

03.09 Operating Budget Process

Procedure Number: 03.09
 Procedure Title: Operating Budget Process
 Original Issue Date: 7/22/2019
 Revision Date: N/A
 Appendices: [03.09\(a\) Flowchart](#)
 [03.09\(b\) Operating Budget Instructions](#)
 Forms: None
 Statutory References: Wis. Stat. Chapter 59
 Ordinance References: MCO Chapter 32
 Department Responsible for Updates: DAS-PSB
 Date for Scheduled Procedure Review: 8/1/2020

1. OBJECTIVE

- A. To document and provide a general overview of the County’s annual [operating budget](#) process and timelines. The Milwaukee County budget process can be broken into five phases as identified below.

Phase Description	Time Frame
Forecasting, Preparation and Establishment of Budget Strategy	Mid-November to Mid-April
Departmental Budget Requests	Mid-April to July 15 th
County Executive Recommended Budget Preparation and Publication	July 15 th to October 1 st
County Board Consideration, Budget Amendments, Adoption and Vetoes	October 1 st to Mid-November
Adopted Budget Publication and Implementation	Mid-November to January 1 st

- B. To establish and provide definitions of budget items and activities that take place throughout the [fiscal year](#).
- C. To identify general additional processes which are unique to the [Behavioral Health Division \(BHD\)](#) during the Milwaukee County budget process.

2. DEFINITIONS

- A. Adopted Budget. Plan of financial operation for the upcoming fiscal year which is presented by the County Executive in October and approved by the County Board in November.
- B. Appropriation (Fund) Transfer. A budget transfer of monies from one appropriation line to another during the current year. Must be approved by the County Board.
- C. Behavioral Health Division (BHD). A division of Milwaukee County’s Department of Health and Human Services which provides connections that support recovery for Milwaukee County citizens, through crisis intervention, children’s services, and alcohol or other drug abuse intervention, and nursing career assistance. The Behavioral Health Division reports to the

Milwaukee County Mental Health Board (MHB).

- D. Budget Amendments. A change or addition to the budget, which may include legislation that has an impact on the budget.
- E. Carryover. The movement of unencumbered expenditure authority and revenue budget from the current calendar year to the subsequent calendar year. The carryover of expenditure authority is limited to capital projects or major repairs (operating 8500 accounting series) in accordance with Milwaukee County General Ordinances (Section 32.91). Carryover requests are submitted by departments to the Department of Administrative Services and the Office of the Comptroller. The County Board and County Executive must approve the lapsing of funds related to completed or abandoned projects.
- F. Centralized Costs. Costs that are not allocated to a specific department.
- G. Centralized Crosscharges. Charges to departments for centrally provided services such as Facilities, Fleet and IMSD and are typically based on an allocation methodology. All centralized crosscharges are non-negotiable unless specific prior approval is provided by DAS-PSB.
- H. Crosscharges. Cost allocation for services provided by County departments to other County departments, a crosscharge is issued to properly allocate the expense. There are two (2) types of crosscharges – Centralized and Direct Service.
- I. Departmental Other Salary Adjustment Allocation (DOSAA). A pool of money available to departments (subject to Adopted Budget provisions) to address compensation issues at the County.
- J. Departmental Tax Levy Targets. A budget allocation which departments are asked to meet in the request phase of the budget.
- K. Direct Service Crosscharge. These charges represent the costs associated with services provided from one department to another other than those described above. This includes direct services such as deployed staff or additional technical support for a particular program. Acceptance of these crosscharges is at the discretion of the receiving department.
- L. Encumbrance. Funds that have been reserved for a future purchase. Encumbered funds may not be used for other items unless the encumbrance is liquidated.
- M. Fiscal Year. The period used for budgeting and accounting purposes. Milwaukee County's fiscal year is the calendar year.
- N. General Ledger. Accounting system used to store and organize financial data.
- O. Government Finance Officer Association's (GFOA) Distinguished Budget Award. An award provided to governments that have received outstanding ratings on specific budget document criteria.
- P. Milwaukee County Mental Health Board (the Mental Health Board or MHB). The Milwaukee County Mental Health Board, under the authority of Section 51.41 of the Wisconsin Statutes, holds policy and budgetary authority over our Behavioral Health Division.
- Q. Non-departmental Budget. The County budget includes expenditures and revenues which are not assigned to any departments. DAS-PSB has the primary responsibility for budgeting for these expenses and revenues.
- R. Operating Budget. A fiscal plan that presents proposed expenditures and revenues for the day-to-day activities of County Departments.
- S. SEWRPC. The South Eastern Wisconsin Regional Planning Commission is the official metropolitan planning organization for the seven-county southeastern Wisconsin area.
- T. Tax Levy. Any local tax that is collected, e.g., sales, property. In Milwaukee County, property

tax levy is the largest source of local tax revenue collected.

3. PROCESS, PROCEDURE & DATES

A. **Forecasting, Preparation, & Establishment of Budget Strategy (Mid-November to April 1st)**

Forecasting, Preparation, & Establishment of Budget Strategy shall be resolved by the following procedure:

- i. Step 1. The Department of Administrative Services-Planning, Strategy, and Budget Division (DAS-PSB) creates an initial estimate of the upcoming budget year's financial position by preparing a projection of anticipated expenditure and revenue changes. Initial estimates are reported to the County Board in January, which means that DAS-PSB begins preparing the estimates in November and December. (e.g. In November/December 2018, DAS-PSB will begin planning for the budget year beginning January 1st, 2020.)
- ii. Step 2. DAS-PSB conducts a review of the long-term fiscal impacts of projected expenditure and revenue changes, including an update of the long-range fiscal forecast.
- iii. Step 3. Ongoing/biweekly budget meetings are scheduled and held with the County Executive and other stakeholders in the budget process.
- iv. Step 4. DAS-PSB and the County Executive develop guidelines for departmental budget requests, including [departmental levy targets](#). Draft levy targets are also reported to the County Board and Finance and Audit Committee for feedback prior to issuance.
- v. Step 5. DAS-PSB reviews and updates budget instructions for departmental budget requests.
- vi. Step 6. DAS-PSB prepares the financial software for budgetary requests, verifying that all assumptions related to [centralized costs](#), such as pension, health care, social security, salaries, fuel, and technology costs, are accurate. (While an estimate may be prepared earlier, fringe benefit forecasting is based on the most current estimates, which include assumptions of actuaries, and the final amount to be included in the recommended budget is finalized in July or August.)
- vii. Step 7. DAS-PSB updates a tracking log with changes to the financial system.
- viii. Step 8. Budgeting public engagement strategy and plan is developed and updated for the next budget year, with the County Executive's Office. This includes planning for online and in-person public engagement regarding the budget. This activity continues into the next phase of the budget process.

B. **Departmental Budget Requests (April 1st to July 15th)**

Departmental Budget Requests shall be resolved by the following procedure:

- i. Step 1. Operating Budget Instructions, templates for submitting departmental requests, and [levy targets](#) are distributed to departmental fiscal staff and department heads. This takes place in April, prior to the start of the next budget year. These instructions, including supplemental requests, guide the budget process and are to be followed by all departments.
- ii. Step 2. After the Operating Budget Instructions are released, DAS-PSB staff meets with departmental fiscal contacts to go over the budget instructions, review the budget process, and assist with the preparation of the departmental budget request.
- iii. Step 3. After the Operating Budget Instructions are released, the financial software is opened to departments. Departmental fiscal staff or their assigned designee is responsible for their respective department's budget request data entry.
- iv. Step 4. Any training materials on the budget process or budget software are updated and distributed to departmental fiscal staff. Training on the budget process and financial software is offered to departmental fiscal staff and provided by DAS-PSB year-round, upon request. Additional training opportunities are made available during the budget request phase.
- v. Step 5. Departments with [centralized crosscharges](#) (DAS-IMSD, DAS-Risk Management, Comptroller's Office, DAS-Facilities Management, OEM) are required to have their

interdepartmental charges for the upcoming budget year entered into the financial software by no later than the Friday prior to Memorial Day each year or at a date determined at the discretion of the budget director. If centralized charges are not submitted by this deadline, then the budget request will assume the same charges as the prior adopted budget.

- vi. Step 6. [Direct Service Charges](#) are due by the second Friday of every June. If direct service charges are not submitted by this deadline, then the budget request will assume the same charges as the prior year's adopted budget.
- vii. Step 7. In June and early July, the County Executive will hold meetings with departments to preview items that departments plan to include in their budget request.
- viii. Step 8. DAS-PSB enters all [non-departmental budget](#) requests into the financial software and updates narrative pages for the budget book.
- ix. Step 9. In accordance with Wis. Stat. § 59.60(4) departmental budget requests must be submitted no later than July 15th of each year. Information entered in the financial software, as of 11:59 p.m. on July 15th is considered the final and official departmental budget request. Any applicable ordinance changes shall be drafted by the submitting department and included with the departmental budget request.
- x. Step 10. An online public engagement tool is open to the public in mid-July.

C. County Executive Recommended Budget Preparation and Publication (July 15th to October 1st)

County Executive Recommended Budget Publication shall be resolved by the following procedure:

- i. Step 1. DAS-PSB updates access to financial budget software, analyzes the departmental budget requests, reviews entries and submissions, and determines current budgetary financial position.
- ii. Step 2. The departmental budget request narratives are published publicly on the DAS-PSB website.
- iii. Step 3. In accordance with Wis. Stat. § 59.60(5), a summary of the departmental requests is published on the DAS-PSB website annually no later than August 15th.
- iv. Step 4. In accordance with Wis. Stat. § 59.60(6)(a), the County Executive holds a public budget hearing, where department heads or their designee publicly present their budget request.
- v. Step 5. If necessary, the County Executive and DAS-PSB will schedule follow up meetings in late July and early August with departments regarding their departmental budget requests.
- vi. Step 6. DAS-PSB staff assists in presenting budget information to the public at budget open houses, listening sessions, or public comment sessions.
- vii. Step 7. The online budgeting public engagement process concludes in mid-August. Results from public input are aggregated by DAS-PSB and distributed to the County Executive and County Board.
- viii. Step 8. The County Executive makes final decisions on items to be included in the budget.
- ix. Step 9. DAS-PSB prepares the total amount of [tax levy](#) and total expenditures to be included in the budget.
- x. Step 10. DAS-PSB prepares a resolution pertaining to the [SEWRPC](#) tax levy.
- xi. Step 11. DAS-PSB makes any final adjustments, entries, or technical corrections to the budget in the financial software.
- xii. Step 12. DAS-PSB compiles, edits, and with the assistance of graphic design staff and the House of Correction print shop, the recommended budget book is printed.
- xiii. Step 13. Based on the recommended budget, DAS-PSB drafts any applicable ordinance changes which are necessary and not already included in the departmental request.
- xiv. Step 14. In accordance with Wis. Stat. § 59.60(6)(b), the recommended budget book is published online at the DAS-PSB website and the printed recommended budget document is distributed to the Milwaukee County Board of Supervisors no later than October 1st.

- xv. Step 15. In accordance with Wis. Stat. § 59.60(6)(b), the County Executive presents the budget to the County Board of Supervisors no later than October 1st.

D. County Board Consideration, Budget Adoption and Vetoes (October 1st to Mid-November)

County Board Consideration, Budget Adoption and Vetoes shall be resolved by the following procedure:

- i. Step 1. The Comptroller's Office Research Department Staff prepare an overview of the County Executive's recommended budget to be delivered to the County Board of Supervisors.
- ii. Step 2. The Milwaukee County Board of Supervisor's Finance and Audit Committee holds meetings to discuss and hear testimony on the recommended budget.
- iii. Step 3. The Milwaukee County Board of Supervisors may hold committee meetings to request follow up information and consider [amendments](#) to the County Executive's recommended budget.
- iv. Step 4. DAS-PSB tracks amendments proposed and enacted by the Milwaukee County Board of Supervisors.
- v. Step 5. In accordance with Wis. Stat. § 59.60(7), a public notice for the County Board Public Hearing is reviewed and updated by the DAS-PSB. The public notice is created, advertised, and published by the County Clerk.
- vi. Step 6. DAS-PSB prepares packets indicating the proposed, rejected, adopted and substitute amendments for the County Board. These packets are printed by the County Clerk's Office.
- vii. Step 7. DAS-PSB updates the financial software and budget narratives with any applicable amendments adopted by the Milwaukee County Board of Supervisors.
- viii. Step 8. In accordance with Wis. Stat. § 59.60(7), the Milwaukee County Board of Supervisors hosts a public hearing on the recommended budget and proposed [amendments](#).
- ix. Step 9. DAS-PSB prepares a summary of amendments detailing their impact on the total amount of [tax levy](#), total expenditures, and the [SEWRPC](#) tax levy.
- x. Step 10. DAS-PSB prepares and submits a technical amendment to the board to adjust any data entry errors, grammar, or other technical changes to the budget document or line item budget.
- xi. Step 11. If necessary, DAS-PSB prepares an additional amendment to accommodate salary adjustments not already included in the recommended budget. Typically, this amendment includes adjustments related to compensation changes enacted after Oct 1st of the current year.
- xii. Step 12. The Milwaukee County Board of Supervisors holds their annual meeting in which they will consider the Milwaukee County budget and amendments. The Milwaukee County Board of Supervisors will vote on amendments, proposed ordinance changes, the tax levy, total county expenditures, and SEWRPC tax levy amount.
- xiii. Step 13. DAS-PSB will prepare a signature page, to be signed by the Milwaukee County Board of Supervisors Finance and Audit Committee upon adoption of the budget. This signature page is then retained by the Milwaukee County Clerk's Office.
- xiv. Step 14. Following the Milwaukee County Board of Supervisor's adoption of the budget, the County Executive reviews the budget as amended and submits vetoes. DAS-PSB assists the County Executive in reviewing the amended budget and drafting any vetoes.
- xv. Step 15. Vetoes are submitted to the Milwaukee County Board of Supervisors for consideration and reviewed at a separate meeting, in accordance with § 59.17(5) and (6). Legislative action on the vetoes will be updated on the budget document and financial software.

E. Adopted Budget Implementation and Publication (Mid November to January 1)

[Adopted Budget](#) Implementation and Publication shall be resolved by the following procedure:

- i. Step 1. DAS-PSB reviews the financial software to ensure all amendments have been entered appropriately.

- ii. Step 2. DAS-PSB reviews all budget documents to ensure all amendments are included properly in the budget book.
- iii. Step 3. Prior to January 1 of the budget year, DAS-PSB ensures the line item budget is transferred into the general ledger.
- iv. Step 4. With the assistance of graphic design staff and the House of Correction print shop, DAS-PSB publishes and prints the adopted budget document.
- v. Step 5. In accordance with MCO § 32.81(1)(g), printed copies of the adopted budget are distributed to the Milwaukee County Board of Supervisors and made available to others upon request. The budget document is also published on Milwaukee County's website.
- vi. Step 6. An application for the [Government Finance Officer Association's \(GFOA\) Distinguished Budget Award](#) is completed and submitted no later than 90 days after budget adoption.
- vii. Step 7. DAS-PSB meets with departments to discuss the adopted budget, highlight changes and clarify any adjustments necessary for the upcoming budget year.
- viii. Step 8. DAS-PSB staff meets to discuss any feedback on the budget process and operational changes and improvements for the next budget.

F. Regular Budgetary Oversight (Throughout the Year)

Regular budgetary oversight shall be resolved by the following procedure:

- i. Step 1. DAS-PSB monitors financials in the [general ledger](#), by reviewing [carryovers](#) and [encumbrances](#) that are added to the budget.
- ii. Step 2. In accordance with Wis. Stat. § 59.60(8), DAS-PSB, reviews recommended adjustments to the adopted budgeted and prepares supporting paperwork, as needed, through the [appropriation \(fund\) transfer](#) process.
- iii. Step 3. DAS-PSB will confirm there are funds available for departments to perform compensation adjustments and utilize any budgeted [Departmental Other Salary Adjustment Allocation \(DOSAA\)](#).
- iv. Step 4. DAS-PSB researches and responds to requests for information regarding the Milwaukee County budget.
- v. Step 5. Training on the budget process and financial software is offered to departmental fiscal staff or their designee and provided by DAS-PSB upon request.
- vi. Step 6. Throughout the year, DAS-PSB monitors changes in departmental strategy, federal, state or local legislation and assesses the financial impact of these changes on the Milwaukee County budget.
- vii. Step 7. Throughout the year, DAS-PSB provides regular reports to the County Board Finance and Audit Committee to review budget issues and receive feedback on budget strategies.

G. Special Budgetary Considerations for the Mental Health Board and Behavioral Health Division

The [Behavioral Health Division](#) and [Mental Health Board](#) annual budgeting process includes the steps described above, as well as items detailed below which shall be resolved by the following procedure:

- i. Step 1. DAS-PSB provides reports to the Behavioral Health Board and presents the County's budget outlook for the upcoming [fiscal year](#). Similar information that is presented to the County Board and the Finance and Audit Committee will be presented to the Behavioral Health Board.
- ii. Step 2. The Milwaukee County Mental Health Board holds a public comment session regarding the Behavioral Health Division's Budget in March.
- iii. Step 3. In June, the Finance Committee of the Mental Health Board holds a public comment session on the Behavioral Health Division's Budget. The Behavioral Health Division Budget is formally presented to the Finance Committee of the Mental Health Board in late June.

- iv. Step 4. No later than July 15th, the Mental Health Board adopts the Behavioral Health Division budget.
- v. Step 5. The budget adopted by the Mental Health Board is the official budget request of the Behavioral Health Division and is submitted to DAS-PSB no later than July 15th each year.

4. FORMS

The following attached forms are to be used in compliance with this procedure.

Form #	Form Title
	None