

## Independent Auditors' Report

To the Honorable Board of County Supervisors of  
Waukesha County

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Waukesha County, Wisconsin (the County), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County as of December 31, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises of the Introductory Section and Statistical Section listed in the accompanying table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Madison, Wisconsin  
June 9, 2022

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2021

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This section of Waukesha County's annual comprehensive financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

### **FINANCIAL HIGHLIGHTS**

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- The assets and deferred outflows of the County exceeded the liabilities and deferred inflows of resources at the close of 2021 by \$513.3 million (*net position*). Of this amount, \$97.3 million is classified as *unrestricted net position*, \$54.8 million is restricted for specific purposes (*restricted net position*), and \$361.2 million is net investment in capital assets.
- The County's total net position increased by \$19 million. Restricted net position increased by \$16.6 million, unrestricted net position decreased by \$3.4 million, and net investments in capital assets increased by \$5.8 million.
- On December 31, 2021, the County's governmental funds reported combined fund balances of \$109.9 million, a decrease of \$6.4 million. Approximately \$53.0 million, or 48.2% of the combined fund balance, is unassigned and available for use within the County's designations and policies.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** are designed to provide readers with a broad overview of the County's financial statements, in a manner similar to a private-sector business.

The *statement of net position* presents information of all county assets, deferred inflows, liabilities and deferred inflows of resources with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include justice and public safety; health and human services; environment, parks, and education; public works, and general government. The business type activities of the County include radio services, golf courses, ice arenas, materials recovery facility, and airport.

WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2021

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The government-wide financial statements include not only Waukesha County itself (known as the *primary government*) but also a legally separate Bridges Library System for which Waukesha County is accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 37-38 of this report.

**Fund financial statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By so doing, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 11 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Debt Service, Capital Projects and Special Purpose Grant funds, which are considered to be major funds. Data from the other 7 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic *governmental fund* financial statements can be found on pages 42-48 of this report.

*Proprietary funds* are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the airport, radio services, golf courses, ice arenas, and materials recovery facility. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for risk management/self-insurance, health and dental self-insurance, vehicle replacement, central fleet maintenance, collections, and end user technology. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The Airport, Radio Services fund and Materials Recovery Facility fund are considered to be major funds of the County. The County's six internal service funds are combined into a single aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The *proprietary funds* financial statements can be found on pages 52-57 of this report.



WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2021

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*Fiduciary Funds* are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

*Custodial Funds* are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The County maintains 11 custodial funds. Data from the custodial funds are combined into a single aggregate presentation.

The basic *custodial fund* financial statements can be found on page 61-62 of this report.

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 63-104 of this report.

**Required Supplementary Information** is presented for the budgetary schedules of the General fund, Special Purpose Grant fund, and pension and contribution schedules.

WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2021

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets and deferred outflows exceed liabilities and deferred inflows of resources by \$513.3 million at the close of the most recent fiscal year.

**Waukesha County**  
**Net Position**  
(in \$000's)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$366,472	\$295,305	\$15,420	\$13,828	\$381,892	\$309,133
Capital assets	414,065	399,660	33,329	35,734	447,394	435,394
Total assets	780,537	694,965	48,749	49,562	829,286	744,527
Pension related amounts	62,670	45,844	1,265	953	63,935	46,797
Total deferred outflows of resources	62,670	45,844	1,265	953	63,935	46,797
Current and other liabilities	31,481	(25,443)	996	1,066	32,477	(24,377)
Long-term liabilities	149,474	149,583	-	-	149,474	149,583
Total liabilities	180,955	124,140	996	1,066	181,951	125,206
Deferred Grant Revenue	75	75	-	-	75	75
Property taxes levied for future periods	113,210	111,473	-	-	113,210	111,473
Pension related amounts	83,027	59,054	1,673	1,196	84,700	60,250
Total deferred inflows of resources	196,312	170,602	1,673	1,196	197,985	171,798
Net Position:						
Net investment in capital assets	327,917	319,704	33,329	35,734	361,246	355,438
Restricted net position	53,990	37,810	753	404	54,743	38,214
Unrestricted net position	84,033	88,553	13,263	12,115	97,296	100,668
Total net position	\$465,940	\$446,067	\$47,345	\$48,253	\$513,285	\$494,320

The largest portion of the County's net position (70.4%) reflects its net investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment, net of accumulated depreciation/amortization, less any related debt used to acquire those assets that is still outstanding). The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position comprises 19% of the County's net position. These resources may be used to meet the County's ongoing obligations.

The remaining balance of the County's net position, 10.6%, represents resources that are subject to external restrictions (grant or trust terms, laws or regulations of other governments, etc.) on how they may be used.

WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2021

At the end of the current fiscal year, the County reported positive balances in all three categories of net position, both for the County as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

As shown on the following table, the County's net position increased by \$19 million during the current year. This results from total 2021 revenues of \$267.7 million and expenses of \$248.7 million. Overall revenues increased by \$2.9 million from the prior year, while expenses increased by \$1.9 million.

<b>Waukesha County</b>							
<b>Changes in Net Position</b>							
(in \$000's)							
	Governmental Activities		Business-type Activities		Total		
	2021	2020	2021	2020	2021	2020	
Revenues:							
Program revenues:							
Charges for services	\$ 50,716	\$ 45,066	\$ 7,491	\$ 7,768	\$ 58,207	\$ 52,834	
Operating grants and contributions	74,436	69,408	1,534	1,419	75,970	70,827	
Capital grants and contributions	8,612	6,744	-	-	8,612	6,744	
General revenues:							
Property taxes	113,250	112,442	-	-	113,250	112,442	
Grants and contributions, not restricted for specific programs	2,533	2,545	-	-	2,533	2,545	
Investment earnings (losses)	(959)	5,797	42	63	(917)	5,860	
Miscellaneous	9,255	12,369	142	101	9,397	12,470	
Gain on disposal/sale of capital assets	647	1,069	-	-	647	1,069	
<b>Total revenues</b>	<b>258,490</b>	<b>255,440</b>	<b>9,209</b>	<b>9,351</b>	<b>267,699</b>	<b>264,791</b>	
Expenses:							
Justice and public safety	62,916	65,044	-	-	62,916	65,044	
Health and human services	87,863	86,215	-	-	87,863	86,215	
Environment, parks and education	30,227	25,453	-	-	30,227	25,453	
Public works	36,651	33,811	-	-	36,651	33,811	
General government	19,221	24,090	-	-	19,221	24,090	
Interest expense	1,453	1,340	-	-	1,453	1,340	
Radio services	-	-	1,078	787	1,078	787	
Golf courses	-	-	2,874	3,327	2,874	3,327	
Ice arenas	-	-	1,166	1,256	1,166	1,256	
Materials recovery facility	-	-	3,167	3,336	3,167	3,336	
Airport	-	-	2,118	2,145	2,118	2,145	
<b>Total Expenses</b>	<b>238,331</b>	<b>235,953</b>	<b>10,403</b>	<b>10,851</b>	<b>248,734</b>	<b>246,804</b>	
Increase (decrease) before transfers	20,159	19,487	(1,194)	(1,500)	18,965	17,987	
Transfers	(286)	(200)	286	200	-	-	
Increase (decrease) in net position	19,873	19,287	(908)	(1,300)	18,965	17,987	
Net position beginning of year	446,068	426,782	48,253	49,553	494,321	476,334	
<b>Net position end of year</b>	<b>\$ 465,941</b>	<b>\$ 446,068</b>	<b>\$ 47,345</b>	<b>\$ 48,253</b>	<b>\$ 513,286</b>	<b>\$ 494,321</b>	

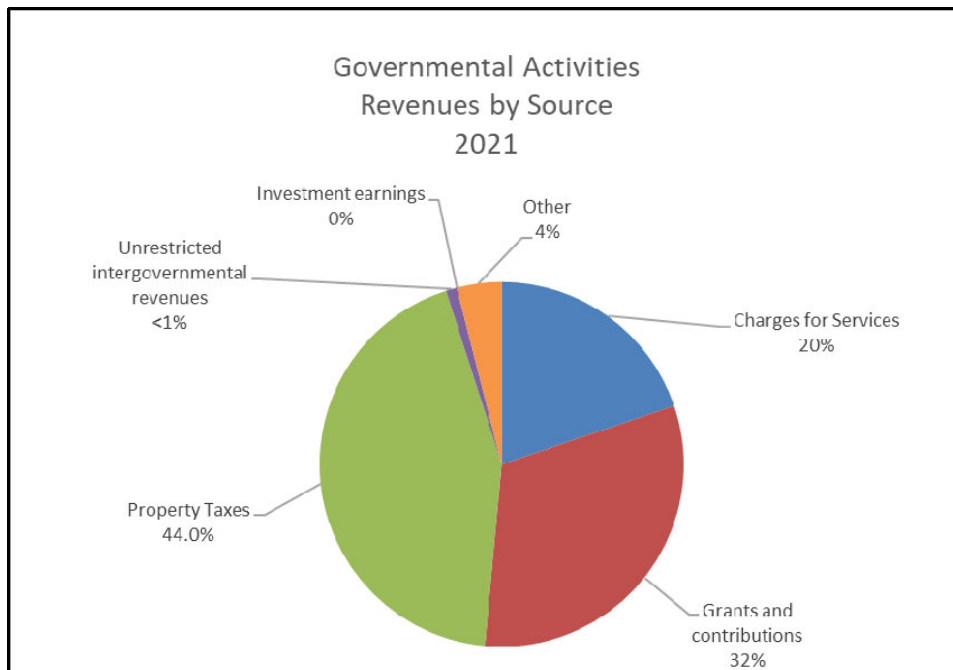
WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2021

**Governmental Activities**

Governmental activities increased the County's net position by \$19.9 million, compared to \$19.3 million increase in 2020. This included an increase in revenues of \$3 million, or 1.2%. Highlights include the following:

- Charges for services increased by \$5.7 million to \$50.7 million mainly due to increases in services provided during 2021 across various departments compared to the lower 2020 numbers. This includes \$1.3 million Health and Human Services Mental Health client services for increase in client activity with easement of COVID restrictions, Medicare reimbursements, 24/7 crisis intervention services, as well as outpatient mental health and substance use treatment services; \$0.6 million for increased police services in the Sheriff's department and a new contract with Village of Vernon; \$0.5 million for Sheriff prisoner boarding due to increased Federal inmates housed and housing of State inmates that could not be moved to State facilities due to COVID restrictions; \$0.6 million for park fees; and \$0.8 million for real estate transfer and copy/duplicating fees. The balance of the increase was spread across several program areas.
- Operating grants and contributions increased by \$5 million to \$74.4 million, which is predominately related to various funding received for the COVID-19 pandemic of \$11.7 million. The \$11.7 million in funding consists of \$2.1 million of American Rescue Plan Act (ARPA), \$0.9 million of Disaster Relief funding through FEMA, \$4.2 Epidemiology and Laboratory Capacity (ELC) funding through the CDC, and \$4.5 million in Rent Assistance through Community Development. This increase is offset by the removal of 2020 Routes to Recovery funding of \$7.3 million through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Health and Human Services also received an additional \$0.7 million from the State of Wisconsin for reimbursed indirect costs.
- Investment earnings decreased by \$6.8 million resulting in a loss of \$1 million in 2021, due to sharply higher market yields in anticipation of the Federal Reserve raising rates in 2022, resulting in a large negative market value adjustment to the County's investments.

The percentage of revenues by source is shown below. The primary changes from 2020 include Charges for Services increased to 20% versus 18% in 2020, Grants and Contributions increased to 32% versus 30% in 2020, Other decreased to 4% versus 5% in 2020, and Investment Earnings decreased to 0% versus 2% in 2020. Property Taxes and Unrestricted Intergovernmental remained the same from 2020 at 44% and 1% respectively.



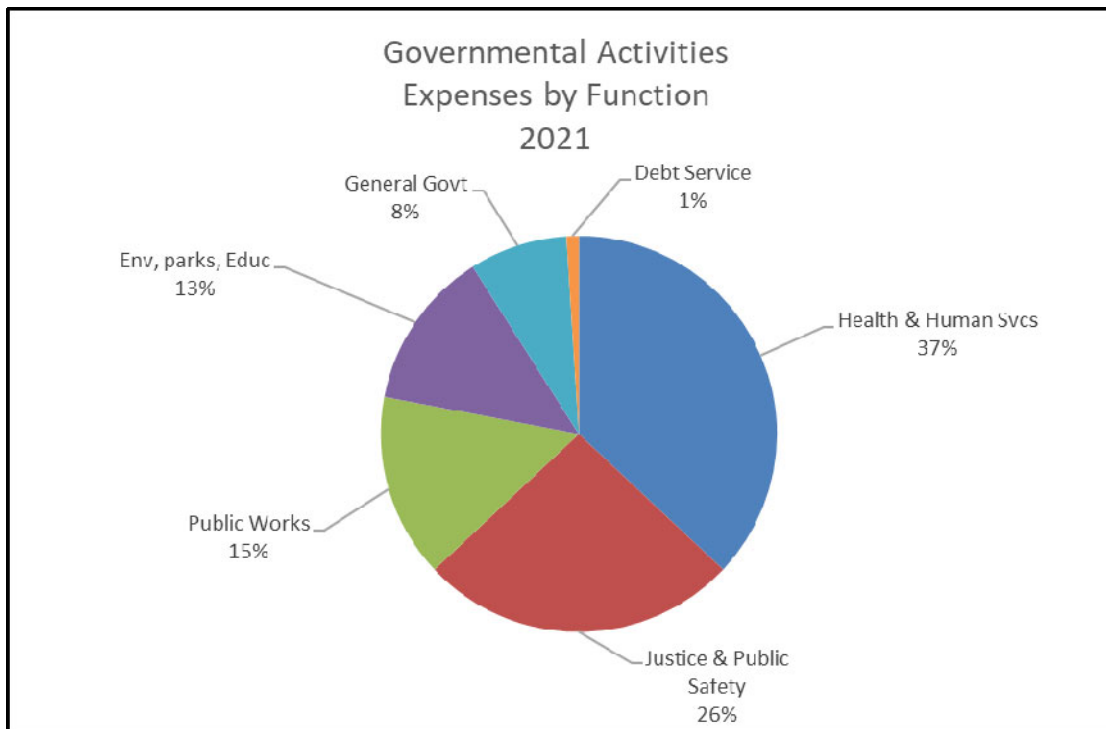
WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2021

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Expenses for governmental activities increased by \$2.4 million from 2020. Increases in costs are spread across multiple program areas. Highlights include the following:

- Personnel expenses decreased \$8.4 million despite the \$2.8 million increase in salaries and correlated benefits including newly created positions in the Health and Human Services along with sunset positions in Circuit Courts and District Attorney for case backlogs caused by COVID-19. The decrease in personnel was due to a significant decrease in financial statement adjustments for pension expenses by \$11.2 million related to Wisconsin Retirement System (WRS) going from 102.96% to 105.26% funded.
- Operating expenses increased by \$7.9 million primarily due to an increase of \$5.3 million in Community Development grants for the Emergency Rent Assistance Program. In addition, Health and Human Services had increases in autism services of \$1.6 million related to the State's mandate to eliminate CLTS wait lists and costs related to Mental Health patients' days of care in State Institutions of \$1.2 million. This is partially offset by a decrease in foster care expenses by \$0.7 million.
- Capital outlay expenses increased \$1.6 million, which varies between years based on completion of capital projects.
- Interdepartmental charges increased \$1.3 million mostly due to increases for correlated expenses for vehicle replacements, repairs, gasoline, and bailiff services.

The percentage of expenses by function is shown below.



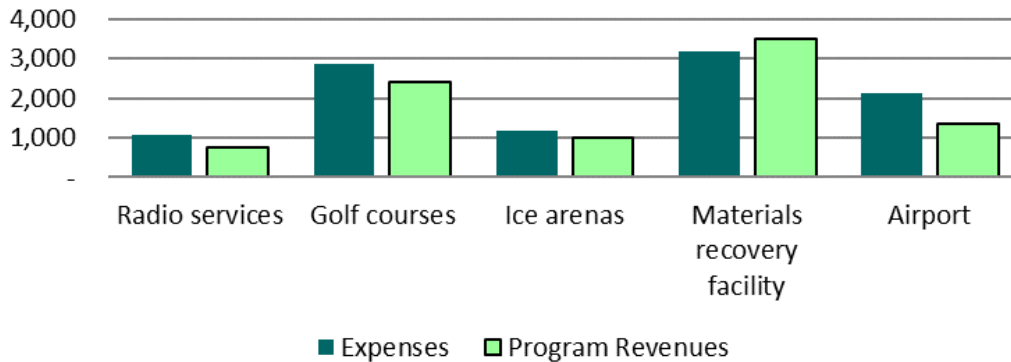
WAUKESHA COUNTY, WISCONSIN  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
 December 31, 2021

**Business-type Activities**

Business-type activities decreased the County's net position by approximately \$0.9 million. Program expenses exceeded program revenues by \$1.4 million and key results include the following:

- The Materials Recovery Facility (MRF) Fund had an increase in net position of \$0.3 million. This is mostly due to an increase in material sales revenue reflecting rebounding recycling markets. The 2020 average price per ton was \$67, while the average 2021 price per ton was \$108.
- The Radio Services Fund had a decrease in net position of \$0.3 million. This is mostly due to a \$0.2 increase in software expenses associated with the new P25 system. 2021 is the first year that the project expenses are being recognized in the operating budget.
- The Golf Course Fund had a decrease in net position of \$0.5 million, despite having an increase in revenues by \$0.3 million. This is due to \$0.7 million in Wanaki golf course assets being disposed of in 2021.
- The Airport Fund had a decrease in net position of \$0.8 million, mainly related to depreciation expenses, which the operation is not expected to recoup on assets funded by State or Federal dollars. The County will not replace airport facilities funded substantially with state and federal dollars unless similar funds are available for such expenses.

Business-type Activities  
 Expenses and Program Revenues  
 2021  
 (in thousands of dollars)



WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2021

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## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Waukesha County's governmental funds reported combined fund balances of \$109.9 million, a decrease of \$6.4 million from prior year. Approximately \$56.9 million or 51.8% of the combined fund balance is non-spendable, restricted, committed, or assigned for specific purposes, so it is not available for new spending. This includes the following.

- Non-spendable fund balance of \$6.8 million, including \$2.6 million for long-term receivables/advances; \$1 million for prepaid items and inventories; and \$3.2 million for delinquent property taxes.
- Restricted fund balance of \$11.4 million, including \$4.3 million restricted for park purposes, \$1.7 million restricted for Human Services purposes, \$3.5 million restricted for debt service, and \$1.9 million restricted for Community development.
- Committed fund balance of \$26 million. \$25.5 million is committed for capital projects; and \$0.5 million is committed for sick leave payouts and veteran services.
- Assigned fund balance of \$12.7 million, including \$10.1 million of funds assigned in the 2021 budget, \$1.2 million assigned for equipment replacement, \$1.2 million of funds assigned to the contingency fund, and the remaining \$0.2 million consists of jail assessment fees, seized funds, juror donations and land information systems.

The remaining \$53 million, or 48.2%, of fund balance is unassigned, meaning it is available for spending at the government's discretion.

### **General Fund**

The General fund is the chief operating fund of the County. The fund balance increased by \$4 million for the year, reflecting excess revenues over expenditures of \$3.1 million, transfers in of \$2.1 million, and transfers out of \$1.2 million.

The main factor for the \$3.1 million increase in fund balance is related to revenues exceeding expenditures is due to regular full-time staff working on grant funded pandemic response activities that would have otherwise been funded with other funding sources (example: tax levy) in the amount of \$1.7 million. In addition, real estate related fees in the Register of Deeds office exceeded budget resulting in a \$1.4 million impact to fund balance.

At the end of the current fiscal year, the General fund's unassigned fund balance was \$53 million while total fund balance was \$73.9 million. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28% percent of total General fund expenditures compared to 29.5% in 2020. Total fund balance represents 39% percent of General fund expenditures compared to 38.1% in 2020. For unassigned fund balance cash availability, the County uses unassigned fund balance for both general and special revenue expenditures to provide liquidity to those funds.

### **Special Purpose Grant Fund**

The special purpose grant fund does not have a fund balance for 2021.

### **Debt Service Fund**

The debt service fund has a total fund balance of \$3.6 million, all of which is restricted for the payment of debt service. This increased \$0.4 million from 2020.

WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2021

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**Capital Projects Fund**

The Capital Projects fund has a total fund balance of \$25.4 million, of which \$25.4 million is committed for existing and future capital projects.

**Proprietary Funds**

Waukesha County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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Differences between the original budget and the final amended budget resulted in a \$6.3 million increase in appropriations. Carryovers and open purchase orders accounted for 21.1% (\$1.1 million) of the increase. The balance of the increase from the original budget is due to the appropriation of an additional \$3.6 million, which predominately consists of the following appropriated funding:

- \$2.9 million of federal CDC ELC grant funding to Health and Human Services, for Public Health pandemic response efforts of investigating positive disease results, tracing recent contacts, and vaccine administration (actual revenues received being \$4.2 million).
- An additional \$0.5 million to Health and Human Services Public Health to help ensure spending authority for COVID-19 testing efforts after existing grant allocations terminated. During 2020, testing efforts were funded by the state, and include using the National Guard and grants to local health care providers to administer tests. This funding was set to expire in December of 2020, and it was unclear whether there would be funding to provide testing for 2021.
- \$0.4 million to Sheriff's department for personnel expenses including overtime caused by greater than anticipated demand for services due to the court tower construction delays, significantly increased turnover in the department, and larger retirement payouts.
- Wisconsin Department of Justice awarded the Sheriff's department \$273,000 for fund expenses associated with COVID-19 and preventing the spread of the virus.
- State Department of Health Services granted \$267,000 in Urban Rural Women's Substance Use Services grant funding to Health and Human Services. This funding will be used to create two sunset positions to identify client needs, engage local resources that can facilitate recovery and provide ongoing support through the process including assistance with substance use treatment, transportation and child care during the recovery period, as well as fund in-state trainings for service providers on topics directly related to the program.
- \$213,000 appropriated to Health and Human Services through Injection Drug Use Treatment and Injection Drug Use Prevention grants to offset costs associated with treating residents for illicit intravenous drug use and advance the existing initiative of providing naloxone training and distribution, facilitate mobile prevention services in the County.

Actual revenues in the General fund were slightly above the final amended budget despite the loss in investment earnings due to market value adjustments.

Actual expenditures in the General fund were \$7.6 million under budget. Of that amount, \$1.3 million was carried forward for budgeted projects which were not completed in 2021. Operating expenses were \$4 million under budget largely due to Health and Human Services being under budget by \$2.9 million, which mostly consists of following expenses no longer needed or coming in lower than expected: \$0.5 million in contracted business applications support, \$0.3 million to facilitate the return of 17-year-olds charged as adults from Jail to Juvenile Center, \$0.1 million contracted services for Care Manager Implementation (used temporary help), and \$1.2 million designated to COVID-19 expenditures. General Fund personnel costs were under budget by \$1.9 million (1.6% of budget) with Health and Human Services making up \$0.9 million. The Non-Departmental fund had an additional \$0.5 million in unallocated expenditure authority. The balance of the budget variance was spread across several program areas.



WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2021

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The County's investment in capital assets for its governmental and business-type activities at December 31, 2021, amounted to \$447.4 million (net of accumulated depreciation/amortization), an increase of \$12 million from 2020. This investment in capital assets includes land and easements, infrastructure, structures and improvements, equipment, software, and construction in progress.

The County's infrastructure assets are recorded at estimated historical cost in the government-wide financial statements. The County has elected to use the depreciation method of reporting capital assets.

**Waukesha County's Capital Assets  
(net of depreciation/amortization)  
(in 000's)**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 61,838	\$ 61,838	\$ 10,289	\$ 10,289	\$ 72,127	\$ 72,127
Buildings	150,102	121,919	4,674	4,975	154,776	126,894
Land improvements	5,577	5,493	8,161	9,643	13,738	15,136
Machinery and equipment	6,057	5,928	9,976	10,699	16,033	16,627
Software	2,937	4,426	14	18	2,951	4,444
Vehicles	9,023	8,911	-	-	9,023	8,911
Infrastructure	153,090	140,189	-	-	153,090	140,189
Construction in Progress	25,441	50,956	215	110	25,656	51,066
Total	\$ 414,065	\$ 399,660	\$ 33,329	\$ 35,734	\$ 447,394	\$ 435,394

Further details of the County's capital assets can be found in Note 9 of the notes to the financial statements, pages 86-87.

**Long Term Debt**

At December 31, 2021, the County had \$83.8 million of general obligation promissory notes outstanding. The County maintains an Aaa rating from Moody's Investors Service and AAA from Fitch Investors Service on general obligation note issues. Under current state statutes, the County's general obligation note issuances are subject to a legal limitation based on five percent of the equalized value of taxable property in the County. As of December 31, 2021 the County's total amount applicable to debt margin (outstanding notes less debt service fund balance) is \$80.6 million, which was well below the legal limit of \$3.3 billion. The net debt per capita equaled \$196 at year-end.

During the year, the County issued \$12 million in general obligation promissory notes to finance part of the cost of capital improvements within the County.

Further details of the County's long-term debt activity can be found in Note 11, pages 90-91.

WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2021

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**ECONOMIC FACTORS AND THE 2022 BUDGET AND RATES**

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Revenue increased by \$23.4 million in the 2022 budget, including an increase in intergovernmental contracts and grant revenue of \$12.2 million, largely due to federal American Rescue Plan Act (ARPA) – Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) funding of \$8 million. This also includes \$1 million in case management and other revenues as part of a state mandate to eliminate the CLTS wait lists and an increase in CLTS-third party administrator revenues of \$0.4 million.

Charges for services increase by \$2.1 million largely due to a \$0.9 million increase in Comprehensive Community Services (CCS) revenues related to additional billable services for adolescents, a \$0.3 million increase in municipal police services provided by the Sheriff's department, a \$0.2 million increase for park system fees, and a \$0.2 million increase in Register of Deeds revenues for real estate transfer fees and copy/duplicating fees.

Interdepartmental revenues increase \$2.5 million primarily from a \$1.3 million increase in End User Technology Fund driven by a higher cross-charge to Health and Human Services and a \$0.8 increase in Non-Departmental-Health and Dental Insurance Fund premiums charged to county departments, reflecting a 2.2% premium rate based on trends.

Other revenues increase \$1 million, mostly for contributions from individuals and organizations and cost recovery towards capital project cost, which increase \$0.5 million.

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization declared the outbreak to constitute a "Public Health Emergency of International Concern." Since the pandemic began, the County has received several funding allocations to support county operations and county residents, including Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") funding. Waukesha County has received an estimated \$4.2 million of federal Centers for Disease Control and Prevention Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) grant funding for continued pandemic response efforts through October 31, 2022. In addition, the U.S Department of Treasury awarded the County \$26.5 million for rental and utility assistance to income-eligible residents in 2021.

The federal American Rescue Plan Act (ARPA) of 2021, signed on March 11, 2021 allocates approximately \$65.1 billion of funding to counties, including \$79 million to be allocated to the County based on population. Funds may be used to respond to the pandemic and its negative economic impacts (including assistance to affected households, businesses, and nonprofits), to pay for general government services to the extent of calculated revenue loss. The County received first half the funding in 2021 and expects to receive the remaining half before June 2022. The County may use or obligate these funds through December 31, 2024 (with final spend by end of 2026). ARPA projects included in the 2022 budget include \$6 million for a courthouse renovation project, \$1.1 million to address the criminal court system backlog, \$0.6 million for Health and Human Services system enhancements, and \$0.5 million for other Health and Human Services and grant administration projects.

The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the County and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the County, including the duration of the outbreak and measures taken to address the outbreak.

WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2021

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**REQUEST FOR INFORMATION**

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This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Administration, Accounting Services Division, 515 West Moreland Blvd., Waukesha, WI 53188. This report can be found online at <https://waukeshacounty.gov/adminstration/accounting> under the Annual Comprehensive Financial Reports section.