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Date: January 7, 2016

To: Steve Kreklow
Lara Lukasik

cc: From: Paul Bargren *PB*
Corporation Counsel

Re: Budget formatting

You had asked for my thoughts on any legal requirements for the county budget document in terms of presentation, formatting, information to be included, and similar items.

I reviewed state statutes, county ordinances and additional materials.

Let me start by saying there was nothing useful to be found in case law, attorney general opinions or administrative materials.

Wis. Stat. § 59.60(3m) requires “[e]very accounting and budgeting procedure” used by the County to comply with GASB. While GASB provides detailed information on presenting financial statements showing past activity, GASB does not, to my understanding, provide guidance on formats of budgets for future activity. If you are aware of any GASB guidance that would apply to budget documents, please let me know.

We’re thus left with only the plain language of the statutes and ordinances. Requirements imposed by those are very slim indeed.

In the statutory process, the document submitted by the Executive to the County Board on or before October 1 is the “amended proposed budget,” meaning the compilation of annual requests submitted by department heads as it has been amended or revised by the Executive. *See* Wis. Stat. § 59.60(4), (5). The statutory requirement for the Executive’s submission to the Board, as set out in § 59.60(6)(b), Stats, is as follows:

(b) On or before October 1, and after the hearings required under par. (a), the county executive or county administrator shall submit the amended proposed budget to the board. The amended proposed budget shall be the executive's or administrator's budget and shall 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.

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 fiscal year next succeeding including any surplus from the preceding fiscal year not otherwise appropriated under sub. (9).

In addition, Wis. Stat. §59.60(6)(d) requires the Executive to accompany the budget document with a “message,” as follows:

(d) The executive’s or administrator’s budget shall be accompanied by a message prepared by the county executive or county administrator which shall outline the important features of the budget plan and indicate any major changes in policy or in recommended appropriations or revenues as compared with the fiscal year currently ending, and shall set forth the reasons for such changes.

The County ordinances state only that the Executive shall submit the budget to the County Board “[p]ursuant to state statutes.” MCO 1.24(1)(b).¹

Taking all of the above into account, the budget document submitted by the Executive to the County Board on or before October 1 is legally required to include only the following:

- “A simple, clear, general summary of the detailed contents of the budget.”
- A statement by organizational unit and principal object of expenditure comparing:
 - Actual spending in the previous fiscal year
 - Spending to date and total estimate for the current year
 - Recommended appropriations for the next year (i.e., the budget year)
- A comparison of actual and estimated revenue from all sources, including property tax, for the previous, current and next years
 - Any surplus from the last year not otherwise appropriated

The above constitutes “the budget.” The budget is to be accompanied by a “message” that outlines “important features of the budget plan” along with “any major changes in policy” and “any major changes ... in recommended appropriations or revenues” compared with the current year, and reasons for same.

Note that only the budget – not the message – is subject to County Board action and modification. Wis. Stat. §59.60(7) (“the board shall adopt the **budget** with such changes as it considers proper and advisable”) (emphasis added). The “message” is informational only and is not subject to adoption or modification by the Board. Much of the narrative material in recent

¹ The only added provision in the ordinances states that when department heads submit their requested budgets to the Executive, they “shall also provide to policy makers a written and concise summary of the programmatic impacts that would occur if the department’s requested annual budget were adopted without any additional changes.” MCO 1.24(1)(a). I don’t know that this has been provided to “policy makers” in recent years and, in any event, it is not a requirement for the final (“amended”) budget presented by the Executive to the Board.

Executive budgets is the sort of information that could be included in the statutory “message” instead, it appears.²

Thus, from a legal compliance standpoint, the budget presented by the administration to the County Board under §59.60(6)(b) needs to include only the items bulleted above. Narrative material could be included in the separate “message.” Whether that is satisfactory from a political or public perception standpoint is a different question that is, of course, beyond the scope of this memo and is a decision left for others.

² One other ordinance speaks to budget matters. MCO 88.01 states, “The county has established a policy whereby county departments are required to submit environmental impact statements in all budget requests submitted to the county board.” I have no information that this has been observed recently.