



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-2669/1
MES&EVM:jld/wlj/klm

2015 BILL

1 **AN ACT** *to amend* 59.22 (2) (a) and 59.60 (1); and *to create* 59.602 and 59.61 (4)
2 of the statutes; **relating to:** budgeting procedure for populous counties and
3 certain other counties.

Analysis by the Legislative Reference Bureau

This bill authorizes counties with a population of 750,000 or more (populous counties), currently only Milwaukee County, as well as any other county, to adopt and use a biennial budgetary procedure.

Current law specifies an annual budgetary procedure applicable to counties with a population of 500,000 or more and certain counties that elect to follow the procedure. No later than July 15, each department of the county submits to the director of the county department of administration the respective department's estimated revenues and expenditures for the coming fiscal year, the estimated cost of any capital improvements pending or proposed for the coming fiscal year and for the next four fiscal years, and any other information that the director requests. No later than August 15, the director submits to the county executive or county administrator and to the county board all of the following: 1) the annual budget estimates of each department; 2) a statement of principal and interest becoming due on outstanding bonds and on other financial obligations; 3) an estimate of all other expenditures; 4) an estimate of anticipated issues of new bond obligations; 5) an estimate of funds required for contingencies; 6) an estimate of revenue from all other sources; and 7) a complete summary of all the budget estimates and a statement of the property tax levy required if funds were appropriated on the basis of these estimates.

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After receiving the estimates, the county executive or county administrator reviews the estimates and holds public hearings. The county executive or county administrator then makes changes in the proposed budget and, no later than October 1, submits the amended proposed budget to the county board. The amended proposed budget of the county executive or administrator must include all of the following: 1) a simple, clear, general summary of the detailed contents of the budget; 2) a comparative statement by organization unit and principal object of expenditure showing the actual expenditures of the preceding fiscal year, the appropriations and estimated expenditures for the fiscal year currently ending, and the recommended appropriations for the fiscal year next succeeding; and 3) a comparative statement of the actual revenues from all sources, including property taxes, during the preceding fiscal year; the anticipated revenues and the estimated revenues for the fiscal year currently ending; and the anticipated revenues for the next succeeding fiscal year.

After receiving the amended proposed budget, the county board refers the budget to the finance committee and the finance committee holds a public hearing on the budget. After the public hearing, the finance committee submits to the county board its recommendations for amendments to the proposed amended budget. Finally, the county board adopts the budget with any changes it considers proper and advisable.

Generally under this bill, for fiscal years that begin after December 31, 2015, any county may adopt a biennial budget using the following timeline:

1. All departments submit their budget requests to the director.
2. No later than October 1 of an odd-numbered year, the county executive, county administrator, or, in counties without an executive or administrator, the county's finance committee (collectively, budget authority) submits his or her or its proposed budget to the county board.
3. No later than November 1 of an odd-numbered year, the county board of a county with a county executive approves the budget, engrossed with any amendments, and returns it to the county executive. In a populous county, any amendment to the budget must include an estimate, prepared by the comptroller, of the costs that will be incurred, and the staffing changes that will be required, to implement the amendment during the next five fiscal years.
4. No later than November 15 of an odd-numbered year, the county executive may submit vetoes or changes to the county board. The county board may act on the vetoes or changes no earlier than upon receiving them or November 16, whichever occurs first, although the county board must act on the changes or vetoes no later than November 19 of an odd-numbered year or the vetoes or changes are considered to be approved by the county board.
5. After a biennial budget takes effect, if revenues received or expenses incurred by the county are different from the amounts anticipated, the county executive may increase or decrease appropriation amounts as he or she determines is appropriate to account for the changed revenue or expense amounts that affect the county.

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This bill also provides certain restrictions on the county board's actions related to the budget, including the following:

1. The budget must include all of the following items, and may include no others: 1) the county tax levy; 2) anticipated revenue amounts from all sources; 3) appropriations for all departments, and for any other obligations of the county; and 4) an authorized level of full-time equivalent positions in each department.

2. The county board of a county with a county executive may not issue municipal obligations in an amount that is higher than the amount initially proposed by the county executive in his or her proposed budget for that biennium.

3. The county board's authority to transfer unencumbered appropriation balances is subject to certain limitations.

4. With regard to a populous county, and subject to some exceptions, the county board may not adopt a budget in which the total amount of budgeted expenditures related to the compensation of county board members, and to any other costs that are directly related to the operation and functioning of the county board or committees, including staff, is greater than 0.4 percent of the county portion of the tax levy for that year to which the budget applies. Some of the exceptions to this 0.4 percent cap include health care and pension benefits for retired county employees and officers, and salaries and benefits for any board member whose term begins before April 2016.

This bill also requires populous counties to utilize fund accounting and authorizes any county to create proprietary funds, fiduciary funds, and other appropriate funds allowed by government accounting practice, provided that the county describes the sources of revenues that may be deposited into each fund and the types of expenditures that may be made from each fund. In counties without a county executive, such funds may be created by the county board. In counties with a county executive, such funds may be created only by executive order of the county executive. Counties that create proprietary, fiduciary, or other funds must develop policies and procedures that apply to each such fund, including setting a working cash flow target for each fund, publishing annual estimates of working cash flow balances, and descriptions of possible uses of balances in a fund that accumulate above the cash flow target.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 59.22 (2) (a) of the statutes is amended to read:

2 59.22 (2) (a) Except for elective offices included under sub. (1), supervisors and
3 circuit judges, and subject to s. ss. 59.602 (10) and 59.794 (3), the board has the
4 powers set forth in this subsection, sub. (3) and s. 59.03 (1) as to any office,

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1 department, board, commission, committee, position or employee in county service
2 created under any statute, the salary or compensation for which is paid in whole or
3 in part by the county, and the jurisdiction and duties of which lie within the county
4 or any portion thereof and the powers conferred by this section shall be in addition
5 to all other grants of power and shall be limited only by express language.

6 **SECTION 2.** 59.60 (1) of the statutes is amended to read:

7 59.60 (1) APPLICATION. ~~The Except as provided in s. 59.602, the provisions of~~
8 this section shall apply to all counties with a population of 500,000 750,000 or more.
9 ~~Except as provided in sub. (13), any~~ Any county with a county executive or county
10 administrator may elect to be subject to the provisions of this section.

11 **SECTION 3.** 59.602 of the statutes is created to read:

12 **59.602 Alternative budget process in certain counties.** (1) APPLICATION.

13 (a) Subject to par. (b), the provisions of this section may be used by any county,
14 including a county with a population of 750,000 or more.

15 (b) To use the provisions of this section, a county must take one of the following
16 actions no later than June 1 of an odd-numbered year:

17 1. If the county has a county executive, the county executive must issue a
18 written proclamation stating that the county will use the provisions of this section.

19 2. In any other county, the board must adopt a resolution proclaiming that the
20 county will use the provisions of this section.

21 **(2) DEFINITIONS.** In this section:

22 (a) “Department” includes all county departments, boards, commissions,
23 institutions, offices, and other agencies of the county government for which funds
24 may be legally appropriated.

25 (b) “Director” means the director of the county department of administration.

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1 **(3) FISCAL YEAR.** The fiscal year in every county is the calendar year.

2 **(4) ACCOUNTING AND BUDGETING PROCEDURE.** Every accounting and budgeting
3 procedure that is applied under this section shall comply with generally accepted
4 accounting principles for government as promulgated by the governmental
5 accounting standards board or its successor bodies or other authoritative sources.

6 **(5) PUBLICATION OF BUDGET AND PUBLIC HEARING.** The board shall refer the
7 executive's or administrator's budget to the finance committee and such committee
8 shall publish as a class 1 notice, under ch. 985, a summary of the executive's or
9 administrator's budget and comparative figures together with a statement of the
10 county's bonded indebtedness and shall make available to the general public
11 reprinted copies of the summary as published. The publication shall also state the
12 date, hour, and place of the public hearing to be held by the board on such executive's
13 or administrator's budget. The board shall, not less than 14 days after publication
14 of the summary of the executive's or administrator's budget, but not later than the
15 first Monday in November of each year and prior to the adoption of the property tax
16 levy, hold a public hearing on such executive's or administrator's budget, at which
17 time county residents may appear and express their opinions. After such public
18 hearing, and on or before the annual meeting, the finance committee shall submit
19 to the board its recommendations for amendments to the executive's or
20 administrator's budget, if any, and the board shall adopt the budget with such
21 changes as it considers proper and advisable. In any county with a population of at
22 least 750,000, any amendment to the budget shall include an estimate, prepared by
23 the comptroller, of the costs that will be incurred, and the staffing changes that will
24 be required, to implement the amendment during the next 5 fiscal years. The board
25 shall make the amendment and the estimate available to the public, in an electronic

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1 format, at least 24 hours before the amendment may be considered by the board or
2 by a committee of the board. The board shall have the budget resolution prepared
3 as it was adopted by the board, incorporating any adopted amendments, before
4 presenting the resolution to the executive. Subject to sub. (6), the board of a county
5 with a population of at least 750,000 may not adopt a budget in which the total
6 amount of budgeted expenditures related to the compensation of county board
7 members, and to any other costs that are directly related to the operation and
8 functioning of the county board or committees of the board, including staff, is greater
9 than 0.4 percent of the county portion of the tax levy for that year to which the budget
10 applies. The board of a county with a population of at least 750,000 may not adopt
11 a budget that alters any formula by which fringe benefits, interdepartmental
12 charges for services, depreciation, or debt service are allocated in the executive's
13 budget. An appropriation that is contingent upon additional approval by the board
14 after the adoption of the budget is included in the 0.4 percent budget limitation
15 described in this subsection. When so adopted, the sums provided shall, subject to
16 the provisions of sub. (7), constitute legal appropriations and anticipated revenues
17 for the ensuing year.

18 **(6) MILWAUKEE COUNTY BUDGET CAP.** The 0.4 percent budget limitation for a
19 county with a population of at least 750,000 that is described in sub. (5) does not
20 apply to any of the following elements of the county's budget:

21 (a) Any costs related to pension and health care payments for retired county
22 officers, employees, and their families.

23 (b) The costs for the salary, health benefits, and pension benefits of county
24 board supervisors and the county board chairperson for any term that begins before
25 April 2016.

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1 (c) Any costs associated with duties performed by the county clerk under s.
2 59.23 (2).

3 (d) Any costs associated with a department created under s. 59.52 (32).

4 (e) Space rental that is attributable to the county board.

5 **(7) TRANSFERS OF APPROPRIATIONS.** (a) At the request of the head of any
6 department, and after receiving the recommendation of the county executive or
7 county administrator, the director shall, at any time during the fiscal year, transfer
8 any unencumbered appropriation balance or portion thereof between principal
9 objects of expenditures within a department; but no transfers shall be made of
10 appropriations originating from bond funds unless the purpose for which the bonds
11 were issued has been fulfilled or abandoned. If more than one department is under
12 the jurisdiction of the same board or commission or under the same general
13 management, the group of departments may be considered as though they were a
14 single unit with respect to transfers of appropriations within the group.

15 (b) Upon the recommendation of the finance committee in a county without a
16 county executive or county administrator, or upon the recommendation of the county
17 executive or county administrator in other counties, and by resolution adopted by a
18 majority of the members present and voting at any meeting, the board may transfer
19 any unencumbered appropriation balance or portion thereof from one department or
20 account to another.

21 (c) 1. Paragraph (b) does not apply to an appropriation which is irrevocable
22 by law.

23 2. The board may not amend a recommendation under par. (b) to increase the
24 amount to be transferred or to transfer funds to a department other than the
25 department designated as the transferee in the recommendation.

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1 3. No transfer may be made under this subsection unless the director certifies
2 that sufficient unencumbered funds are available for transfer.

3 **(8)** ORDINANCE INCREASING SALARIES; NEW POSITIONS; WHEN EFFECTIVE. No
4 ordinance or resolution authorizing the creation of new or additional positions or
5 increasing salaries shall become effective in any fiscal year until an appropriation
6 of funds for such purpose is made or the ordinance or resolution contains a provision
7 for the transfer of funds if required. All such ordinances or resolutions which do not
8 require an appropriation or transfer of funds shall state therein the specific account
9 or accounts in which funds are available for such purposes

10 **(9)** PAYMENTS AND OBLIGATIONS PROHIBITED; CERTIFICATIONS; PENALTIES. No
11 payment may be authorized or made and no obligation incurred against the county
12 unless the county has sufficient appropriations for payment. No payment may be
13 made or obligation incurred against an appropriation unless the director first
14 certifies that a sufficient unencumbered balance is or will be available in the
15 appropriation to make the payment or to meet the obligation when it becomes due
16 and payable. An obligation incurred and an authorization of payment in violation
17 of this subsection is void. A county officer who knowingly violates this subsection is
18 jointly and severally liable to the county for the full amount paid. A county employee
19 who knowingly violates this subsection may be removed for cause. This subsection
20 does not prohibit contracting for capital improvements being financed wholly or
21 partly by the issuance of bonds or prevent the making of a contract or lease providing
22 for the payment of funds at a time beyond the end of the fiscal year in which the
23 contract or lease is made. The board shall make or approve by resolution each
24 contract, lease or other obligation requiring the payment of funds from the
25 appropriations of a later fiscal year or of more than one fiscal year.

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1 **(10)** BUDGETARY PROCEDURES, BEYOND 2015. (a) For fiscal years that begin after
2 December 31, 2015, a county which chooses under sub. (1) (b) to operate under this
3 section shall adopt a budget that contains the provisions specified in this section.

4 (b) Beginning in 2015, and in every odd-numbered year thereafter, a county
5 shall adopt a biennial budget following the timeline specified in par. (c) that sets forth
6 all of the following items, and no others, for the 2 fiscal years that immediately follow
7 the year in which the budget is adopted:

8 1. The county tax levy.

9 2. Anticipated revenue amounts from all sources.

10 3. Appropriations for all departments, and for any other obligations of the
11 county.

12 4. An authorized level of full-time equivalent positions in each department.

13 (c) 1. All departments shall submit their budget requests to the director.

14 2. The county executive, county administrator, or, in a county without a county
15 executive or administrator, the finance committee, shall submit his or her, or its,
16 proposed budget to the board, either electronically or in writing, not later than
17 October 1 of an odd-numbered year.

18 3. In a county with a county executive, the board shall approve the budget,
19 engrossed with any amendments, and return it to the county executive no later than
20 November 1 of an odd-numbered year. Any amendment to the budget shall include
21 an estimate, prepared by the comptroller, of the costs that will be incurred, and the
22 staffing changes that will be required, to implement the amendment during the next
23 5 fiscal years. The board shall make the amendment and the estimate available to
24 the public, in an electronic format, at least 24 hours before the amendment may be
25 considered by the board or by a committee of the board. The board shall have the

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1 budget resolution prepared as it was adopted by the board, incorporating any
2 adopted amendments, before presenting the resolution to the executive.

3 4. If a county executive wishes to veto any part of the budget under s. 59.17 (5)
4 or (6), the county executive shall do so no later than November 15 of an
5 odd-numbered year. The board may not schedule a meeting to act on the county
6 executive's vetoes, as described in subd. 5., before it receives the vetoes or November
7 16 of an odd-numbered year, whichever comes first.

8 5. The board may act on all of the county executive's vetoes or changes, as
9 described in s. 59.17 (5) and (6), no later than November 19 of an odd-numbered year,
10 or the vetoes or changes shall be considered to be approved by the board.

11 6. In a county without a county executive, the board shall approve the budget.

12 (d) A county that uses the provisions of this section shall utilize fund
13 accounting. Section 59.60 (3m), as it applies to s. 59.60, applies to this section.

14 (e) After a biennial budget takes effect if revenues received, or expenses
15 incurred, by the county are different from the amounts anticipated, the county
16 executive, county administrator, or, in a county without a county executive or
17 administrator, the finance committee, may increase or decrease appropriation
18 amounts as he or she determines is appropriate to account for the changed revenue
19 or expense amounts that affect the county.

20 (f) With the approval of the county executive, county administrator, or, in a
21 county without a county executive or administrator, the finance committee, any
22 county department may apply for and receive grants to help fund any program or
23 service for which the department is responsible. If a department receives such a
24 grant, the department may spend the funds, without county board approval, for the
25 purposes for which the grant was requested.

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1 (g) During a biennium, a county board of a county with a county executive may
2 not adopt a resolution to issue a municipal obligation, as defined in s. 67.01 (6), in
3 an amount that is higher than the amount initially proposed by the county executive
4 in his or her proposed budget for that biennium.

5 (h) 1. Subject to subd. 2., the board of a county with a population of at least
6 750,000 may not adopt a budget in which the total amount of budgeted expenditures
7 related to the compensation of county board members, and to any other costs that are
8 directly related to the operation and functioning of the county board or committees
9 of the board, including staff, is greater than 0.4 percent of the county portion of the
10 tax levy for that year to which the budget applies. The board may not alter any
11 formula by which fringe benefits, interdepartmental charges for services,
12 depreciation, or debt service are allocated in the recommended budget. An
13 appropriation that is contingent upon additional approval by the board after the
14 adoption of the budget is included in the 0.4 percent budget limitation described in
15 this subdivision. When so adopted, the sums provided shall, subject to the provisions
16 of sub. (7), constitute legal appropriations and anticipated revenues for the ensuing
17 year.

18 2. The 0.4 percent budget limitation for a county with a population of at least
19 750,000 that is described in subd. 1. does not apply to any of the following elements
20 of the county's budget:

21 a. Any costs related to pension and health care payments for retired county
22 officers, employees, and their families.

23 b. The costs for the salary, health benefits, and pension benefits of county board
24 supervisors and the county board chairperson for any term that begins before April
25 2016.

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1 c. Any costs associated with duties performed by the county clerk under s. 59.23
2 (2).

3 d. Any costs associated with a department created under s. 59.52 (32).

4 e. Space rental that is attributable to the county board.

5 **SECTION 4.** 59.61 (4) of the statutes is created to read:

6 59.61 (4) FUND ACCOUNTING. (a) A county that is subject to s. 59.60 shall utilize
7 fund accounting. Section 59.60 (3m), as it applies to s. 59.60, applies to this
8 subsection.

9 (b) In addition to a general fund, a county may create other governmental
10 funds, proprietary funds, fiduciary funds, and other appropriate funds allowed by
11 government accounting practice, provided that in creating each fund the county
12 describes the sources of revenues that may be deposited into each fund and the types
13 of expenditures that may be made from each fund. Counties may maintain
14 reasonable balances in each such fund to provide the county with necessary working
15 capital, based on sound business principles, to avoid cash flow interruptions and the
16 need to engage in short-term borrowing to fund daily operations. In counties with
17 no county executive, the board may create a fund described in this paragraph by
18 ordinance. In counties with a county executive, only the county executive may create
19 a fund described in this paragraph by executive order, and such an executive order
20 may not be modified or otherwise affected by county board action.

21 (c) A county that creates governmental, proprietary, fiduciary, or other funds
22 under this subsection shall develop policies and procedures that apply to each such
23 fund, including all of the following:

- 24 1. Setting a working cash flow target for each fund.
- 25 2. Publishing annual estimates of working cash flow balances.

