Associates was engaged by the County to prepare a comprehensive Five-Year Financial Management Plan to guide future financing decisions. This document summarizes the results of that planning effort, and is intended to be used as an analytical framework for making future decisions with respect to operations and levels and timing of supportable debt financing. Because conditions can change rapidly, and assumptions may or may not be borne out over time, it is recommended that this plan be updated annually or at other key times prior to making long-term financing commitments.

Section 2 – Process

Development and refinement of the financial plan model was completed during a series of planning workshops with the County Finance Committee. These workshops were held on January 22, 2009, February 19, 2009, March 19, 2009 and April 23, 2009 and May 21, 2009 with final plan presentation to the full County Board on June 9, 2009. During these workshops, County officials were briefed on the current status of the County's financial position; historical and projected valuation trends; capital financing alternatives; levy limit issues and tax rate projections for operating, and debt service expenditures.

Section 3 – Current Financial Position of the County

As part of the planning process, the current financial position of the County was reviewed. This review included an analysis of current general obligation debt structure, and a comparison of credit and financial indicators of the County to state wide medians and to selected Counties in Wisconsin with similar or higher bond ratings.

3.1 General Obligation (G.O.) Debt Schedule

- **Table 1** provides a schedule of existing County G.O. debt and associated payments. G.O. debt is secured by the "full faith and credit" of the issuer, meaning the County has an irrevocable duty to levy annually a property tax in an amount sufficient to ensure timely repayment of the debt.

Wisconsin State Statues limit the amount of G.O. debt principal that a community may have outstanding to 5% of its equalized value (including the value of any tax increments). The County's equalized value as of January 1, 2008 was $6,897,170,600 with a corresponding debt principal limit of $344,858,530. The County's outstanding debt principal as of December 31, 2008 was $5,069,175 which is 1.47% of the limit. This results in a remaining statutory borrowing capacity of $339,789,355.

Table 1

Jefferson County, WI

Schedule of General Obligation Debt Outstanding

Issue	Land Contract Korth Park		Notes Parks Maint Bldg.		Notes Countryside		G.O. Notes Countryside	
Amount	$875,000		$840,000		$5,000,000		$4,000,000	
Dated	12-Jul-00		1-Apr-01		1-Nov-02		1-Aug-03	
Repayment								
Callable	1-Sep-11		1-Apr-07		1-Apr-09		1-Apr-10	
Callable Amt			$525,000		$1,275,000		$1,450,000	
Purpose	Korth Park							
Rate/Term	5.000%		4.30-4.50%		3.45-3.70%		3.00-3.60%	
Year	**Quarterly**	**Interest**	**Prin (4/1)**	**Interest**	**Prin (4/1)**	**Interest**	**Prin (4/1)**	**Interest**
2009	59,961	22,346	165,000	19,573	475,000	53,844	425,000	71,150
2010	63,015	19,291	175,000	12,175	500,000	36,900	450,000	57,575
2011	66,226	16,081	185,000	4,163	525,000	18,700	450,000	42,950
2012	69,600	12,707			250,000	4,625	475,000	27,213
2013	73,145	9,161					525,000	9,450
2014	76,872	5,435						
2015	60,357	1,373						
2016								
2017								
2018								
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
TOTAL	469,176	86,394	525,000	35,910	1,750,000	114,069	2,325,000	208,338

General Obligation Debt Summary

Total	Principal Outstanding	Percent Outstanding	YEAR
1,291,873	3,944,215	**77.81%**	**2009**
1,313,956	2,756,200	**54.37%**	**2010**
1,308,120	1,529,974	**30.18%**	**2011**
839,145	735,374	**14.51%**	**2012**
616,756	137,229	**2.71%**	**2013**
82,307	60,357	**1.19%**	**2014**
61,730	0	**0.00%**	**2015**
0	0	**0.00%**	**2016**
0	0	**0.00%**	**2017**
0	0	**0.00%**	**2018**
0	0	**0.00%**	**2019**
0	0	**0.00%**	**2020**
0	0	**0.00%**	**2021**
0	0	**0.00%**	**2022**
0	0	**0.00%**	**2023**
		0.00%	**2024**
			2025
			2026
			2027
			2028
			2029
5,513,886			

General Fund Levy Requirement Analysis

Net Levy	Projected Eq. Value	Tax Rate for Debt Service	YEAR
1,291,873	6,625,830,100	**0.19**	**2009**
1,313,956	6,625,830,100	**0.20**	**2010**
1,308,120	6,625,830,100	**0.20**	**2011**
839,145	6,834,997,550	**0.12**	**2012**
616,756	7,044,165,000	**0.09**	**2013**
82,307	7,253,332,450	**0.01**	**2014**
61,730	7,462,499,900	**0.01**	**2015**
0	7,671,667,350	**0.00**	**2016**
0	7,880,834,800	**0.00**	**2017**
0	8,090,002,250	**0.00**	**2018**
0	8,299,169,700	**0.00**	**2019**
0	8,508,337,150	**0.00**	**2020**
0	8,717,504,600	**0.00**	**2021**
0	8,926,672,050	**0.00**	**2022**
0	9,135,839,500	**0.00**	**2023**
0	9,345,006,950	**0.00**	**2024**
0	9,554,174,400	**0.00**	**2025**
0	9,763,341,850	**0.00**	**2026**
0	9,972,509,300	**0.00**	**2027**
0	10,181,676,750	**0.00**	**2028**
			2029
5,513,886			

NOTES:

Represents the maturities that are callable

3.2 Financial Indicators

Investors in municipal bonds and other forms of public debt may rely on ratings assigned by credit rating services as one determinant in judging the risk of a particular investment. As such, an issuer's rating affects the price and interest rate that will be paid when debt is issued. Bond ratings are provided, for a fee, by firms such as Moody's Investors Service, Standard & Poor's, and Fitch Ratings. **Table 2,** found below, defines the rating codes used by Moody's Investors Service and Standard & Poor's in evaluation of "Investment Grade" securities.

The County was assigned a "Aa3" rating from Moody's Investors Service with their G.O. Note issue in 2003. That rating also affirmed the rating on all of the County's outstanding debt at that time. In July of 2006 Moody's reaffirmed the rating on all of the County's outstanding G.O. Debt.

Moodys	*S&P*	*Rating Description*
Aaa	AAA	Highest rating assigned. The obligor's capacity to meet its financial commitment on the obligation is *EXTREMELY STRONG*
Aa1	AA+	Differs from the highest rated obligations only in small degree. The obligor's capacity to meet its financial commitment on the obligation is *VERY STRONG*
Aa2	AA	
Aa3	AA-	
A1	A+	Is somewhat more susceptible to the adverse affects of changes in circumstances and economic conditions than obligations in higher rated categories. The obligor's capacity to meet financial commitment on the obligation is still *STRONG*
A2	A	
A3	A-	
Baa1	BBB+	Exhibits *ADEQUATE* protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation
Baa2	BBB	
Baa3	BBB-	

Table 2

In assigning a rating to a bond, credit rating services examine various measures designed to assess the debt issuer's financial condition. Local governments can calculate these same measures for themselves and use them as the basis for self-evaluation, and in the development of formal or informal financial management policies. Typical financial indicators include:

- **Equalized Value of Community –** One of the most significant factors considered by credit rating services is the total value of all taxable property in the community. The size of a community's tax base is a reflection of its ability to pay, and accordingly, its creditworthiness. An additional qualitative indicator is the composition of the local tax base. A diverse property tax base of residential, commercial and industrial land uses that is not concentrated in a particular segment of the economy or in several large employers is considered more resilient to economic fluctuations.

- **Average Annual Growth –** An indicator of economic health and ability to repay existing and future debt, this calculation represents the average percentage growth in equalized value over the most recent five-year period for which data is available.

- **Per Capita Equalized Value –** Total equalized value, divided by population, this measure reflects the concentration of value relative to population. High value per capita may be an indicator of a large non-residential commercial or industrial base, or a community with comparatively large and high valued homes. In general, a greater value per capita is a positive indicator of ability to repay debt.

- **Direct Debt Burden –** The total principal amount of debt outstanding, expressed as a percentage of the issuer's total equalized value, and as a total per capita. As opposed to Overall Debt Burden (see below), Direct Debt Burden calculations consider only that debt which is issued as an obligation of the municipality.

- **Overall Debt Burden –** Similar to Direct Debt Burden, but includes the total principal amount of debt outstanding for all entities that have taxing authority within the community's boundaries, including the local government, the school district, the county, the technical college, and any special taxing jurisdictions. Both direct and overall debt burden are a reflection of the tax effort required of individual taxpayers, and the community as a whole, to repay incurred debt obligations.

- **Payout Over Ten Years –** Expressed as a percentage, this indicator reflects the amount of debt principal of the issuer that will be retired within ten years. While various considerations must be taken into account when determining the appropriate term over which to repay a debt obligation, a rapid amortization of debt is considered to be a favorable credit indicator.

- **Undesignated General Fund Balance –** Expressed as a percentage of annual operating revenues, this indicator is a reflection of the local government's financial flexibility and capability to deal with contingencies such as unexpected losses in revenue or emergency expenditures. Depending on the purpose for which it has been reserved, some portion of the undesignated reserved fund balance may also be included in this calculation.

- **Percentage of Expenditures for Debt Service –** The total of a local government's gross general obligation debt service payment expressed as a percentage of the sum of all operating and debt service fund expenditures. This measure assesses what proportions of a community's resources are being utilized for debt repayment, and the relative reliance on debt financing. In some cases, non-tax levy resources such as tax increments (TIF), special assessments and impact fees may be paying for a significant portion of the annual debt service payment. In these instances, it is also useful to calculate the percentage based on the net levy amount for debt service to reflect the application of these other resources.

- **Adjusted Gross Income Per Tax Return –** The total reported gross income within a political subdivision divided by the number of returns filed. This indicator provides a measure that can be used to assess relative wealth as compared to communities with similar characteristics.

- **Adjusted Gross Income as a Percentage of State Average –** Similar to Adjusted Gross Income per Tax Return, this indicator reflects the relative wealth of the community as compared to the State wide average.

Table 3 reflects the calculated factors for the County based on information contained in the 2007 financial statements and other available sources. These factors are compared to State median "Aa3" and "Aa2" averages, and to the Sauk County, Walworth County, Rock County, La Crosse County and Kenosha County. All of the County's current financial indicators except the percent of expenditures for debt service are favorable when compared to the Median "Aa3" for Wisconsin Counties. Even that factor is offset by the fact that Jefferson County is paying off its debt more rapidly than its peers. With the exception of percent of expenditures for debt service and overall equalized value, the County also compares favorably with the median "Aa2" indicators.

The analysis provided is also consistent with the July 2003 Moody's rating report which summarized the County's financial position as follows: *"Assignment of the A3 rating reflects the County's modestly-sized tax base; sound financial operations, supported by healthy reserves and levy margin available under the state imposed property tax levy limitation; and average debt burden."*

The analysis presented in this Section provides one way in which to benchmark the financial health of the community. Using annual financial results, these numbers, like the balance of the financial plan, can be updated to reflect both historical trends and future projections. While the Counties can develop policies or guidelines designed to control some of the measures discussed in this section, other variables, such as growth rates, personal income levels, and debt plans of other overlapping taxing entities are largely outside of the ability of the County Board to influence or control.

Table 3

RATING FACTORS OF COMPARABLE COUNTIES

Municipality	Current Rating	Overall Debt Burden	Direct Debt Burden	Payout, 10-Years	Direct Debt Per Capita	Overall Debt Per Capita	Average Annual Growth FV	Undesignated Gen. Fund % of Gen. Fund Rev.	% of Exp. for Debt Service	Adj Gross Inc Per Return (2006)	Adj Gross Inc as % of State (2006)	Per Capita Eq. Value (2008)	Eq. Value TID - IN (2008)	Population (2008)
Jefferson	Aa3	2.10%	0.07%	100.00%	$63	$1,791	7.90%	62.90%	6.26%	$43,850	91.15%	$85,127	6,897,170,600	81,022
Median Aa3 (Counties)	Aa3	3.00%	0.30%	90.90%	$266	$2,250	8.00%	20.30%	5.60%	na	na	$70,362	6,027,525,000	68,227
Sauk	Aa3	1.90%	0.60%	78.30%	$700	$2,218	9.50%	12.90%	6.30%	$40,906	85.03%	$116,741	7,131,223,400	61,086
Median Aa2 (Counties)	Aa2	3.10%	0.37%	93.70%	$258	$2,110	3.90%	15.10%	5.40%	na	na	$81,123	9,495,030,000	117,045
Walworth	Aa2	2.10%	0.40%	81.10%	$611	$3,206	11.20%	34.60%	9.70%	$46,485	96.63%	$152,655	15,466,199,300	101,315
Rock	Aa2	3.90%	0.20%	100.00%	$133	$2,601	6.50%	50.60%	4.60%	$44,393	92.28%	$66,684	10,701,189,600	160,477
La Crosse	Aa2	3.20%	0.40%	67.20%	$276	$2,208	7.70%	55.70%	4.90%	$46,115	95.86%	$68,993	7,779,523,300	112,758
Kenosha	Aa2	3.71%	0.53%	96.18%	$495	$3,434	8.26%	14.94%	9.10%	$45,641	94.87%	$92,535	14,999,322,500	162,094

Source: Moody's Investor's Service Most Recent Credit Reports & Village or City Audits, State of Wisconsin (DOR)

Favorable As Compared to Median Aa3

Unfavorable As Compared to Median Aa3

Section 4 – Financial Plan Data Tables

4.1 Equalized Value

Projection of the tax rate impact of operating, capital and debt expenditures over time requires that assumptions be made as to the pattern of future growth in the County. Projections developed for the County's financial model utilize equalized (fair market) values, which provide for more accurate forecasting by eliminating the need to account for changes in assessment ratios and revaluations in each of its 27 underlying taxing districts. During the period from 2004 through 2008, County equalized value increased by an average of 7.954% per year. This average **includes** value increases that occurred within all Tax Increment Districts located within the County. A total of 64.94% of the average annual value increase was the result of economic (inflationary) change, with new construction accounted for the balance (see **Table 4**).

Jefferson County Equalized Value Historical Growth (Including TID)

Year	Total Equalized Value	New Construction[1]		Economic Change[2]		Other & Personal Property[3]		Total Change		Year
2004	5,088,641,100									2004
2005	5,581,654,000	162,941,300	3.202%	355,889,300	6.994%	-25,817,700	-0.507%	493,012,900	9.688%	2005
2006	6,276,961,300	190,535,500	3.414%	483,586,400	8.664%	21,185,400	0.380%	695,307,300	12.457%	2006
2007	6,676,844,000	154,027,500	2.454%	270,436,200	4.308%	-24,581,000	-0.392%	399,882,700	6.371%	2007
2008	6,897,170,600	143,365,300	2.147%	64,458,100	0.965%	12,503,200	0.187%	220,326,600	3.300%	2008
Average		**162,717,400**	**2.804%**	**293,592,500**	**5.233%**	**-4,177,525**	**-0.083%**	**452,132,375**	**7.954%**	**Average**

NOTES:

1 Includes changes to improvement values due to construction of new buildings and other improvements to the land, and due to higher land utility.

2 Includes changes due to market conditions, based on analysis of sales

3 Includes changes due to s. 70.57 adjustments (corrections), the Department's field review of property, demolition or destruction of buildings or other improvements, changes in exempt status of property, changes in classification of property, annexation gains or losses, and other miscellaneous changes.

Table 4

Based on historical value trends, a model was developed to forecast future valuation growth for purposes of projecting tax rate impact. The model (see **Table 5**) projects values, excluding TID, using three techniques: 1) an assumption that values will continue to increase by 7.6% per year (the actual average percentage increase over the preceding five years ***excluding*** growth within TID); 2) an assumption that values will increase by $418,334,900 per year (the actual average amount of growth over the preceding five years ***excluding*** growth within Tax Increment Districts) and 3) an assumption that values will increase by a flat $209,167,450 annual rate (50% straight line method with zero growth in the next two years, selected by the Finance

Committee to reflect current economic conditions). For modeling purposes, the financial projections assume the latter method. This method is the most conservative as it projects that the County will grow at a slower rate than it has over the past five years. The equalized value projections do not include closure of any tax increment districts.

Jefferson County, WI

Tax Based Equalized Valuation Projections (TID OUT)

Equalized Value Growth Projection

		Percentage Method		Straight Line Method		Discounted Straight Line Method 50% No increase for 2009 & 2010	
	Valuation Year	Equalized Value	Percent Change	Equalized Value	Dollar Value Change	Equalized Value	Dollar Value Change
Historical	2004	4,952,490,500		4,952,490,500			
	2005	5,421,299,600	9.47%	5,421,299,600	468,809,100		234,404,550
	2006	6,073,532,400	12.03%	6,073,532,400	652,232,800		326,116,400
	2007	6,440,803,600	6.05%	6,440,803,600	367,271,200		183,635,600
	2008	6,625,830,100	2.87%	6,625,830,100	185,026,500		92,513,250
	4 year trend		7.60%		418,334,900		209,167,450
Projected	2009	7,129,672,468	7.60%	7,044,165,000	6.31%	6,625,830,100	0.00%
	2010	7,671,828,093	7.60%	7,462,499,900	5.94%	6,625,830,100	0.00%
	2011	8,255,210,397	7.60%	7,880,834,800	5.61%	6,834,997,550	3.16%
	2012	8,882,954,346	7.60%	8,299,169,700	5.31%	7,044,165,000	3.06%
	2013	9,558,433,295	7.60%	8,717,504,600	5.04%	7,253,332,450	2.97%
	2014	10,285,277,115	7.60%	9,135,839,500	4.80%	7,462,499,900	2.88%
	2015	11,067,391,703	7.60%	9,554,174,400	4.58%	7,671,667,350	2.80%
	2016	11,908,979,965	7.60%	9,972,509,300	4.38%	7,880,834,800	2.73%
	2017	12,814,564,409	7.60%	10,390,844,200	4.19%	8,090,002,250	2.65%
	2018	13,789,011,441	7.60%	10,809,179,100	4.03%	8,299,169,700	2.59%
	2019	14,837,557,520	7.60%	11,227,514,000	3.87%	8,508,337,150	2.52%
	2020	15,965,837,298	7.60%	11,645,848,900	3.73%	8,717,504,600	2.46%
	2021	17,179,913,896	7.60%	12,064,183,800	3.59%	8,926,672,050	2.40%
	2022	18,486,311,490	7.60%	12,482,518,700	3.47%	9,135,839,500	2.34%
	2023	19,892,050,365	7.60%	12,900,853,600	3.35%	9,345,006,950	2.29%
	2024	21,404,684,647	7.60%	13,319,188,500	3.24%	9,554,174,400	2.24%
	2025	23,032,342,893	7.60%	13,737,523,400	3.14%	9,763,341,850	2.19%
	2026	24,783,771,771	7.60%	14,155,858,300	3.05%	9,972,509,300	2.14%
	2027	26,668,383,067	7.60%	14,574,193,200	2.96%	10,181,676,750	2.10%
	2028	28,696,304,258	7.60%	14,992,528,100	2.87%	10,390,844,200	2.05%
	2029	30,878,432,938	7.60%	15,410,863,000	2.79%	10,600,011,650	2.01%
	2030	33,226,495,374	7.60%	15,829,197,900	2.71%	10,809,179,100	1.97%
	2031	35,753,109,527	7.60%	16,247,532,800	2.64%	11,018,346,550	1.94%
	2032	38,471,852,852	7.60%	16,665,867,700	2.57%	11,227,514,000	1.90%
	2033	41,397,335,266	7.60%	17,084,202,600	2.51%	11,436,681,450	1.86%

Most conservative Growth Projection

Table 5

4.2 Operating Budget Projections

A five-year projection of the County's general fund, health department, human services, Countryside Home, highway department and MIS department budget revenues and expenditures is included as **Appendix 1** to this report. Specific assumptions as to rates of increase or decrease in revenues and expenditures are detailed within the Appendix. The following is an overview and summary of these assumptions.

Revenues

To reflect the trend experienced by most local governments today, non-tax levy revenues were generally projected to remain only slightly higher than their 2009 budgeted levels. Although recent state budget proposals would decrease state aid in 2010 and 2011, the model assumes that it would still average 1%. **Table 6** indicates where adjustments were assumed in the model for specific categories of revenues. Percentages indicate the annual assumed increase or decrease in revenues from the 2009 budget year, unless other wise noted.

Revenue Source	2010	2011	2012	2013	2014
Other Taxes	2.5%	2.5%	2.5%	2.5%	2.5%
Intergovernmental	1.0%	1.0%	1.0%	1.0%	1.0%
Licenses and Permits	2.5%	2.5%	2.5%	2.5%	2.5%
Fines and Forfeitures	2.5%	2.5%	2.5%	2.5%	2.5%
Public Charges for Serv.	2.5%	2.5%	2.5%	2.5%	2.5%
Intergovernmental Charges	1.0%	1.0%	1.0%	1.0%	1.0%
Investment Income	At 2009 projected	0%	0%	0%	0%
Miscellaneous Revenue	2.5%	2.5%	2.5%	2.5%	2.5%

Table 6

Non-tax levy revenue sources available for general operations are expected to decrease by approximately $2.1 million between 2009 and 2010 due to anticipated declines in family care revenue. An additional $2.6 million of revenue was included in the 2009 budget for one time

State Aid for Flood mitigation. These adjustments are reflected in **Table 9**. On average revenues are projected to increase by approximately 1.49% or $678,000 annually.

Expenditures

While non-tax levy sources of revenue for most communities have remained stagnant, expenditures have not. Increases in the cost of employee health insurance, utility expenses, and increase in the cost of commodities such as fuel and salt have significantly outpaced inflation. **Table 7** reflects the assumptions used in projecting operating expenses.

Fund	2010	2011	2012	2013	2014
Wages	2.76%	2.5%	2.5%	2.5%	2.5%
Health Insurance	(5.0%)	0%	9%	9%	9%
Contracted Services	2.5%	2.5%	2.5%	2.5%	2.5%
Fuels & Utilities	9.0%	2.5%	2.5%	2.5%	2.5%
Operating Expenses	2.5%	2.5%	2.5%	2.5%	2.5%
Capital within Departments	2.5%	2.5%	2.5%	2.5%	2.5%
MIS Department Capital	($350,000)	2.5%	2.5%	2.5%	2.5%
MIS Department	2.5%	2.5%	2.5%	2.5%	2.5%

Table 7

Total expenditures are projected to decrease by approximately $4.3 between 2009 and 2010. This decrease is primarily due to a $1.5 million reduction in Family Care expenses and elimination of one time flood mitigation expenses of approximately $3.7 million. These adjustments are reflected in **Table 8**.

Revenues	2010	2011	2012	2013	2014
Family Care Revenue	($2,149,312)	2.5%	2.5%	2.5%	2.5%
MCO Contribution	$350,457	2.5%	2.5%	2.5%	2.5%
State Aid Flood Mitigation	($2,566,667)				
Expenditures	**2010**	**2011**	**2012**	**2013**	**2014**
Capital for Flood Mitigation	($2,933,333)	0%	350,000	2.5%	2.5%
Reserve for Flood Mitigation	($825,652)				
Family Care Expense	(1,527,783)	2.5%	2.5%	2.5%	2.5%

Table 8

On average, County expenditures for operations are expected to increase by an average of approximately 3.12%%, or $2,389,000 annually for the next five years. Since expenditures are projected to increase at a faster rate than sources of non-tax levy revenue, increases in the County's tax levy would be required. **Table 9** summarizes the projected annual tax levy required for operations based upon the assumptions identified in tables 7, 8 and 9 above. Also reflected is the available levy per Governor's proposed levy limit of 3% and the annual shortfalls.

SUMMARY	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
TOTAL EXPENDITURES	77,326,333	73,354,112	75,168,234	77,751,712	80,435,190	82,946,433
Adjustment for MIS allocation		(350,000)	(358,750)	(367,719)	(376,912)	(386,335)
TOTAL REVENUES (NON-LEVY)	47,610,695	43,433,384	44,090,984	44,761,967	45,446,636	46,145,302
Other Financing Sources						
Fund Balance	2,701,577	380,000	0	0	0	0
Restricted Funds Applied	1,031,462	1,031,462	1,031,462	1,031,462	1,031,462	1,031,462
Non-Lapsing (discretionary) funds applied	1,925,663	500,000	500,000	500,000	500,000	500,000
LESS FUND BALANCE APPLIED	5,658,702	1,911,462	1,531,462	1,531,462	1,531,462	1,531,462
OPERATING TRANSFER	(900,000)	(950,000)	(975,000)	(725,000)	(525,000)	0
NET LEVY REQUIRED	24,956,936	28,609,266	30,162,038	31,815,565	33,605,181	34,883,334
LEVY LIMIT SCENARIO	3.00%	25,705,644	26,476,813	27,271,118	28,089,251	28,931,929
EXCESS LEVY AMOUNT AVAILABLE/(SHORT)		(2,903,622)	(3,685,225)	(4,544,447)	(5,515,930)	(5,951,406)

Table 9

With the levy limitation as proposed in the Governor's budget, the County would be allowed to increase its levy from 2009 levels by 3%. Allowance for debt service increases as proposed would continue to be outside this levy limit. For operational purposes only, the allowed levy with a 3% increase creates an annual deficit of approximately $2,903,622 in 2010, growing to $5,951,400 by 2014. The County applied $2,701,577 of undesignated fund balance to balance the 2009 budget. $380,000 of available undesignated fund balance has been applied to the 2010 projections.

4.3 Capital Finance Plan

The County may be faced with major building facility needs within the next five years. As a part of the workshop #2, the Finance Committee examined the impact of undertaking approximately $13.4 million of capital debt financing in 2011 and an additional $15 million of capital debt financing in 2013. Both issues were built as 20 year General Obligation Bonds.

Tables 10 through **Table 12** provide additional detail and a proposed capital finance plan for the projects listed above:

- **Table 10** provides a projected G.O. sizing including the factoring in for costs of issuance and assumed interest earnings on the temporary investment of debt proceeds. The plan proposes utilizing General Obligation Bond issues in 2011 and 2013 being financed over 20 years.

- **Table 11** reflects the repayment schedules for all of the new debt, based on assumed interest rates, and considering the existing debt structure of the County. Under the proposed plan, the net tax rate for debt service on an equalized basis would increase from the 2009 rate of $.19 per thousand of value to $.31 per thousand of value in 2015.

- **Table 12** provides a projection of G.O. debt capacity utilization, to include all existing debt, as well as the proposed series of issues to fund the 2011 – 2013 possible projects. The projection indicates that debt capacity utilization will increase from the current level of 1.47% to approximately 6.96% by the end of the five-year planning period. This increase is a result of the estimated $22 million increase in the amount of total debt principal outstanding by 2013.

It is important to note that this plan has been developed based on the best information available at the time. Prior to authorizing any future financing, the County should update and reexamine this plan to ensure that the conclusions reached now are still valid and appropriate at the time of implementation. Changing market conditions, County growth and development, availability of other revenue or financing sources, and changes in project costs and timing are all variables that may affect the appropriateness of the timing and methods of financing identified in this plan.

Table 10

Jefferson County, WI

Sizing Worksheet Debt Issues for New Projects

PRELIMINARY

	2011	2013
	G.O. Bonds	*G.O. Bonds*
Subtotal Project Costs	**13,300,000**	**15,000,000**
Estimated Issuance Expenses		
Fees (Advisory, Bond Counsel, paying agent)	47,675	50,475
Discount (Bid Item)[3]	133,600	150,350
Rating Fee (Moody's Investors Service)	9,100	10,500
TOTAL TO BE FINANCED	**13,490,375**	**15,211,325**
Estimated Interest Earnings[4]	(133,000)	(150,000)
Rounding	2,625	(26,325)
NET BOND SIZE	**13,360,000**	**15,035,000**

NOTES:

[1] Estimates per 2009 Budget

[2] Estimated Rates from actual Jan sales +75 BP for 2011issue , +100 BP for 2013 issue

[3] Discount allowance of $10 per thousand for General Obligation Bonds & Notes

[4] Assumes investment earnings of 2.00% annually on available proceeds.

Table 11

Jefferson County, WI

Proposed Debt Structure for 2011 - 2013 Issues

EHLERS
LEADERS IN PUBLIC FINANCE

	Existing Debt Only				Proposed 2011 - 2013 Issues							
	Equalized Value TID Out Projection	Annual P & I Payment	Net Levy for Debt Svc	Net Rate for Debt Svc	G.O. Bonds, Series 2011A $13,360,000 Dated 4-1-2011		G.O. Bonds, Series 2013A $15,035,000 Dated 4-1-2013		Net Levy New Debt	Total Net Levy for Debt Svc	Net Rate for Total Debt Svc	
YEAR					Prin (4/1)	Interest	Prin (11/1)	Interest				YEAR
2009	6,625,830,100	1,291,873	1,291,873	0.19					0	1,291,873	0.19	2009
2010	6,625,830,100	1,313,956	1,313,956	0.20					0	1,313,956	0.20	2010
2011	6,625,830,100	1,308,120	1,308,120	0.20		318,585			318,585	1,626,705	0.25	2011
2012	6,834,997,550	839,145	839,145	0.12	200,000	633,820			833,820	1,672,965	0.24	2012
2013	7,044,165,000	616,756	616,756	0.09	400,000	623,470		388,211	1,411,681	2,028,437	0.29	2013
2014	7,253,332,450	82,307	82,307	0.01	500,000	607,345	200,000	772,821	2,080,166	2,162,473	0.30	2014
2015	7,462,499,900	61,730	61,730	0.01	500,000	588,845	400,000	761,721	2,250,566	2,312,296	0.31	2015
2016	7,671,667,350	0	0	0.00	600,000	567,770	500,000	744,471	2,412,241	2,412,241	0.31	2016
2017	7,880,834,800	0	0	0.00	700,000	542,070	500,000	724,721	2,466,791	2,466,791	0.31	2017
2018	8,090,002,250	0	0	0.00	700,000	513,195	600,000	702,271	2,515,466	2,515,466	0.31	2018
2019	8,299,169,700	0	0	0.00	700,000	482,570	700,000	674,946	2,557,516	2,557,516	0.31	2019
2020	8,508,337,150	0	0	0.00	700,000	450,545	700,000	644,321	2,494,866	2,494,866	0.29	2020
2021	8,717,504,600	0	0	0.00	700,000	417,470	700,000	611,946	2,429,416	2,429,416	0.28	2021
2022	8,926,672,050	0	0	0.00	700,000	383,345	700,000	578,171	2,361,516	2,361,516	0.26	2022
2023	9,135,839,500	0	0	0.00	700,000	348,695	700,000	543,346	2,292,041	2,292,041	0.25	2023
2024	9,345,006,950	0	0	0.00	700,000	313,345	700,000	507,471	2,220,816	2,220,816	0.24	2024
2025	9,554,174,400	0	0	0.00	800,000	274,720	750,000	469,771	2,294,491	2,294,491	0.24	2025
2026	9,763,341,850	0	0		800,000	233,120	800,000	428,671	2,261,791	2,261,791	0.23	2026
2027	9,972,509,300				900,000	188,495	850,000	384,121	2,322,616	2,322,616	0.23	2027
2028	10,181,676,750				900,000	140,795	900,000	336,421	2,277,216	2,277,216	0.22	2028
2029	10,390,844,200				1,000,000	89,970	900,000	286,921	2,276,891	2,276,891	0.22	2029
2030	10,600,011,650				1,160,000	31,610	900,000	236,971	2,328,581	2,328,581	0.22	2030
2031	10,809,179,100						1,100,000	180,971	1,280,971	1,280,971	0.12	2031
2032	11,018,346,550						1,250,000	114,546	1,364,546	1,364,546	0.12	2032
2033	11,227,514,000						1,185,000	39,461	1,224,461	1,224,461	0.11	2033
2034	11,436,681,450								0	0	0.00	2034
TOTALS		5,513,886	5,513,886		13,360,000	7,749,780	15,035,000	10,132,270	46,277,050	51,790,936		TOTALS

NOTES

[1] Estimated Rates from actual Jan sales +75 BP for 2011 issue , +100 BP for 2013 issue.

Jefferson County

Current and Projected Debt Limit Calculations

YEAR	PROJECTED EQ VALUE	DEBT LIMIT	EXIST DEBT PRIN OUTS[1]	% OF LIMIT	FUTURE ISSUE	FUTURE ISSUE	COMBINED EXIST & NEW PRIN	% OF LIMIT	RESIDUAL CAPACITY	YEAR
2008	6,897,170,600	344,858,530	5,069,175	**1.47%**			5,069,175	**1.47%**	339,789,355	**2008**
2009	7,123,236,788	356,161,839	3,944,214	**1.11%**			3,944,214	**1.11%**	352,217,625	**2009**
2010	7,349,302,975	367,465,149	2,756,199	**0.75%**			2,756,199	**0.75%**	364,708,950	**2010**
2011	7,575,369,163	378,768,458	1,529,973	**0.40%**	13,360,000		14,889,973	**3.93%**	363,878,485	**2011**
2012	7,801,435,350	390,071,768	735,374	**0.19%**	13,160,000		13,895,374	**3.56%**	376,176,394	**2012**
2013	8,027,501,538	401,375,077	137,228	**0.03%**	12,760,000	15,035,000	27,932,228	**6.96%**	373,442,849	**2013**
2014	8,253,567,725	412,678,386	60,357	**0.01%**	12,260,000	14,835,000	27,155,357	**6.58%**	385,523,030	**2014**
2015	8,479,633,913	423,981,696	(0)	**0.00%**	11,760,000	14,435,000	26,195,000	**6.18%**	397,786,696	**2015**
2016	8,705,700,100	435,285,005	(0)	**0.00%**	11,160,000	13,935,000	25,095,000	**5.77%**	410,190,005	**2016**
2017	8,931,766,288	446,588,314	0	**0.00%**	10,460,000	13,435,000	23,895,000	**5.35%**	422,693,314	**2017**
2018	9,157,832,475	457,891,624	0	**0.00%**	9,760,000	12,835,000	22,595,000	**4.93%**	435,296,624	**2018**
2019	9,383,898,663	469,194,933	0	**0.00%**	9,060,000	12,135,000	21,195,000	**4.52%**	447,999,933	**2019**
2020	9,609,964,850	480,498,243	0	**0.00%**	8,360,000	11,435,000	19,795,000	**4.12%**	460,703,243	**2020**
2021	9,836,031,038	491,801,552	0	**0.00%**	7,660,000	10,735,000	18,395,000	**3.74%**	473,406,552	**2021**
2022	10,062,097,225	503,104,861	0	**0.00%**	6,960,000	10,035,000	16,995,000	**3.38%**	486,109,861	**2022**
2023	10,288,163,413	514,408,171	0	**0.00%**	6,260,000	9,335,000	15,595,000	**3.03%**	498,813,171	**2023**
2024	10,514,229,600	525,711,480	0	**0.00%**	5,560,000	8,635,000	14,195,000	**2.70%**	511,516,480	**2024**
2025	10,740,295,788	537,014,789		**0.00%**	4,760,000	7,885,000	12,645,000	**2.35%**	524,369,789	**2025**
2026	10,966,361,975	548,318,099		**0.00%**	3,960,000	7,085,000	11,045,000	**2.01%**	537,273,099	**2026**
2027	11,192,428,163	559,621,408		**0.00%**	3,060,000	6,235,000	9,295,000	**1.66%**	550,326,408	**2027**
2028	11,418,494,350	570,924,718		**0.00%**	2,160,000	5,335,000	7,495,000	**1.31%**	563,429,718	**2028**
2029	11,644,560,538	582,228,027		**0.00%**	1,160,000	4,435,000	5,595,000	**0.96%**	576,633,027	**2029**
2030	11,870,626,725	593,531,336		**0.00%**	0	3,535,000	3,535,000	**0.60%**	589,996,336	**2030**
2031	12,096,692,913	604,834,646		**0.00%**	0	2,435,000	2,435,000	**0.40%**	602,399,646	**2031**
2032	12,322,759,100	616,137,955		**0.00%**	0	1,185,000	1,185,000	**0.19%**	614,952,955	**2032**
2033	12,548,825,288	627,441,264		**0.00%**	0	0	0	**0.00%**	627,441,264	**2033**

NOTES:

EHLERS
LEADERS IN PUBLIC FINANCE

Table 12

Section 5 – Projected Property Tax Impacts (Base Case)

The concluding exercise of the Five-Year Financial Management planning process is a projection of the tax levy, and corresponding tax rates, for all levy supported purposes: general fund operations, health department, human services, Countryside Home, highway department, MIS department and debt service. This projection is shown on **Table 13,** and is segregated by the levy required for operations and debt service. As discussed in Section 4.2, the County's projected levy for general fund operations based upon a 3% increase over current levels would result in an operating shortfall of approximately $2,903,622 in 2010. This structural operating deficit existed in the 2009 and previous budgets. For example, in adopting the 2009 budget, the County chose to utilize $2,701,577 of undesignated funds on hand to balance the budget. This deficit returns in 2010, within the plan as presented, with conservative increases in revenues and the only available undesignated fund balance ($380,000) and no other prudent longer-term use of fund balance. **Table 14** forecasts the projected year end undesignated fund balance for the general fund. With the utilization of fund balance to accommodate the operating shortfall, this balance would be pretty much eroded away by the year 2012.

The table identifies the tax rate caps for operations and debt service. Based upon the allowable levy under a proposed 3% levy limit and no additional debt financing during this five year plan, the County would remain within its 4.6699 operating levy rate cap and its .8698 debt service levy cap.

As discussed in Section 4.3, if the County were to undertake the major facility infrastructure financing during 2011 and 2013 CIP, both a levy and rate increase would be required. The peak rate impact would occur in the 2015 – 2019 budgets, with a rate of approximately $.31 per thousand of equalized value. These rates are still within the levy rate cap for debt service.

In total, the County's required levy for all purposes is projected to increase. The rate is a function of projected increases in the County's equalized value. The extent to which individual tax bills will increase is dependant on what proportions of future value increases are derived from actual new construction as opposed to economic appreciation in the value of existing properties.

It is noted that current levy limits, based upon net new construction, will sunset by operation of law with the 2008 tax levy for 2009 budget purposes. The levy limit compliance projection provided assumes that the limits will be reauthorized by the State legislature based upon the Governor's proposed biennial budget. Changes in present debt service exemptions, recovery of unused allowable levy capacity or other modifications to the limits could result in different conclusions.

Jefferson County, WI

Five-Year Financial Forecast - No Additional Capital (Base Case)

EHLERS & ASSOCIATES INC

SUMMARY

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
EXPENDITURES						
General Fund	32,349,476	29,332,315	30,077,825	31,519,679	32,698,639	33,933,517
Health Department	3,458,569	2,002,835	2,054,667	2,142,956	2,239,020	2,340,333
Human Services	18,034,697	18,404,735	18,869,703	19,552,569	20,283,607	21,049,453
Debt Service Fund	1,291,874	1,313,956	1,308,120	839,145	616,756	82,307
Countryside Home	10,831,048	11,044,890	11,320,895	11,778,155	12,271,934	12,791,901
Highway Department	9,807,790	10,018,083	10,267,584	10,616,724	10,987,779	11,375,499
MIS Department	1,552,879	1,237,298	1,269,442	1,302,484	1,337,455	1,373,424
TOTAL EXPENDITURES	**77,326,333**	**73,354,112**	**75,168,234**	**77,751,712**	**80,435,190**	**82,946,433**
Adjustment for MIS allocation		(350,000)	(358,750)	(367,719)	(376,912)	(386,335)
TOTAL REVENUES (NON-LEVY)	**47,610,695**	**43,433,384**	**44,090,984**	**44,761,967**	**45,446,636**	**46,145,302**
Other Financing Sources						
Fund Balance	2,701,577	380,000	0	0	0	0
Restricted Funds Applied	1,031,462	1,031,462	1,031,462	1,031,462	1,031,462	1,031,462
Non-Lapsing (discretionary) funds applied	1,925,663	500,000	500,000	500,000	500,000	500,000
LESS FUND BALANCE APPLIED	**5,658,702**	**1,911,462**	**1,531,462**	**1,531,462**	**1,531,462**	**1,531,462**
OPERATING TRANSFER	(900,000)	(950,000)	(975,000)	(725,000)	(525,000)	0
NET LEVY REQUIRED	**24,956,936**	**28,609,266**	**30,162,038**	**31,815,565**	**33,605,181**	**34,883,334**
LEVY LIMIT SCENARIO	3.00%	25,705,644	26,476,813	27,271,118	28,089,251	28,931,929
EXCESS LEVY AMOUNT AVAILABLE/(SHORT)		(2,903,622)	(3,685,225)	(4,544,447)	(5,515,930)	(5,951,406)
ACTUAL/PROJECTED RATE based upon allowed	3.7666	3.8796	3.9960	3.9899	3.9876	3.9888
NET OF DEBT PORTION	3.5717	3.6813	3.7986	3.8672	3.9000	3.9774
COMPLIANCE WITH OPERATING LEVY RATE CAP	(1.0982)	(0.9886)	(0.8713)	(0.8027)	(0.7699)	(0.6925)
LEVY RATE CAP 4.6699						
DEBT LEVY PORTION	0.1949	0.1983	0.1974	0.1228	0.0876	0.0113
COMPLIANCE WITH DEBT LEVY RATE CAP	(0.6749)	(0.6715)	(0.6724)	(0.7470)	(0.7822)	(0.8585)
DEBT LEVY CAP 0.8698						

Table 13

Forecast of Undesignated Year End Fund Balance

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
Base Case	11,319,908	8,416,286	4,731,061	186,614	(5,329,315)	(11,280,721)

Table 14

Section 6 – Alternative Projections with Sale of Countryside Home

The Finance committee requested that the projections of operations be determined with a possible sale of the Countryside Home in 2010.

This analysis is based upon the assumption that the Countryside would be sold in 2010 and the proceeds would as a minimum cover the $1,044,475 principal and interest debt service payments related to Countryside in 2010 and the remaining outstanding debt of $2,225,000.

For purposes of this analysis, during the 2010 transition year, it is estimated that there will be a reduction in expenditures of approximately $923,391. This is the more conservative estimate of the range of estimates available at this time.

There is also an expectation that the revenues available for the program will also drop by a comparable level. For the years 2011 and beyond, the total expenditures and revenues from the program have been removed.

The results of this analysis are presented in **Table 15.**

Jefferson County, WI

Five-Year Financial Forecast - No Additional Capital (Base Case with Sale of Countryside

EHLERS & ASSOCIATES INC

SUMMARY

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
EXPENDITURES						
General Fund	32,349,476	29,332,315	30,077,825	31,519,679	32,698,639	33,933,517
Health Department	3,458,569	2,002,835	2,054,667	2,142,956	2,239,020	2,340,333
Human Services	18,034,697	18,404,735	18,869,703	19,552,569	20,283,607	21,049,453
Debt Service Fund (less Countryside Debt after 2009)	1,291,874	269,481	271,470	82,307	82,306	82,307
Countryside Home	10,831,048	11,044,890	11,320,895	11,778,155	12,271,934	12,791,901
Reduction in Expenses		(923,391)	(11,320,895)	(11,778,155)	(12,271,934)	(12,791,901)
Highway Department	9,807,790	10,018,083	10,267,584	10,616,724	10,987,779	11,375,499
MIS Department	1,552,879	1,237,298	1,269,442	1,302,484	1,337,455	1,373,424
TOTAL EXPENDITURES	**77,326,333**	**71,386,246**	**62,810,689**	**65,216,719**	**67,628,806**	**70,154,532**
Adjustment for MIS allocation		**(350,000)**	**(358,750)**	**(367,719)**	**(376,912)**	**(386,335)**
TOTAL REVENUES (NON-LEVY)	**47,610,695**	**43,433,384**	**44,090,984**	**44,761,967**	**45,446,636**	**46,145,302**
Reduction from Countryside Revenue		**(923,391)**	**(8,741,556)**	**(8,948,136)**	**(9,159,761)**	**(9,376,555)**
Other Financing Sources						
Fund Balance	2,701,577	380,000	0	0	0	0
Restricted Funds Applied	1,031,462	1,031,462	1,031,462	1,031,462	1,031,462	1,031,462
Non-Lapsing (discretionary) funds applied	1,925,663	500,000	500,000	500,000	500,000	500,000
LESS FUND BALANCE APPLIED	**5,658,702**	**1,911,462**	**1,531,462**	**1,531,462**	**1,531,462**	**1,531,462**
OPERATING TRANSFER (Countryside)	**(900,000)**	**(950,000)**	**(975,000)**	**(725,000)**	**(525,000)**	**0**
Removal of Operating Transfer		**950,000**	**975,000**	**725,000**	**525,000**	**0**
NET LEVY REQUIRED	**24,956,936**	**26,614,791**	**25,571,049**	**27,503,708**	**29,433,557**	**31,467,988**
LEVY LIMIT SCENARIO	**3.00%**	**25,705,644**	**26,476,813**	**27,271,118**	**28,089,251**	**28,931,929**
EXCESS LEVY AMOUNT AVAILABLE/(SHORT)		**(909,147)**	**905,764**	**(232,590)**	**(1,344,306)**	**(2,536,059)**
ACTUAL/PROJECTED RATE based upon allowed	**3.7666**	**3.8796**	**3.9960**	**3.9899**	**3.9876**	**3.9888**
NET OF DEBT PORTION	**3.5717**	**3.8389**	**3.9550**	**3.9779**	**3.9759**	**3.9774**
COMPLIANCE WITH OPERATING LEVY RATE CAP	**(1.0982)**	**(0.8310)**	**(0.7149)**	**(0.6920)**	**(0.6940)**	**(0.6925)**
LEVY RATE CAP **4.6699**						
DEBT LEVY PORTION	**0.1949**	**0.0407**	**0.0410**	**0.0120**	**0.0117**	**0.0113**
COMPLIANCE WITH DEBT LEVY RATE CAP	**(0.6749)**	**(0.8291)**	**(0.8288)**	**(0.8578)**	**(0.8581)**	**(0.8585)**
DEBT LEVY CAP **0.8698**						

Table 15

Table 16 provides a comparison of the forecasted shortfalls or excess between the current base case projections with a 3% levy limit vs. the sale of the Countryside Home. Using undesignated fund balance to bridge the gap in financing operations would still erode away at the funds, but at a slower pace as illustrated in **Table 17**.

Comparison of Forecasts of Excess or (Shortfall) vs 3% Levy Limit Increases

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
Base Case	(2,701,577)	(2,903,622)	(3,685,225)	(4,544,447)	(5,515,930)	(5,951,406)
Sale of Countryside Facility	(2,701,577)	(909,147)	905,764	(232,590)	(1,344,306)	(2,536,059)

Table 16

Comparison of Forecasts of Undesignated Year End Fund Balance

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
Base Case	11,319,908	8,416,286	4,731,061	186,614	(5,329,315)	(11,280,721)
Sale of Countryside Facility	11,319,908	10,410,761	11,316,525	11,083,935	9,739,629	7,203,570

Table 17

Section 7 – Alternative Projections with $3.5 million referendum in 2010

The Finance committee requested that the projections of operations be determined with a possible $3.5 million additional levy referendum in 2010.

This analysis is based upon the assumption that a referendum to exceed the levy limit by a $3.5 million would be approved in the fall of 2009 and available in funding the 2010 budget.

For purposes of this analysis, the $3.5 million would be part of the base levy moving forward and would increase at the same level as the existing base levy. All other operating revenue and expenditures would continue at the same assumptions and existing in the base case projections.

The results of this analysis are presented in **Table 18.**

Jefferson County, WI

Five-Year Financial Forecast - No Additional Capital (Base Case With Referendum)

EHLERS & ASSOCIATES INC

SUMMARY	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
EXPENDITURES						
General Fund	32,349,476	29,332,315	30,077,825	31,519,679	32,698,639	33,933,517
Health Department	3,458,569	2,002,835	2,054,667	2,142,956	2,239,020	2,340,333
Human Services	18,034,697	18,404,735	18,869,703	19,552,569	20,283,607	21,049,453
Debt Service Fund	1,291,874	1,313,956	1,308,120	839,145	616,756	82,307
Countryside Home	10,831,048	11,044,890	11,320,895	11,778,155	12,271,934	12,791,901
Highway Department	9,807,790	10,018,083	10,267,584	10,616,724	10,987,779	11,375,499
MIS Department	1,552,879	1,237,298	1,269,442	1,302,484	1,337,455	1,373,424
TOTAL EXPENDITURES	**77,326,333**	**73,354,112**	**75,168,234**	**77,751,712**	**80,435,190**	**82,946,433**
Adjustment for MIS allocation		**(350,000)**	**(358,750)**	**(367,719)**	**(376,912)**	**(386,335)**
TOTAL REVENUES (NON-LEVY)	**47,610,695**	**43,433,384**	**44,090,984**	**44,761,967**	**45,446,636**	**46,145,302**
Other Financing Sources						
Fund Balance	2,701,577	0	80,225	300,000	0	0
Restricted Funds Applied	1,031,462	1,031,462	1,031,462	1,031,462	1,031,462	1,031,462
Non-Lapsing (discretionary) funds applied	1,925,663	500,000	500,000	500,000	500,000	500,000
LESS FUND BALANCE APPLIED	**5,658,702**	**1,531,462**	**1,611,687**	**1,831,462**	**1,531,462**	**1,531,462**
OPERATING TRANSFER	**(900,000)**	**(950,000)**	**(975,000)**	**(725,000)**	**(525,000)**	**0**
NET LEVY REQUIRED	**24,956,936**	**28,989,266**	**30,081,813**	**31,515,565**	**33,605,181**	**34,883,334**
LEVY LIMIT SCENARIO	**3.00%**	**25,705,644**	**26,476,813**	**27,271,118**	**28,089,251**	**28,931,929**
Add'l Levy resulting from Referendum		**3,500,000**	**3,605,000**	**3,713,150**	**3,824,545**	**3,939,281**
EXCESS LEVY AMOUNT AVAILABLE/(SHORT)		**216,378**	**0**	**(531,297)**	**(1,691,385)**	**(2,012,125)**
ACTUAL/PROJECTED RATE Based upon allowed	**3.7666**	**4.4078**	**4.5401**	**4.5332**	**4.5305**	**4.5319**
NET OF DEBT PORTION	**3.5717**	**4.2095**	**4.3427**	**4.4104**	**4.4430**	**4.5205**
COMPLIANCE WITH OPERATING LEVY RATE CAP	**(1.0982)**	**(0.4604)**	**(0.3272)**	**(0.2595)**	**(0.2269)**	**(0.1494)**
LEVY RATE CAP 4.6699						
DEBT LEVY PORTION	**0.1949**	**0.1983**	**0.1974**	**0.1228**	**0.0876**	**0.0113**
COMPLIANCE WITH DEBT LEVY RATE CAP	**(0.6749)**	**(0.6715)**	**(0.6724)**	**(0.7470)**	**(0.7822)**	**(0.8585)**
DEBT LEVY CAP 0.8698						

Table 18

Table 19 provides a comparison of the forecasted shortfalls or excess between the current base case projections with a 3% levy limit vs. the sale of the Countryside Home and the $3.5 million referendum for additional levy. Using undesignated fund balance to bridge the gap in financing operations would again erode away at the funds, but at an even slower pace than the other two projection scenarios as illustrated in **Table 20.**

Comparison of Forecasts of Excess or (Shortfall) vs 3% Levy Limit Increases

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
Base Case	(2,701,577)	(2,903,622)	(3,685,225)	(4,544,447)	(5,515,930)	(5,951,406)
Sale of Countryside Facility	(2,701,577)	(909,147)	905,764	(232,590)	(1,344,306)	(2,536,059)
Referendum of $3.5 Million in 2010	(2,701,577)	216,378	0	(531,297)	(1,691,385)	(2,012,125)

Table 19

Comparison of Forecasts of Undesignated Year End Fund Balance

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
Base Case	11,319,908	8,416,286	4,731,061	186,614	(5,329,315)	(11,280,721)
Sale of Countryside Facility	11,319,908	10,410,761	11,316,525	11,083,935	9,739,629	7,203,570
Referendum of $3.5 Million in 2010	11,319,908	11,536,286	11,536,286	11,004,989	9,313,604	7,301,480

Table 20

Section 8 – General Conclusions & Observations

The following is a summary of key conclusions and observations developed as a result of the modeling and workshop process:

- **Overall the County's debt profile indicators are favorably above average.** The County's overall debt profile and rating factors are above the median for "Aa3" rated counties in Wisconsin with only one exception. The % of debt service expenditures to total general fund expenditures is higher than the average, but better than many of its "Aa3" and "Aa2" rated peers. This is partially due to the aggressiveness in which the County is scheduled to retire its outstanding debt. 100% of the debt will be retired by the year 2014. The County undesignated fund balance as a % of general fund revenues has historically been higher than its peers rated at "Aa3" and "Aa2", although if the County continues to utilize fund balance as it source to balance its operating budget, this indicator could drop substantially.

- **Undertaking all facility infrastructure improvements in 2011 and 2013 CIP will result in a modest increase of the County's direct debt burden.** The issuance of approximately $28.5 million in new project debt over the next five years will increase the County's direct debt burden financial indicator from its current level of .07% to a level of .35% in 2013. At this level, it is still lower than the current Wisconsin Median "Aa2" level, and still within a reasonable range of several of the comparable counties. Relatively modest tax levy and tax rate increases would also be required to finance these improvements (0.10 mills per $10,000,000 financed).

- **Shortfall in the County's operating budget due primarily to levy limits.** With the preparation of the 2009 budget, the County utilized approximately $2.7 of undesignated fund balance to close the operating shortfall. As part of the workshops with the Finance Committee, several options were examined to address this operating budget shortfall. Those options included a wage freeze for 2011, short-term debt financing for various public works capital and road projects, and 10-year debt financing for those same capital and road projects. The options were dismissed as discussed below leaving the primary focus on the alternative of the sale of Countryside and a $3.5 millions referendum, both of which were presented in more detail above.

    - **Wage freeze in 2011 -** The consideration of a 2011 wage freeze provided only partial relief of the anticipated shortfall, however projections indicated that the annual shortfall would still be close to $5 million by 2014.
    - **Short-term debt financing –** Annual short-term debt financing of up to $4.2 million, for various capital and road projects which are normally financed in the operating budget, were modeled for debt financing on one-year revolving cycle. This provided a two year relief to the operating gap, but put the County over its levy rate cap for debt by the year 2011 and created a tax

rate increase similar to the $3.5 Million Referendum Option (but without any voter input that the Finance Committee felt to be important).
  - **Long-term debt financing –** 10-year debt financing each year for the same $4.2 million in capital and road projects was modeled and reviewed. This also provided a two year relief to the shortfall, but added approximately $1 Million in interest expense for each 10 year financing period and worsened the long-term shortfalls after 5 years.

- **Major Staffing/Service Cuts.** *In the Fiscal Note to the Spring 2009 Advisory Referendum Question the County Administration indicated that layoffs of about 50 County employees across various County departments would be required to close the revenue/expenditure shortfall and that such layoffs would significantly impair the ability to provide public services. In further discussion with the County Finance Committee it was concluded that these layoffs would need to be permanent in order to provide a long-term solution to the revenue/expenditure shortfall.*

- **Subsequent Event: Action by State Legislature's Joint Finance Committee on Levy Limits.** ***If (note emphasis)*** passed by both houses and signed by the governor, this change would allow the County to increase its levy by $1.4 Million for the 2010 Budget and increase its levy base for future budgets accordingly. This would allow a tax levy/rate increase equal to about 40% of that associated with the $3.5 Million Referendum Option. It would also require lesser, but still very significant, staffing and service cuts than those indicated in italics above.

Section 9– Recommendations

To capitalize on its investment in this planning process, the County should undertake the following actions as extensions of this plan:

- Establish and adopt a well-thought-out CIP plan and update it annually so that it maintains a five-year planning horizon, and accurately reflects planned projects and associated costs. Maintaining a current CIP also allows this information to be integrated into current year financing plans so that the impact of probable future borrowings can be assessed.

- Review status of financial indicators in conjunction with proposed debt financings. As new debt issues are considered, their impact should be evaluated and benchmarks established.

- Consider biennial periodic updates to this Five-Year Financial Management Plan. Changes in economic conditions, local priorities, state legislation and other variables require that the models be updated periodically if they are to remain a viable planning tool. **Table 21** reflects a typical fiscal planning cycle with an annual update to the Financial Management Plan occurring in late summer, following an update to the CIP, and completed prior to preparation of the annual budget.

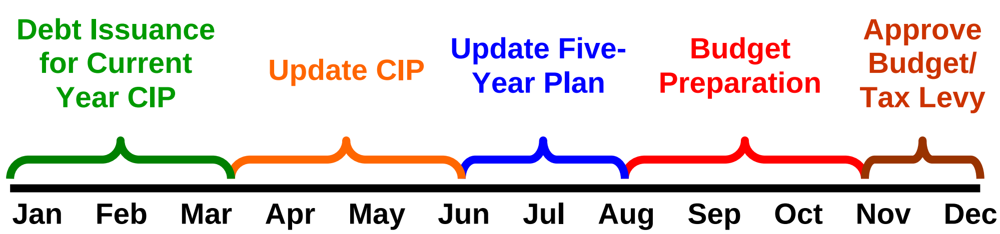

Table 21

- First and foremost, the County must address its operating budget shortfalls using one of the following:
  - Referendum approval of $3.5 million tax levy increase beginning with the 2010 Budget.
  - Sale of the Countryside facility in 2010.
  - Some more permanent combination of expenditure reductions and tax levy increases, most probably including significant employee layoffs. Continued monitoring of pending levy limit legislation and its impact on the County's situation is very important in determining the viability of this option.

Jefferson County, WI

Five-Year Financial Forecast - No Additional Debt or Capital (Base Case)

EHLERS & ASSOCIATES INC

GENERAL FUND

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
EXPENDITURES						
General Revenues	548,516	562,229	576,285	590,692	605,459	620,596
County Board	667,952	683,900	700,779	719,652	739,161	759,276
Economic Development	211,619	216,714	222,389	229,789	237,676	245,893
Human Resources	320,138	326,117	334,411	347,332	361,252	375,877
Registrar in Probate	171,133	174,607	179,082	185,565	192,514	199,791
County Administrator	638,428	651,653	668,606	693,885	721,123	749,690
Register of Deeds	277,846	281,686	288,613	295,742	303,393	311,275
County Clerk	470,967	481,811	493,951	509,552	526,024	543,162
Land Information	501,604	512,070	525,389	544,575	565,184	586,765
County Treasurer	249,004	253,236	259,668	269,264	279,560	290,356
Special Projects	78,223	80,179	82,183	84,238	86,344	88,502
District Attorney	941,485	954,913	977,735	1,018,448	1,062,376	1,108,745
Corporation Counsel	328,050	334,499	343,324	357,113	372,061	387,775
Parks Department	1,199,902	1,230,262	1,261,566	1,304,155	1,349,478	1,396,785
Central Services	663,211	683,310	700,120	726,496	754,772	784,472
Sheriff	13,613,599	14,036,714	14,398,335	14,941,592	15,526,344	16,139,753
Flood Mitigation	3,758,985	0	0	350,000	358,750	367,719
Child Support	1,126,681	1,145,189	1,173,341	1,221,954	1,274,494	1,329,901
Clerk of Courts	2,470,319	2,511,343	2,573,223	2,674,330	2,783,135	2,897,625
Coroner	129,906	131,931	134,794	139,295	144,011	148,955
Veterans Administration	181,914	185,508	190,321	197,468	205,163	213,232
UW Extension	364,821	372,889	382,252	394,061	406,496	419,419
Fair Park	1,087,195	1,120,103	1,148,813	1,185,094	1,223,472	1,263,375
Land Conservation	635,532	649,834	666,981	690,422	715,551	741,802
Zoning	783,580	799,584	819,828	848,732	879,606	911,907
Library Systems	928,866	952,036	975,837	1,000,233	1,025,239	1,050,870
TOTAL EXPENDITURES	**32,349,476**	**29,332,315**	**30,077,825**	**31,519,679**	**32,698,639**	**33,933,517**
REVENUES						
Other Taxes	5,734,629	5,877,995	6,024,945	6,175,568	6,329,957	6,488,206
Intergovernmental Revenues	4,914,272	4,963,415	5,013,049	5,063,179	5,113,811	5,164,949
State Aid Flood Mitigation	2,566,667	0	0	0	0	0
Licenses and Permits	236,600	242,515	248,578	254,792	261,162	267,691
Fines and Forfeitures	681,250	698,281	715,738	733,632	751,973	770,772
Public Charges for Service	2,432,950	2,493,774	2,556,118	2,620,021	2,685,522	2,752,660
Intergovernmental Charges for Serv.	717,205	724,377	731,621	738,937	746,326	753,790
Miscellaneous Revenue	507,984	520,684	533,701	547,043	560,719	574,737
Interest Income	1,058,700	450,000	450,000	450,000	450,000	450,000
TOTAL REVENUES (NON-LEVY)	**18,850,257**	**15,971,040**	**16,273,749**	**16,583,173**	**16,899,470**	**17,222,805**
Other Financing Sources						
Fund Balance	2,701,577					
Restricted Funds Applied	798,785					
Non-Lapsing (discretionary) funds applied	1,876,710					
LESS FUND BALANCE APPLIED	**5,377,072**					
Other Sources/(Uses)						
NET LEVY REQUIRED	**8,122,147**	**13,361,275**	**13,804,075**	**14,936,506**	**15,799,169**	**16,710,711**
ACTUAL LEVY	**8,122,147**					

Jefferson County, WI

Five-Year Financial Forecast - No Additional Capital (Base Case)

EHLERS & ASSOCIATES INC

Health Department

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
EXPENDITURES						
Health & Human Services	3,458,569	2,002,835	2,054,667	2,142,956	2,239,020	2,340,333
TOTAL EXPENDITURES	**3,458,569**	**2,002,835**	**2,054,667**	**2,142,956**	**2,239,020**	**2,340,333**
REVENUES						
Other Taxes		0	0	0	0	0
Intergovernmental Revenues	436,888	441,257	445,669	450,126	454,627	459,174
Licenses and Permits		0	0	0	0	0
Fines and Forfeitures		0	0	0	0	0
Public Charges for Service	2,270,906	528,824	542,044	555,595	569,485	583,722
Intergovernmental Charges	246,222	248,684	251,171	253,683	256,220	258,782
Miscellaneous Revenue	1,000	1,025	1,051	1,077	1,104	1,131
TOTAL REVENUES (NON-LEVY)	**2,955,016**	**1,219,790**	**1,239,935**	**1,260,481**	**1,281,436**	**1,302,809**
Other Financing Sources						
Fund Balance						
Restricted Funds Applied	232,458					
Non-Lapsing (discretionary) funds applied						
LESS FUND BALANCE APPLIED	**232,458**					
NET LEVY REQUIRED	**271,095**	**783,045**	**814,731**	**882,475**	**957,584**	**1,037,523**
ACTUAL LEVY	**271,095**					

Human Services

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
EXPENDITURES						
Health and Human Services	18,029,218	18,399,119	18,863,946	19,546,669	20,277,559	21,043,254
Capital Outlay	5,479	5,616	5,756	5,900	6,048	6,199
TOTAL EXPENDITURES	**18,034,697**	**18,404,735**	**18,869,703**	**19,552,569**	**20,283,607**	**21,049,453**
REVENUES						
Other Taxes	0	0	0	0	0	0
Intergovernmental Revenues	5,829,724	5,888,021	5,946,901	6,006,370	6,066,434	6,127,099
Licenses and Permits	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Public Charges for Service	4,212,286	4,317,593	4,317,593	4,317,593	4,317,593	4,317,593
Intergovernmental Charges	95,536	96,491	97,456	98,431	99,415	100,409
Miscellaneous Revenues	128,600	131,815	131,815	131,815	131,815	131,815
TOTAL REVENUES (NON-LEVY)	**10,266,146**	**10,433,921**	**10,493,766**	**10,554,209**	**10,615,257**	**10,676,916**
Other Financing Sources						
Fund Balance						
Restricted Funds Applied						
Non-Lapsing (discretionary) funds applied						
LESS FUND BALANCE APPLIED	0					
NET LEVY REQUIRED	**7,768,551**	**7,970,815**	**8,375,937**	**8,998,360**	**9,668,350**	**10,372,537**
ACTUAL LEVY	**7,768,551**					

Jefferson County, WI

Five-Year Financial Forecast - No Additional Capital (Base Case)

DEBT SERVICE FUND

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
EXPENDITURES						
Principal (Existing)	1,124,961	1,188,015	1,226,226	794,600	598,145	76,872
Interest (Existing)	166,913	125,941	81,894	44,545	18,611	5,435
TOTAL EXPENDITURES	**1,291,874**	**1,313,956**	**1,308,120**	**839,145**	**616,756**	**82,307**
REVENUES						
Miscellaneous Revenues	0	0	0	0	0	0
TOTAL REVENUES (NON-LEVY)	**0**	**0**	**0**	**0**	**0**	**0**
Other Financing Sources						
Fund Balance						
Restricted Funds Applied	219					
Non-Lapsing (discretionary) funds applied						
LESS FUND BALANCE APPLIED	**219**					
NET LEVY REQUIRED	**1,291,655**	**1,313,956**	**1,308,120**	**839,145**	**616,756**	**82,307**
ACTUAL LEVY	**1,291,655**					

Countryside Home

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
EXPENDITURES						
Health and Human Services	10,770,258	10,982,580	11,257,027	11,712,691	12,204,834	12,723,123
Capital Outlay	60,790	62,310	63,867	65,464	67,101	68,778
TOTAL EXPENDITURES	**10,831,048**	**11,044,890**	**11,320,895**	**11,778,155**	**12,271,934**	**12,791,901**
REVENUES						
Other Taxes	0	0	0	0	0	0
Intergovernmental Revenues	750,960	758,470	766,054	773,715	781,452	789,267
Licenses and Permits	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Public Charges for Service	7,556,832	7,745,753	7,939,397	8,137,882	8,341,329	8,549,862
Intergovernmental Charges	30,594	30,900	31,209	31,521	31,836	32,155
Miscellaneous Revenues	4,660	4,777	4,896	5,018	5,144	5,272
TOTAL REVENUES (NON-LEVY)	**8,343,046**	**8,539,899**	**8,741,556**	**8,948,136**	**9,159,761**	**9,376,555**
Other Financing Sources						
Other Transfers	(900,000)	(950,000)	(975,000)	(725,000)	(525,000)	
Fund Balance						
Restricted Funds Applied						
Non-Lapsing (discretionary) funds applied						
LESS FUND BALANCE APPLIED	**0**					
NET LEVY REQUIRED	**3,388,002**	**3,454,991**	**3,554,339**	**3,555,019**	**3,637,174**	**3,415,346**
ACTUAL LEVY	**3,388,002**					

Jefferson County, WI

Five-Year Financial Forecast - No Additional Capital (Base Case)

Highway Department

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
EXPENDITURES						
Public Works	5,258,148	5,389,602	5,524,342	5,662,450	5,804,012	5,949,112
Wages	2,945,693	3,026,994	3,102,669	3,180,236	3,259,742	3,341,235
FICA	216,157	231,565	237,354	243,288	249,370	255,604
Pension	302,635	339,023	372,320	407,070	449,844	494,503
Health Insurance	1,085,157	1,030,899	1,030,899	1,123,680	1,224,811	1,335,044
TOTAL EXPENDITURES	**9,807,790**	**10,018,083**	**10,267,584**	**10,616,724**	**10,987,779**	**11,375,499**
REVENUES						
Other Taxes	0	0	0	0	0	0
Intergovernmental Revenues	1,899,143	1,918,134	1,937,316	1,956,689	1,976,256	1,996,018
Licenses and Permits	11,100	11,378	11,662	11,953	12,252	12,559
Fines and Forfeitures	0	0	0	0	0	0
Public Charges for Service	6,940	7,114	7,291	7,474	7,660	7,852
Intergovernmental Charges	3,758,806	3,796,394	3,834,358	3,872,702	3,911,429	3,950,543
Miscellaneous Revenues	16,315	16,723	17,141	17,569	18,009	18,459
TOTAL REVENUES (NON-LEVY)	**5,692,304**	**5,749,742**	**5,807,768**	**5,866,387**	**5,925,606**	**5,985,431**
NET LEVY REQUIRED	**4,115,486**	**4,268,341**	**4,459,816**	**4,750,337**	**5,062,173**	**5,390,068**
ACTUAL LEVY	**4,115,486**					

MIS Department

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
EXPENDITURES						
MIS	1,023,135	1,044,311	1,071,629	1,099,727	1,129,628	1,160,402
Capital Outlay	529,744	192,988	197,812	202,758	207,827	213,022
TOTAL EXPENDITURES	**1,552,879**	**1,237,298**	**1,269,442**	**1,302,484**	**1,337,455**	**1,373,424**
REVENUES						
Other Taxes	0	0	0	0	0	0
Intergovernmental Revenues	0	0	0	0	0	0
Licenses and Permits	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Public Charges for Service	1,800	1,845	1,891	1,938	1,987	2,037
Intergovernmental Charges	1,502,126	1,517,147	1,532,319	1,547,642	1,563,118	1,578,750
Miscellaneous Revenue		0	0	0	0	0
TOTAL REVENUES (NON-LEVY)	**1,503,926**	**1,518,992**	**1,534,210**	**1,549,580**	**1,565,105**	**1,580,786**
Other Financing Sources						
Fund Balance						
Restricted Funds Applied						
Non-Lapsing (discretionary) funds applied	48,953					
LESS FUND BALANCE APPLIED	**48,953**					
NET LEVY REQUIRED	**0**	**(281,694)**	**(264,768)**	**(247,096)**	**(227,651)**	**(207,362)**

Jefferson County, WI

Five-Year Financial Forecast - No Additional Capital (Base Case)

SUMMARY

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
EXPENDITURES						
General Fund	32,349,476	29,332,315	30,077,825	31,519,679	32,698,639	33,933,517
Health Department	3,458,569	2,002,835	2,054,667	2,142,956	2,239,020	2,340,333
Human Services	18,034,697	18,404,735	18,869,703	19,552,569	20,283,607	21,049,453
Debt Service Fund	1,291,874	1,313,956	1,308,120	839,145	616,756	82,307
Countryside Home	10,831,048	11,044,890	11,320,895	11,778,155	12,271,934	12,791,901
Highway Department	9,807,790	10,018,083	10,267,584	10,616,724	10,987,779	11,375,499
MIS Department	1,552,879	1,237,298	1,269,442	1,302,484	1,337,455	1,373,424
TOTAL EXPENDITURES	**77,326,333**	**73,354,112**	**75,168,234**	**77,751,712**	**80,435,190**	**82,946,433**
Adjustment for MIS allocation		**(350,000)**	**(358,750)**	**(367,719)**	**(376,912)**	**(386,335)**
TOTAL REVENUES (NON-LEVY)	**47,610,695**	**43,433,384**	**44,090,984**	**44,761,967**	**45,446,636**	**46,145,302**
Other Financing Sources						
Fund Balance	2,701,577	380,000	0	0	0	0
Restricted Funds Applied	1,031,462	1,031,462	1,031,462	1,031,462	1,031,462	1,031,462
Non-Lapsing (discretionary) funds applied	1,925,663	500,000	500,000	500,000	500,000	500,000
LESS FUND BALANCE APPLIED	**5,658,702**	**1,911,462**	**1,531,462**	**1,531,462**	**1,531,462**	**1,531,462**
OPERATING TRANSFER	**(900,000)**	**(950,000)**	**(975,000)**	**(725,000)**	**(525,000)**	**0**
NET LEVY REQUIRED	**24,956,936**	**28,609,266**	**30,162,038**	**31,815,565**	**33,605,181**	**34,883,334**
LEVY LIMIT SCENARIO	**3.00%**	**25,705,644**	**26,476,813**	**27,271,118**	**28,089,251**	**28,931,929**
EXCESS LEVY AMOUNT AVAILABLE/(SHORT)		**(2,903,622)**	**(3,685,225)**	**(4,544,447)**	**(5,515,930)**	**(5,951,406)**
ACTUAL/PROJECTED RATE based upon allowed	**3.7666**	**3.8796**	**3.9960**	**3.9899**	**3.9876**	**3.9888**
NET OF DEBT PORTION	**3.5717**	**3.6813**	**3.7986**	**3.8672**	**3.9000**	**3.9774**
COMPLIANCE WITH OPERATING LEVY RATE CAP	**(1.0982)**	**(0.9886)**	**(0.8713)**	**(0.8027)**	**(0.7699)**	**(0.6925)**
LEVY RATE CAP **4.6699**						
DEBT LEVY PORTION	**0.1949**	**0.1983**	**0.1974**	**0.1228**	**0.0876**	**0.0113**
COMPLIANCE WITH DEBT LEVY RATE CAP	**(0.6749)**	**(0.6715)**	**(0.6724)**	**(0.7470)**	**(0.7822)**	**(0.8585)**
DEBT LEVY CAP **0.8698**						

Jefferson County

Five-Year Financial Management Plan
County Board
June 9, 2009

Dave Wagner, CIPFA
Senior Vice President/Financial Advisor

Dawn R Gunderson, CPFO, CIPFA
Vice President/Financial Advisor

EHLERS
LEADERS IN PUBLIC FINANCE

Presentation Overview

- Review Process up to this point
  - Finance Committee Workshops
    - 5 workshops between January and May, 2009
    - Forecast of 2010 – 2014 built off 2009 budget
    - Minor program adjustments
    - Examined impact of possible future facility infrastructure needs
  - Options to address shortfall
    - Sale of Countryside Home
    - $3.5 Million referendum

Sale of Countryside Home

- Assumptions in Forecast Analysis
  - Year 2010
    - Sale Takes Place
    - Transition Year
    - Outstanding debt paid with sale proceeds
    - Partial reduction in Expenditure & Revenues
  - Year 2011 and Beyond
    - All expenditures and revenues removed

Sale of Countryside Home

- Outcomes
  - Year 2010
    - Shortfall lowers but remains
  - Year 2011 and Beyond
    - No shortfall in 2011
    - Shortfall returns in 2012 – 2014 (but more manageable)

$3.5 Million Referendum

- Assumptions in Forecast Analysis
  - Year 2010
    - Additional $3.5 million levy available
  - Year 2011 and Beyond
    - Additional levy assumed to build with base

$3.5 Million Referendum

- Outcomes
  - Year 2010
    - Shortfall eliminated
  - Year 2011 and Beyond
    - Shortfall eliminated in 2011 with small use of funds balance
    - Shortfall returns in 2012 – 2014 (but more manageable)

Comparison of Excess or (Shortfall)

Comparison of Forecasts of Excess or (Shortfall) vs 3% Levy Limit Increases

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
Base Case	(2,701,577)	(2,903,622)	(3,685,225)	(4,544,447)	(5,515,930)	(5,951,406)
Sale of Countryside Facility	(2,701,577)	(909,147)	905,764	(232,590)	(1,344,306)	(2,536,059)
Referendum of $3.5 Million in 2010	(2,701,577)	216,378	0	(531,297)	(1,691,385)	(2,012,125)

Comparison in use of Undesignated Fund Balance

Comparison of Forecasts of Undesignated Year End Fund Balance vs. Recommended Minimums

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
Base Case	11,319,908	8,416,286	4,731,061	186,614	(5,329,315)	(11,280,721)
Sale of Countryside Facility	11,319,908	10,410,761	11,316,525	11,083,935	9,739,629	7,203,570
Referendum of $3.5 Million in 2010	11,319,908	11,536,286	11,536,286	11,004,989	9,313,604	7,301,480

Comparison in use of Undesignated Fund Balance

Recommended Minimums 15% of all Revenues

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
Base Case	10,885,145	10,370,854	10,585,170	10,804,963	11,030,383	11,261,585
Sale of Countryside Facility	10,885,145	10,232,346	9,273,936	9,462,742	9,656,419	9,855,101
Referendum of $3.5 Million in 2010	10,885,145	10,895,854	11,125,920	11,361,935	11,604,065	11,852,477

9

Comparison in use of Undesignated Fund Balance

Variance of Actual over/(under) Recommended

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
Base Case	434,763	(1,954,568)	(5,854,108)	(10,618,348)	(16,359,698)	(22,542,305)
Sale of Countryside Facility	434,763	178,415	2,042,589	1,621,193	83,210	(2,651,531)
Referendum of $3.5 Million in 2010	434,763	640,432	410,367	(356,946)	(2,290,460)	(4,550,997)

10

Comparison of Tax Rate

Comparison of Forecasts of Tax Rates based upon allowed

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
Base Case - Allowable	3.77	3.88	4.00	3.99	3.99	3.99
Base Case - Needed	3.77	4.32	4.55	4.65	4.77	4.81
Sale of Countryside Facility	3.77	3.88	4.00	3.99	3.99	3.99
Referendum of $3.5 Million in 2010	3.77	4.41	4.54	4.53	4.53	4.53

Rates based upon per $1,000 of Projected Equalized Value

Added Tax Rate of Every $10 Million Borrowed

Examples of Added Tax Rate for Any New Debt for Capital Projects or Facility Upgrades

	2009 Budget	2010 Projected	2011 Projected	2012 Projected	2013 Projected	2014 Projected
For Every $10 Million Borrowed	0.00	0.04	0.10	0.10	0.10	0.10

Conclusions

- Debt Management & Bond Rating
  - Currently in good shape
  - Long-term depends on closing the operating shortfall

Conclusions

- Closing Operating Shortfall
  - Sale of Countryside
  - $3.5 Million on-going referendum for levy increases
  - Some more permanent combination of expenditure reductions and tax levy increases, most probably including significant employee layoffs. Continued monitoring of pending levy limit legislation and its impact on the County's situation is very important in determining the viability of this option.