

GOVERNMENT-WIDE STATEMENTS

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WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION
December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 195,864,030	\$ 17,256,064	\$ 213,120,094	\$ 2,475,488
Receivables:				
Property taxes - delinquent	3,596,624	-	3,596,624	-
Property taxes - levied for ensuing year's budget	116,298,590	-	116,298,590	-
Accrued interest	775,760	-	775,760	-
Accounts	1,659,195	448,154	2,107,349	-
Due from other governments	19,180,544	161,204	19,341,748	27,934
Internal balances	1,590,613	(1,590,613)	-	-
Prepaid items	5,836,751	760	5,837,511	-
Inventories	1,249,762	71,377	1,321,139	-
Leases receivable	75,964	330,377	406,341	-
Advances to/from other funds	1,639,984	(1,639,984)	-	-
Restricted assets				
Restricted cash and investments	402,842	1,217,178	1,620,020	-
Deposit in WMMIC	2,459,264	-	2,459,264	-
Net pension asset	48,654,109	860,057	49,514,166	262,309
Loans receivable	5,014,760	-	5,014,760	-
Leases receivable - non-current	80,425	5,451,582	5,532,007	-
Capital assets:				
Land	61,884,570	10,288,747	72,173,317	-
Construction in progress	28,146,737	581,904	28,728,641	-
Buildings	256,957,012	18,335,017	275,292,029	107,528
Improvements other than buildings	27,474,697	24,737,526	52,212,223	-
Machinery and equipment	29,435,902	21,784,484	51,220,386	20,015
Software	12,568,779	35,859	12,604,638	414,136
Vehicles	19,984,503	-	19,984,503	-
Infrastructure	314,853,620	-	314,853,620	-
Accumulated depreciation/amortization	(339,557,522)	(44,129,742)	(383,687,264)	(470,148)
Total assets	\$ 816,127,515	\$ 54,199,951	\$ 870,327,466	\$ 2,837,262
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	\$ 94,746,971	\$ 1,667,796	\$ 96,414,767	\$ 508,292
Total deferred outflows of resources	\$ 94,746,971	\$ 1,667,796	\$ 96,414,767	\$ 508,292
LIABILITIES				
Accounts payable	\$ 9,723,928	\$ 1,311,756	\$ 11,035,684	\$ 42,944
Accrued compensation	6,629,507	126,407	6,755,914	-
Other liabilities	1,355,422	210,005	1,565,427	-
Due to other governments	1,515,840	-	1,515,840	4,300
Accrued interest payable	366,986	-	366,986	-
Other unearned revenue	79,799,688	290,349	80,090,037	-
Compensated absences	6,113,086	-	6,113,086	44,898
Current liabilities due within one year:				
Claims payable	4,754,802	-	4,754,802	-
Leases payable	-	-	-	29,439
Notes payable	13,784,000	-	13,784,000	-
Noncurrent liabilities due in more than one year:				
Claims payable	3,997,379	-	3,997,379	-
Leases payable	-	-	-	19,838
Notes payable	70,148,744	-	70,148,744	-
Total liabilities	\$ 198,189,382	\$ 1,938,517	\$ 200,127,899	\$ 141,419
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - library grant	\$ -	\$ -	\$ -	\$ 1,216,478
Unearned revenue - miscellaneous grants	75,000	2,345	77,345	-
Property taxes levied for future periods	116,298,590	-	116,298,590	-
Leases related	155,287	5,643,148	5,798,435	-
Pension related amounts	114,645,296	2,026,581	116,671,877	618,086
Total deferred inflows of resources	\$ 231,174,173	\$ 7,672,074	\$ 238,846,247	\$ 1,834,564
NET POSITION				
Net investment in capital assets	\$ 329,249,602	\$ 31,633,795	\$ 360,883,397	\$ 22,424
Restricted net position for:				
Park development	4,303,722	-	4,303,722	-
Debt service	3,386,241	-	3,386,241	-
Community development	6,504,984	-	6,504,984	-
Library purposes	-	-	-	1,084,838
Human services	4,538,295	-	4,538,295	-
Pension	48,654,109	860,057	49,514,166	262,309
Unrestricted net position	84,873,978	13,763,304	98,637,282	-
Total net position	\$ 481,510,931	\$ 46,257,156	\$ 527,768,087	\$ 1,369,571

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Primary Government Net (Expenses) Revenues and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
Justice and public safety	\$ 63,841,506	\$ 14,646,685	\$ 5,635,687	\$ -	\$ (43,559,134)	\$ -	\$ (43,559,134)	\$ -
Health and human services	85,624,936	9,257,377	50,638,917	-	(25,728,642)	-	(25,728,642)	-
Environment, parks and education	28,224,817	10,064,338	8,207,614	-	(9,952,865)	-	(9,952,865)	-
Public works	37,483,801	9,231,662	6,477,157	4,486,633	(17,288,349)	-	(17,288,349)	-
General government	17,704,032	5,873,433	3,756,811	-	(8,073,788)	-	(8,073,788)	-
Interest expense	1,485,657	-	-	-	(1,485,657)	-	(1,485,657)	-
Total Governmental Activities	234,364,749	49,073,495	74,716,186	4,486,633	(106,088,435)	-	(106,088,435)	-
BUSINESS-TYPE ACTIVITIES								
Radio services	1,234,729	453,578	-	-	-	(781,151)	(781,151)	-
Golf courses	2,128,139	2,437,390	55,019	-	-	364,270	364,270	-
Ice arenas	1,281,743	1,210,135	-	-	-	(71,608)	(71,608)	-
Materials recovery facility	3,042,377	1,644,719	1,200,912	-	-	(196,746)	(196,746)	-
Airport	2,357,006	1,215,501	375	-	-	(1,141,130)	(1,141,130)	-
Total Business-type Activities	10,043,994	6,961,323	1,256,306	-	-	(1,826,365)	(1,826,365)	-
Totals	\$ 244,408,743	\$ 56,034,818	\$ 75,972,492	\$ 4,486,633	\$ (106,088,435)	\$ (1,826,365)	\$ (107,914,800)	\$ -
COMPONENT UNIT								
Bridges Library System	\$ 2,474,424	\$ 975,560	\$ 1,565,207	\$ -	\$ -	\$ -	\$ -	\$ 66,343
GENERAL REVENUES								
Property taxes					114,874,170	-	114,874,170	-
Grants and contributions, not restricted to specific programs					2,270,465	-	2,270,465	-
Investment earnings (losses)					(7,602,432)	624,002	(6,978,430)	23,255
Miscellaneous					11,569,199	111,796	11,680,995	177
Gain on disposal/sale of capital assets					547,796	2,385	550,181	-
Total General Revenues					121,659,198	738,183	122,397,381	23,432
Transfers					-	-	-	-
Change in Net Position					15,570,763	(1,088,182)	14,482,581	89,775
Net Position - Beginning of Year - as restated					465,940,168	47,345,338	513,285,506	1,279,796
Net Position - End of Year					\$ 481,510,931	\$ 46,257,156	\$ 527,768,087	\$ 1,369,571

See notes to financial statements.

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND - The General Fund is the primary operating fund of the County. It is used to account for resources traditionally associated with governments, except those required to be accounted for in another fund.

SPECIAL PURPOSE GRANT FUND – The special purpose grant fund is used to account for and report financial resources related to the American Rescue Plan Act and other special purpose grants.

DEBT SERVICE FUND - The debt service fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and service costs.

CAPITAL PROJECTS FUND – The capital projects fund is used to account for and report financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

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WAUKESHA COUNTY, WISCONSIN

BALANCE SHEET - ALL GOVERNMENTAL FUNDS

December 31, 2022

	General Fund	Special Purpose Grant Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 63,640,683	\$ 74,042,149	\$ 3,753,230	\$ 26,227,186	\$ 6,989,680	\$ 174,652,928
Receivables (net):						
Property taxes - delinquent	3,596,624	-	-	-	-	3,596,624
Property taxes levied for ensuing year's budget	90,686,176	-	15,124,240	1,502,115	7,606,816	114,919,347
Accrued interest	775,760	-	-	-	-	775,760
Accounts	587,373	-	-	246,250	403,521	1,237,144
Due from other governments	13,484,933	-	-	410,891	5,248,425	19,144,249
Due from other funds	1,760,581	-	-	-	-	1,760,581
Prepaid items	367,112	-	-	-	4,973,293	5,340,405
Inventories	-	-	-	-	614,967	614,967
Leases receivable	75,964	-	-	-	-	75,964
Advances to other funds	1,639,984	-	-	-	-	1,639,984
Leases receivable - noncurrent	80,425	-	-	-	-	80,425
Loans receivable	-	-	-	-	5,014,760	5,014,760
Total assets	\$ 176,695,615	\$ 74,042,149	\$ 18,877,470	\$ 28,386,442	\$ 30,851,462	\$ 328,853,138
LIABILITIES						
Accounts payable	\$ 6,033,646	\$ 29,680	\$ -	\$ 1,493,272	\$ 1,296,503	\$ 8,853,101
Accrued compensation	6,128,396	-	-	-	-	6,128,396
Other liabilities	1,195,784	-	-	6,785	1,103	1,203,672
Due to other governments	1,042,211	-	-	244,245	229,384	1,515,840
Due to other funds	-	-	-	-	1,760,581	1,760,581
Other unearned revenue	1,345,388	71,160,588	-	-	7,293,712	79,799,688
Total liabilities	\$ 15,745,425	\$ 71,190,268	\$ -	\$ 1,744,302	\$ 10,581,283	\$ 99,261,278
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - revolving loans	\$ -	\$ -	\$ -	\$ -	\$ 5,014,760	\$ 5,014,760
Unavailable revenue - delinquent taxes	407,981	-	-	-	-	407,981
Unavailable revenue - miscellaneous grants	-	-	-	163,710	-	163,710
Unearned revenue - miscellaneous grants	-	-	-	75,000	-	75,000
Deferred inflows - leases related	155,287	-	-	-	-	155,287
Property taxes levied for future periods	90,686,176	-	15,124,240	1,502,115	7,606,816	114,919,347
Total deferred inflows of resources	\$ 91,249,444	\$ -	\$ 15,124,240	\$ 1,740,825	\$ 12,621,576	\$ 120,736,085

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WAUKESHA COUNTY, WISCONSIN

BALANCE SHEET - ALL GOVERNMENTAL FUNDS

December 31, 2022

	General Fund	Special Purpose Grant Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES						
Non-spendable:						
Non-current interfunds	\$ 3,400,565	\$ -	\$ -	\$ -	\$ -	\$ 3,400,565
Prepaid items	367,112	-	-	-	4,973,293	5,340,405
Inventories	-	-	-	-	614,967	614,967
Delinquent taxes	3,188,643	-	-	-	-	3,188,643
Restricted:						
Park purposes	202,987	-	-	-	4,100,735	4,303,722
Debt service	-	-	3,753,230	-	-	3,753,230
Community development	1,490,224	-	-	-	-	1,490,224
Human services	-	2,851,881	-	-	1,686,414	4,538,295
Capital projects	-	-	-	1,594,356	-	1,594,356
Committed:						
Sick leave payout	500,000	-	-	-	-	500,000
Veterans services	32,316	-	-	-	-	32,316
Capital project purposes	-	-	-	23,306,959	-	23,306,959
Assigned:						
Jail assessment fees	277,977	-	-	-	-	277,977
Seized funds	335,792	-	-	-	-	335,792
Juror donations	35,902	-	-	-	-	35,902
Dog donations	11,820	-	-	-	-	11,820
Land information systems	16,098	-	-	-	-	16,098
Subsequent year's budget	7,384,843	-	-	-	267,008	7,651,851
Equipment replacement	1,448,989	-	-	-	-	1,448,989
Contingency fund	1,200,000	-	-	-	-	1,200,000
Unassigned (deficit)	49,807,478	-	-	-	(3,993,814)	45,813,664
Total fund balances (deficits)	\$ 69,700,746	\$ 2,851,881	\$ 3,753,230	\$ 24,901,315	\$ 7,648,603	\$ 108,855,775
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 176,695,615	\$ 74,042,149	\$ 18,877,470	\$ 28,386,442	\$ 30,851,462	\$ 328,853,138

(CONCLUDED)

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2022

Total Fund Balances - Governmental Funds	\$ 108,855,775
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds (excludes internal service funds). (see Note 2.A.)	396,607,498
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 2.A.)	(90,412,816)
Internal service funds are used by management to charge the costs of various services to individual funds and functional categories. The assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in governmental activities in the statement of net position.	33,374,277
Other long term assets are not available to pay for current period expenditures and, therefore are not reported in the funds. (See Note 5)	5,586,451
GASB 68 requires that the County's financial statements reflect its share of the net pension asset and related deferred inflows and outflows for the Wisconsin Retirement System (excludes internal service funds).	27,499,746
Total Net Position - Governmental Activities	\$ 481,510,931

See notes to financial statements.

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WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS
For The Year Ended December 31, 2022

	General Fund	Special Purpose Grant Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
General intergovernmental assistance	\$ 585,000	\$ -	\$ -	\$ 1,685,465	\$ -	\$ 2,270,465
Intergovernmental contracts/grants	54,141,661	2,549,727	-	754,725	24,687,317	82,133,430
Taxes	90,376,668	-	14,520,921	1,292,115	7,026,415	113,216,119
Fines and licenses	3,811,226	2,010	-	-	220,065	4,033,301
Charges for services	27,588,765	69,735	-	-	836,564	28,495,064
Interdepartmental revenues	4,321,091	-	-	-	794,271	5,115,362
Investment earnings (losses)	(7,990,161)	-	74,429	138,655	2,772	(7,774,305)
Miscellaneous revenues	11,936,968	2,851,539	-	468,040	1,464,792	16,721,339
Total revenues	184,771,218	5,473,011	14,595,350	4,339,000	35,032,196	244,210,775
EXPENDITURES						
Current:						
Justice and public safety	67,521,220	1,016,684	-	-	-	68,537,904
Health and human services	83,650,193	1,507,271	-	-	3,563,863	88,721,327
Environment, parks and education	14,602,655	-	-	-	11,761,802	26,364,457
Public works	8,597,657	-	-	-	16,960,201	25,557,858
General government	12,853,365	97,175	86,260	-	266,694	13,303,494
Capital outlay:						
Justice and public safety	131,060	-	-	3,657,147	-	3,788,207
Health and human services	6,214	-	-	85,581	-	91,795
Environment, parks and education	163,546	-	-	3,537,506	-	3,701,052
Public works	433,144	-	-	7,432,919	85,907	7,951,970
General government	-	-	-	1,073,326	-	1,073,326
Debt service:						
Principal retirement	-	-	13,129,000	-	-	13,129,000
Interest and fiscal charges	-	-	1,747,061	-	-	1,747,061
Total expenditures	187,959,054	2,621,130	14,962,321	15,786,479	32,638,467	253,967,451
Excess of Revenues Over (Under) Expenditures	(3,187,836)	2,851,881	(366,971)	(11,447,479)	2,393,729	(9,756,676)

(CONTINUED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS
For The Year Ended December 31, 2022

	<u>General Fund</u>	<u>Special Purpose Grant Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)						
General obligation notes issued	-	-	-	11,300,000	-	11,300,000
Premium on general obligation notes issued	-	-	451,607	-	-	451,607
Transfers in	1,797,860	-	100,000	2,000,000	50,000	3,947,860
Transfers out	<u>(2,840,500)</u>	-	-	<u>(2,393,592)</u>	<u>(1,797,860)</u>	<u>(7,031,952)</u>
Total other financing sources (uses)	<u>(1,042,640)</u>	<u>-</u>	<u>551,607</u>	<u>10,906,408</u>	<u>(1,747,860)</u>	<u>8,667,515</u>
Net change in fund balances	(4,230,476)	2,851,881	184,636	(541,071)	645,869	(1,089,161)
Fund Balances - January 1	<u>73,931,222</u>	-	<u>3,568,594</u>	<u>25,442,386</u>	<u>7,002,734</u>	<u>109,944,936</u>
Fund Balances - December 31	<u>\$ 69,700,746</u>	<u>\$ 2,851,881</u>	<u>\$ 3,753,230</u>	<u>\$ 24,901,315</u>	<u>\$ 7,648,603</u>	<u>\$ 108,855,775</u>

(CONCLUDED)

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2022

Net changes in fund balances - total governmental funds	\$ (1,089,161)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets and contributions exceeded depreciation in the current period. (see Note 2.B.)</p>	(1,671,896)
<p>Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Position.</p>	13,129,000
<p>The issuance of long term debt is an other financing source in the governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.</p>	(11,300,000)
<p>Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the Statement of Activities and are reported as interest expense. This is the amount by which the amortization of prior year balances exceeded the premium on the current year debt issuance.</p>	(150,095)
<p>Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (see Note 2.B.)</p>	(78,671)
<p>Internal service funds are used by management to charge the costs of various services to individual funds and functional categories.</p>	5,803,760
<p>Governmental funds report loan repayments as revenues and the issuance of new loans as expenditures. These activities are reported as changes in loans receivable in the government-wide statements. Delinquent property taxes are also not expected to be paid during the current period and are not reported in the governmental funds. Miscellaneous grants not available to liquidate current liabilities are not recognized as revenues in the governmental funds.</p>	(34,421)
<p>GASB 68 requires that the County's financial statements reflect its share of the net pension liability/asset and related deferred inflows and outflows for the Wisconsin Retirement System.</p>	10,962,247
Change in Net Position of Governmental Activities	\$ 15,570,763

See notes to financial statements.

MAJOR PROPRIETARY FUNDS

AIRPORT OPERATIONS/DEVELOPMENT FUND - To account for the maintenance and operation of the County airport buildings and runways, located in Waukesha, Wisconsin.

RADIO SERVICES FUND - To account for the operation and maintenance of the County radio system, located in Waukesha, Wisconsin.

MATERIALS RECOVERY FACILITY FUND - To account for the operation and maintenance of the County recycling facility, jointly owned with the City of Milwaukee, located in Milwaukee, Wisconsin.

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WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION - ALL PROPRIETARY FUNDS
December 31, 2022

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Non-Major Enterprise Funds		
ASSETS						
Current Assets:						
Cash and investments	\$ 2,813,986	\$ 5,860,343	\$ 4,671,997	\$ 3,909,737	\$ 17,256,063	\$ 21,211,096
Receivables:						
Property taxes levied for ensuing year's budget	-	-	-	-	-	1,379,243
Accounts receivable	92,850	17,234	72,700	265,369	448,153	422,050
Leases receivable	1,335	329,042	-	-	330,377	-
Total receivables	94,185	346,276	72,700	265,369	778,530	1,801,293
Due from other governments	82,000	19,329	57,425	2,450	161,204	36,296
Prepaid items	-	-	-	760	760	496,346
Inventories	-	-	-	71,377	71,377	634,794
Total current assets	2,990,171	6,225,948	4,802,122	4,249,693	18,267,934	24,179,825
Noncurrent Assets:						
Restricted assets:						
Restricted cash and investments	-	-	1,217,178	-	1,217,178	402,842
Deposit in WMMIC	-	-	-	-	-	2,459,264
Net pension asset	101,059	219,965	123,230	415,803	860,057	2,084,872
Leases receivable - noncurrent	24,371	5,427,211	-	-	5,451,582	-
Capital assets:						
Construction in progress	363,907	-	217,997	-	581,904	-
Land	8,049,032	55,000	-	2,184,715	10,288,747	-
Buildings	8,367,064	1,422,160	-	8,545,792	18,335,016	4,122,283
Improvements other than buildings	23,106,146	-	-	1,631,380	24,737,526	6,089
Machinery and equipment	1,956,204	12,541,536	6,577,440	709,305	21,784,485	11,867,351
Software	-	-	-	35,859	35,859	196,732
Vehicles	-	-	-	-	-	18,826,036
Less accumulated depreciation/amortization	(23,999,536)	(6,643,243)	(4,938,087)	(8,548,874)	(44,129,740)	(19,877,691)
Total capital assets (net of accumulated depreciation/amortization)	17,842,817	7,375,453	1,857,350	4,558,177	31,633,797	15,140,800
Total noncurrent assets	17,968,247	13,022,629	3,197,758	4,973,980	39,162,614	20,087,778
Total assets	\$ 20,958,418	\$ 19,248,577	\$ 7,999,880	\$ 9,223,673	\$ 57,430,548	\$ 44,267,603

(CONTINUED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION - ALL PROPRIETARY FUNDS
December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Non-Major Enterprise Funds	Total	
DEFERRED OUTFLOWS OF RESOURCES						
Pension related amounts	\$ 199,083	\$ 428,330	\$ 239,210	\$ 801,173	\$ 1,667,796	\$ 4,083,822
Total deferred outflows of resources	\$ 199,083	\$ 428,330	\$ 239,210	\$ 801,173	\$ 1,667,796	\$ 4,083,822
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 449,645	\$ 57,368	\$ 747,327	\$ 57,411	\$ 1,311,751	\$ 870,824
Accrued compensation	19,539	45,768	15,519	45,581	126,407	501,110
Other liabilities	122,043	-	-	87,962	210,005	151,750
Claims payable - current	-	-	-	-	-	4,754,801
Other unearned revenue	-	428	-	292,266	292,694	-
Total current liabilities	591,227	103,564	762,846	483,220	1,940,857	6,278,485
Long-term liabilities:						
Advances from other funds	-	-	-	1,639,984	1,639,984	-
Claims payable	-	-	-	-	-	3,997,379
Total long-term liabilities	-	-	-	1,639,984	1,639,984	3,997,379
Total liabilities	\$ 591,227	\$ 103,564	\$ 762,846	\$ 2,123,204	\$ 3,580,841	\$ 10,275,864
DEFERRED INFLOWS OF RESOURCES						
Property taxes levied for future periods	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,379,243
Deferred inflows - leases related	25,031	5,618,117	-	-	5,643,148	-
Pension related amounts	238,129	518,310	290,371	979,771	2,026,581	4,912,654
Total deferred inflows of resources	\$ 263,160	\$ 6,136,427	\$ 290,371	\$ 979,771	\$ 7,669,729	\$ 6,291,897
NET POSITION						
Net investment in capital assets	\$ 17,842,817	\$ 7,375,453	\$ 1,857,350	\$ 4,558,177	\$ 31,633,797	\$ 15,140,800
Restricted for pension	101,059	219,965	123,230	415,803	860,057	2,084,872
Unrestricted (deficit)	2,359,238	5,841,498	5,205,293	1,947,891	15,353,920	14,557,992
Total net position	\$ 20,303,114	\$ 13,436,916	\$ 7,185,873	\$ 6,921,871	47,847,774	\$ 31,783,664
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(1,590,620)	
Net Position of Business-type Activities					\$ 46,257,154	

See notes to financial statements.

(CONCLUDED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Non-Major Enterprise Funds	Total	
OPERATING REVENUES						
Charges for services	\$ 1,215,501	\$ 453,578	\$ -	\$ 3,647,525	\$ 5,316,604	\$ 4,361,297
Interdepartmental revenues	-	562,050	-	-	562,050	36,593,113
Miscellaneous revenues	37,100	530,492	1,945,589	6,146	2,519,327	1,800,450
Total operating revenues	1,252,601	1,546,120	1,945,589	3,653,671	8,397,981	42,754,860
OPERATING EXPENSES						
Salaries	263,037	495,633	260,452	1,121,859	2,140,981	5,116,923
Benefits	54,907	125,265	78,681	248,387	507,240	1,474,711
Insurance and claims expense	-	-	-	-	-	21,202,555
Operating	1,051,252	469,450	1,918,742	1,046,484	4,485,928	8,656,530
Interdepartmental	157,318	142,196	131,804	749,431	1,180,749	481,572
Depreciation	835,193	568,899	655,741	282,423	2,342,256	4,134,998
Total operating expenses	2,361,707	1,801,443	3,045,420	3,448,584	10,657,154	41,067,289
Operating income (loss)	(1,109,106)	(255,323)	(1,099,831)	205,087	(2,259,173)	1,687,571
NON-OPERATING REVENUES						
Intergovernmental contracts/grants	375	-	972,857	52,964	1,026,196	371,867
Investment earnings	1,318	-	50,513	39,468	91,299	171,873
Gain (loss) on disposal of capital assets	-	-	-	2,385	2,385	539,471
Total non-operating revenues	1,693	-	1,023,370	94,817	1,119,880	1,083,211
Income (loss) before transfers	(1,107,413)	(255,323)	(76,461)	299,904	(1,139,293)	2,770,782

(CONTINUED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Non-Major Enterprise Funds	Total	
Transfers in	\$ -	\$ -	\$ -	\$ 461,609	\$ 461,609	\$ 3,084,092
Transfers out	-	-	-	(461,609)	(461,609)	-
Total transfers	-	-	-	-	-	3,084,092
Change in net position	(1,107,413)	(255,323)	(76,461)	299,904	(1,139,293)	5,854,874
Net position - January 1	21,410,527	13,692,239	7,262,334	6,621,967		25,928,790
Net position - December 31	\$ 20,303,114	\$ 13,436,916	\$ 7,185,873	\$ 6,921,871		\$ 31,783,664
Adjustment to reflect the consolidation of current year internal service fund activities related to enterprise funds					51,111	
Change in net position of business-type activities					\$ (1,088,182)	

See notes to financial statements.

(CONCLUDED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Non-Major Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 1,392,007	\$ 814,219	\$ 2,828,948	\$ 3,431,560	\$ 8,466,734	\$ 6,517,492
Receipts from interfund services provided	-	562,050	-	-	562,050	36,530,530
Payments to suppliers	(1,015,551)	(462,044)	(1,728,111)	(788,502)	(3,994,208)	(30,945,711)
Payments to employees	(348,071)	(654,770)	(367,009)	(1,407,108)	(2,776,958)	(6,777,993)
Payments for interfund services used	(157,318)	(142,196)	(131,804)	(749,431)	(1,180,749)	(481,572)
Total cash flows from operating activities	(128,933)	117,259	602,024	486,519	1,076,869	4,842,746
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	-	-	-	-	3,084,092
Receipts from intergovernmental contracts/grants	375	-	972,857	52,964	1,026,196	371,867
Total cash flows from non-capital financing activities	375	-	972,857	52,964	1,026,196	3,455,959
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(164,721)	(40,982)	(1,143)	(26,772)	(233,618)	(3,301,647)
Proceeds from sales of capital assets	-	-	-	2,384	2,384	741,756
Total cash flows from capital and related financing activities	(164,721)	(40,982)	(1,143)	(24,388)	(231,234)	(2,559,891)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	1,318	-	50,513	39,468	91,299	171,873
Total cash flows from investing activities	1,318	-	50,513	39,468	91,299	171,873
Net change in cash and cash equivalents	(291,961)	76,277	1,624,251	554,563	1,963,130	5,910,687
Cash and Cash Equivalents, Beginning of Year	3,105,947	5,784,066	4,264,924	3,355,174	16,510,111	15,703,251
Cash and Cash Equivalents, End of Year	\$ 2,813,986	\$ 5,860,343	\$ 5,889,175	\$ 3,909,737	\$ 18,473,241	\$ 21,613,938
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Non-cash capital asset additions of \$167,000 in the Airport Operations/Development Fund, \$40,000 in the Radio Services Fund, and \$206,229 in the Materials Recovery Facility Fund						

(CONTINUED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Non-Major Enterprise Funds	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ (1,109,106)	\$ (255,323)	\$ (1,099,831)	\$ 205,087	\$ (2,259,173)	\$ 1,687,571
Depreciation expense	835,193	568,899	655,741	282,423	2,342,256	4,134,998
(Increase) Decrease in accounts receivable	(16,919)	(17,234)	882,224	(217,588)	630,483	282,160
(Increase) Decrease in due from other governments	157,000	(14,909)	1,135	1,390	144,616	11,002
(Increase) Decrease in prepaid items	-	-	-	90	90	(208,317)
(Increase) Decrease in inventories	-	-	-	(18,256)	(18,256)	(6,314)
(Increase) Decrease in leases receivable	(25,706)	(5,756,253)	-	-	(5,781,959)	-
(Increase) Decrease in net pension asset/liability	(29,719)	(47,241)	(18,503)	(11,173)	(106,636)	(519,570)
(Increase) Decrease in deferred outflows - pension related amount	(69,415)	(147,374)	(69,583)	(116,162)	(402,534)	(1,345,171)
Increase (Decrease) in accounts payable	35,701	7,406	190,631	9,328	243,066	(706,502)
Increase (Decrease) in accrued compensation	3,804	8,306	(1,072)	16,382	27,420	112,233
Increase (Decrease) in other liabilities	-	-	-	266,820	266,820	28,567
Increase (Decrease) in unearned revenue	-	428	-	(5,913)	(5,485)	-
Increase (Decrease) in claims payable	-	-	-	-	-	(194,060)
Increase (Decrease) in deferred inflows - leases related	25,031	5,618,117	-	-	5,643,148	-
Increase (Decrease) in deferred inflows - pension related amount	65,203	152,437	61,282	74,091	353,013	1,566,149
Net cash flows from operating activities	\$ (128,933)	\$ 117,259	\$ 602,024	\$ 486,519	\$ 1,076,869	\$ 4,842,746
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION						
Cash and investments - statement of net position	\$ 2,813,986	\$ 5,860,343	\$ 4,671,997	\$ 3,909,737	\$ 17,256,063	\$ 21,211,096
Restricted cash and investments - statement of net position	-	-	1,217,178	-	1,217,178	402,842
Cash and cash equivalents - end of year	\$ 2,813,986	\$ 5,860,343	\$ 5,889,175	\$ 3,909,737	\$ 18,473,241	\$ 21,613,938

See notes to financial statements.

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FIDUCIARY FUNDS

CUSTODIAL FUNDS

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.

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WAUKESHA COUNTY, WISCONSIN

STATEMENT OF FIDUCIARY NET POSITION -

CUSTODIAL FUNDS

December 31, 2022

	Custodial Funds
ASSETS	
Cash and investments	\$ 77,265,151
Total assets	\$ 77,265,151
LIABILITIES	
Accounts payable	\$ 6,269
Other liabilities	2,964,408
Due to other governments	67,888,652
Total liabilities	\$ 70,859,329
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	\$ 6,405,822
Total net position	\$ 6,405,822

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
CUSTODIAL FUNDS

For The Year Ended December 31, 2022

	Custodial Funds
ADDITIONS	
Property taxes collected for other governments	\$ 167,584,567
Clerk of Courts trust account deposits	25,940,536
Miscellaneous	9,782,394
Total Additions	\$ 203,307,497
DEDUCTIONS	
Property taxes paid to other governments	\$ 167,584,567
Payments from Clerk of Courts trust accounts	22,716,812
Payments to individuals	9,472,465
ERAD grant payments	5,668
Administrative expense	52,928
Transfer to general fund	445,675
Total Deductions	\$ 200,278,115
Change in Fiduciary Net Position	3,029,382
Net Position - beginning of year	3,376,440
Net Position - end of year	\$ 6,405,822

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN
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December 31, 2022

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WAUKESHA COUNTY, WISCONSIN
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WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Waukesha County, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of Waukesha County. The reporting entity for the County consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. This report does not contain any blended component units.

Component units are reported using one of three methods, discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Unit

The government-wide financial statements include the Bridges Library System as a component unit. The Bridges Library System is a legally separate organization. The board of the Bridges Library System is appointed by the Waukesha County Executive. Wisconsin Statutes provide for circumstances whereby the County can impose its will on the Bridges Library System, and also create a potential financial benefit to or burden on the County. The Bridges Library System is part of the reporting entity of Waukesha County. The Bridges Library System does not issue separate financial statements.

The mission of the Bridges Library System is to strengthen member libraries by fostering collaboration and innovation. The Bridges Library System Board operates as a two-county federated library system encompassing 16 member libraries in Waukesha County and 8 member libraries in Jefferson County. The Bridges Library System Board appointments are proportionate to the population of the member Counties. The Waukesha County Executive appoints approximately 80% of the Bridges Library System Board, which is then approved by Waukesha County Board. Waukesha County functions as the Bridges Library System fiscal agent, providing central services support functions,

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

including but not limited to human resource, financial management, information technology management and procurement services, and therefore Bridges Library System follows Waukesha County policies and procedures.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County reports the following major governmental and enterprise funds:

Major Governmental Funds

General Fund – accounts for the County’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Purpose Grant Fund – used to account for and report financial resources related to the American Rescue Plan Act and other special purpose grants.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Debt Service Fund – accounts for resources that are restricted, committed, or assigned to expenditures for payments of principal and interest on long-term debt other than proprietary fund debt.

Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of equipment and/or major capital facilities.

Major Enterprise Funds

Airport Operations/Development Fund – Accounts for the operation of the County airport buildings and runways.

Radio Services Fund – Accounts for operations responsible for providing conventional radio services to other County departments and surrounding municipalities.

Materials Recovery Facility Fund – Accounts for the operation responsible for recycling for all County municipalities.

The County reports the following non-major governmental and enterprise funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Aging and Disability Resource Center Contract Fund
County Library Fund
Walter Tarmann Fund
Transportation Fund
Community Development Fund
Workforce Innovation Opportunity Act Fund
Workforce Development Center Fund

Enterprise Funds – may be used to report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Golf Course Fund
Ice Arena Fund

In addition, the County reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.

Health and Dental Insurance Fund
Vehicle Replacement Fund
Risk Management/Self Insurance Fund
Central Fleet Maintenance Fund
Collections Fund
End User Technology Fund

Custodial 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.

Dog License Fund	Deferred Compensation Administration
Unclaimed Property Fund	District Attorney ERAD Fund
Flexible Spending Account	Main Jail Fund
District Attorney NSF Fund	Municipal Property Tax Collections
Representative Payee Fund	Clerk of Courts Fund
Sheriff Processing Fee	

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

FUND FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenues are considered available if they are collected within 180 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the County is entitled to the resources and the amounts are available. Amounts owed to the County, which are not available, are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include general intergovernmental assistance, intergovernmental contracts/grants, interdepartmental revenues, property taxes, miscellaneous taxes, charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary fund financial statements, including custodial funds, are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

State statutes restrict investment of County funds. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The State of Wisconsin Local Government Investment Pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The County's adopted investment policy is more restrictive than the state statutes in that it limits participation in investment pools to 10% of total pool assets and prohibits investments in foreign securities and the use of leverage. County policy also limits the use of open-ended management investments (mutual funds) to Aaa/AAA rated money market funds.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 4. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment earnings. Investment earnings on commingled investments of various County funds is allocated based on average balances, in accordance with adopted policies. A total of \$432,894 of investment interest was allocated to other funds in 2022.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Statutes Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements. See Note 4 for further information.

The Wisconsin Investment Series Cooperative (WISC) Investment Class fund is managed by PMA Financial Network Inc. WISC was formed through an intergovernmental cooperation agreement, and accepts deposits from public entities within the State of Wisconsin. Participants in WISC have the right to withdraw their funds in total on a same day basis, provided they initiate the transaction prior to the deadline established in WISC's Information Statement. At December 31, 2022, the fair value of the County's share of WISC's assets was substantially equal to the amount as reported in these statements. See Note 4 for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the County, taxes are collected for and remitted to the state and local governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar – 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale – 2022 delinquent real estate taxes	October 2025

The county collects such taxes and remits them periodically. The 2022 county property tax levy is recognized as a receivable and deferred inflows in fiscal 2022, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2022, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2022 levy.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account, which indicates that they do not constitute expendable available financial resources and, therefore are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the average cost method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are valued at cost based on the average cost method and charged to operation and maintenance expense when used. Inventory quantities at December 31, 2022 were determined by physical counts.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

5. Capital Assets

GOVERNMENT –WIDE STATEMENTS

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. The County defines capital assets as assets with an initial cost of more than \$5,000 for general capital assets and \$100,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation/amortization reflected in the statement of net position. Depreciation or amortization is provided over the assets' estimated useful lives using the straight-line method of depreciation or amortization.

The range of estimated useful lives by type of asset is as follows:

Buildings	25-40	Years
Land Improvements	20	Years
Vehicles	2-10	Years
Machinery and Equipment	2-15	Years
Software	5	Years
Infrastructure	15-50	Years

FUND FINANCIAL STATEMENTS

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net assets/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditures) until that future time.

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022 are determined on the basis of current salary rates and include salary related payments.

Amounts accrued in the government-wide statement of net position are considered due within one year because the county considers the carryover balances to be used before new benefit allocations.

8. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

FUND STATEMENTS

Governmental fund balances are displayed as follows: nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance is inherently so; it is the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Restricted fund balance has externally enforceable limitations on use, either by creditors, grantors, contributors, or laws and regulations. Committed fund balance has self-imposed limitations (through formal action of ordinance by the County Board) set in place prior to the end of the period. Assigned fund balance has limitations established by the Director of Administration; the County Board takes official action to assign amounts through ordinance, adoption of the annual budget, and adoption of the capital projects plan. Unassigned fund balance includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The County considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal document/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The County has a formal fund balance policy. The County will maintain unassigned fund balances to provide necessary working capital to avoid cash flow interruptions and short-term borrowing to fund daily operations. The ratio of unassigned fund balance to general and special revenue fund expenditures will be maintained at a minimum of 11%. Fund balance reserves will not be used to offset continuous operation costs.

11. Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Leases

LESSEE

The County's policy as a lessee in noncancellable lease arrangement is to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities based on materiality of the aggregate type of leased asset (i.e., vehicles, building) with the exception for short-term leases (12 months or less). Leases not meeting criteria recognize lease payments as outflows of resources based on the payment provisions of the contract.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

LESSOR

With the exception of short-term leases and certain regulated leases, when the County is a lessor in noncancellable lease arrangements the County recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements. For short-term leases and excluded regulated leases, lease revenues are recognized as inflows of resources based on the payment provisions of the contract. See Note 12 for details of the County's leasing arrangements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

13. Implementation of New GASB Pronouncements

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the County, for the year ended December 31, 2022.

GASB STATEMENT NO. 87

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The County adopted the requirements of the guidance effective January 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation states that “Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds.” The details of this are as follows:

Land	\$61,884,570
Construction in progress	28,146,737
Buildings and improvements	284,431,709
Machinery, equipment, and vehicles	49,420,405
Software	12,568,779
Infrastructure	314,853,620
Less: Accumulated depreciation/amortization	(339,557,522)
Less: Internal service fund capital assets, net of depreciation	(15,140,800)
Adjustment for Capital Assets	<u>\$396,607,498</u>

Another element of that reconciliation states that “Long-term liabilities, including bonds and notes payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.” The details of this are as follows:

Notes payable	\$81,944,000
Unamortized debt premium	1,988,744
Compensated absences	6,113,086
Accrued interest payable	366,986
Total	<u>\$90,412,816</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets exceed depreciation in the current period.” The details of are as follows:

Capital outlay per fund financial statements	\$16,606,350
Some items are recorded as capital outlay in the fund financial statements, but do not meet the County’s capitalization policy, and therefore are not capitalized in the government-wide statements	(5,367,504)
Some additions to capital assets are contributed to the County and therefore are not reported as expenditures in the fund financial statements	4,486,633
Depreciation expense (excluding internal service funds)	(17,397,375)
Total	(\$1,671,896)

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONT'D)

Another element of that reconciliation states, “Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this are as follows:

Compensated absences	\$ (124,823)
Accrued interest payable	46,152
Total	\$ (78,671)

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. Accordingly, a budget has been adopted for the general fund and all special revenue, debt service, capital project, enterprise, and internal service funds. These budgets are prepared on a basis consistent with generally accepted accounting principles. Budgets are not formally adopted for custodial funds.

Expenditures cannot legally exceed appropriations at the department level, pursuant to s.65.90, Wisconsin State Statutes. However, for the general and special revenue funds, the County has chosen a more restrictive control in the form of appropriation units, defined as groups of account classes within a department, including personnel costs, operating expenses, interdepartmental charges, and capital outlay. For proprietary funds, budgetary control is at the fund level. For capital project funds, budgetary control is at the individual project level.

State statutes, (s.65.905 (a)), also provide for the County Board to authorize an amendment of the budget by a vote of two-thirds of the entire membership of the Board. The County Board has authorized the Finance Committee, under County Code Section 2-211(c)(3), the following fund transfer authority:

A transfer of funds from one appropriation unit to another within the department budget.

A transfer of funds from the contingency fund, not to cumulatively exceed 10% of the funds originally appropriated for a department in a fiscal year.

In addition, the statutes allow supplemental budget appropriations to be made from unanticipated revenues received or fund equity, as defined by ordinance and adopted by two-thirds approval of the County Board.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)

Supplemental appropriations necessary for 2022 were as follows:

	Adopted Budget	Modified Budget*	Change
General	\$ 195,897,864	\$ 199,496,437	\$ 3,598,573
Special Revenue	36,180,254	39,200,198	3,019,944
Debt Service	15,081,796	15,081,796	-
Capital projects	27,645,000	29,665,900	2,020,900
Enterprise	10,631,367	11,218,667	587,300
Internal Service	48,445,864	49,050,864	605,000
Totals	\$ 333,882,145	\$ 343,713,862	\$ 9,831,717

*Excludes carryover project funds from prior years for general (\$1,075,552), special revenue (\$11,809,155), capital projects (\$17,410,471), enterprise (\$96,925) and internal service (\$80,009).

The adopted budgets for the general, special revenue, debt service and capital project funds are prepared on a basis consistent with generally accepted accounting principles. A comparison of budget and actual is included in the accompanying required supplementary information and supplementary information for governmental fund types with annual budgets.

The adopted budgets for enterprise and internal service funds are prepared on a basis consistent with generally accepted accounting principles. Both budget and accounting treat depreciation as an expense and for budget purposes capital outlay is a memo entry only.

Budget and actual comparisons (excluding capital project revenues and expenses) of the County's enterprise and internal service funds for the year ended December 31, 2022 are as follows:

	Revenues		Expenses	
	Budget	Actual	Budget	Actual **
Enterprise Funds				
Airport *	\$ 1,780,810	\$ 1,254,294	\$ 1,780,089	\$ 1,783,155
Golf Courses	2,217,366	2,527,876	2,217,556	2,184,833
Ice Arena *	1,251,421	1,220,612	1,255,786	1,254,080
Radio Services	1,055,112	1,546,120	2,189,440	1,843,621
Materials Recovery Facility	3,736,191	2,968,959	3,872,721	3,072,224
Internal Service Funds				
Heath and Dental Insurance	\$ 26,594,421	\$ 22,863,337	\$ 28,226,581	\$ 21,517,386
Vehicle Replacement	3,788,198	4,329,751	3,598,198	3,342,823
Risk Mgmt/Self-Insurance	3,004,298	3,218,978	3,280,546	3,280,546
Central Fleet Maintenance	4,308,821	4,372,193	4,409,904	4,219,249
Collections	980,251	988,257	1,006,917	908,983
End User Technology Fund	7,900,874	8,065,555	8,608,727	8,096,895

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)

*Actual expenses exclude depreciation expense for capital assets acquired by grants externally restricted for capital acquisitions and construction (Airport, \$612,483; Ice Arena, \$62,915).

**Actual expenses exclude pension expenses caused by unbudgeted GASB 68 pension net assets/liability adjustments (Airport, (\$33,931); Golf Courses, (\$23,223); Ice Arena, (\$30,021); Radio Services, (\$42,178); Materials Recovery Facility, (\$26,804); Risk Mgmt/Self-Insurance, (\$29,395); Central Fleet Maintenance, (\$81,083); Collections, (\$51,862); End User Technology Fund (\$136,253)).

Budgetary amounts lapse at year-end, except for unexpended appropriations for capital projects, which carry forward to the ensuing year. The County Board, by ordinance, can authorize the carry forward of prior year's unexpended appropriations to the ensuing year.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

No funds had excess expenditures over appropriations.

C. DEFICIT BALANCES

No funds had a deficit balance at December 31, 2022.

D. PROPERTY TAX LEVY INCREASE LIMITS

Wisconsin law limits the County's future tax levies. The County is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the County's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The County is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE 4 – DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds, except Custodial Funds. The deposits and investments of the Custodial Funds are held separately from those of other County funds. The deposit and investment balances of the various fund types on December 31, 2022 are as follows:

General Fund	\$63,640,683
Special Revenue Funds	81,031,829
Debt Service Funds	3,753,230
Capital Projects Funds	26,227,186
Enterprise Funds	17,256,063
Enterprise Funds – Restricted	1,217,178
Internal Service Funds	21,211,096
Internal Service Funds – Restricted	2,862,106
Custodial Funds	77,265,151
Total - Primary Government	\$294,464,522
Component Unit	2,475,488
Grand Total	\$296,940,010

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

The County has adopted a formal investment policy which delegates authority to the Director of Administration to invest the money of the County, to sell or exchange securities purchased and to provide for the safekeeping of such securities. The Department of Administration contracts with investment advisory firms for investment management services.

Investment Risk Factors

There are many factors that can affect the value of investments, such as credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

Credit Risk

Fixed income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies, such as Moody's Investors Service (Moody's) or Standard and Poor's (S&P). The lower the rating, the greater the chance, in the rating agency's opinion, that the bond issuer will default or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk. The County's investment policy permits investments in securities only rated in the top two rating categories by Moody's and/or S&P.

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government are not considered to have credit risk.

The credit risk profile for fixed income securities at December 31, 2022 is as follows:

U.S. Government Guaranteed	
U.S. Treasury	\$63,902,455
Total U.S. Government Guaranteed	\$63,902,455
Money Market Accounts	
AAAm - First American Government Obligations Fund	\$2,058,935
AAAm - Wisconsin Investment Series Cooperative	2,780,334
Unrated - Wisconsin Local Government Investment Pool	41,814,106
Total Money Market Accounts	\$46,653,375
U.S. Agencies / Government Instrumentalities	
AAA rated	\$87,385,153
Municipal Bonds	
AAA rated	\$2,149,519
AA rated	2,629,761
Total Municipal Bonds	\$4,779,280
Corporate Bonds	
AAA rated	\$196,700
AA rated	7,827,388
A rated	8,455,349
BBB rated	99,688
Total Corporate Bonds	\$16,579,125
Grand Total	\$219,299,388

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian holding the County's deposits and investments, the deposits and investments may not be returned.

As of December 31, 2022 the carrying amount of the County's deposits was \$72,872,744 and the bank balance was \$73,878,872. \$46,484,103 of the bank balance at year-end was covered by Federal and State depository insurance or by collateral held by the County's agent in the County's name. \$26,894,769 of the bank balance was uninsured or uncollateralized at year-end. In addition, the County maintains petty cash funds in the amount of \$170,194.

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities.

The County's Investment Policy requires all investment institutions acting as a depository for the County to enter into a "depository agreement" requiring the depository to pledge collateral to secure deposits over and above the \$250,000 of federal depository insurance and the \$400,000 covered by the State Deposit Guarantee. All securities serving as collateral shall be specifically pledged to the County (not as part of a pooled fund) and placed in a custodial account at a Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution, or by a letter of credit issued by a Aaa rated Federal Home Loan Bank. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution. The custodian shall send statements of pledged collateral to the Treasurer's Office on a monthly basis.

The County's Investment Policy requires all of the County's investments to be held in the County's name by a third party custodian (a bank trust company), or be part of an external investment pool. There is no custodial credit risk exposure for these investments.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification of having significant funds invested in a few individual issuers, thereby exposing the County to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

Major issuers (over five percent of total investments) in the County's portfolio as of December 31, 2022 are as follows:

Issuer	Amount	Percentage
US Treasury	\$63,902,455	37.0%
Federal National Mortgage Association	34,023,136	19.7%
Federal Home Loan Mortgage Corp.	25,542,262	14.8%
Small Business Administration	13,613,461	7.9%
Other Issuers (none over 2.7%)	35,564,699	20.6%
Grand Total	\$172,646,013	100.0%

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

The County's Investment Policy limits participation in investment pools or money market funds to no greater than ten percent of the total funds invested in the pool, based on monthly statement ending balances. There are no restrictions relating to concentration of credit risk on investments in debt securities.

Interest Rate Risk

The maturity limits in the County's investment policy are 120 days average maturity for money markets, 270 days for commercial paper, (which the County currently does not own) and 7 years on out-of-state general obligation securities. The County does not have any overall restrictions, and instead manages risk on an individual portfolio basis.

The County's Investment Policy specifies duration as the method to manage interest rate risk for its investments. In practice, the County contracts with professional portfolio management firms for its investments. Each portfolio management firm has been assigned a widely recognized benchmark or combination of benchmarks thereof, consistent with their management strategy. PFM Asset Management has been assigned a hybrid index consisting of 70 percent of the Barclays Capital Intermediate Government Index and 30 percent of the Barclays Capital Mortgage Index as their benchmark. Dana Investment Advisors has been assigned the Citigroup 1 Year Treasury Index as their benchmark. Galliard Capital Management has been assigned a hybrid index consisting of 70 percent of the Barclays Capital Intermediate Government Index and 30 percent of the Barclays Capital Mortgage Index as their benchmark. Galliard Capital Management – Corporate Portfolio has been assigned the Barclays 1-5 Year US Corporate Index.

In addition to using the assigned benchmarks to evaluate the performance of the portfolio management firms, the firms also manage interest rate risk by maintaining the effective duration of their portfolios consistent to the duration of the assigned benchmark. The duration of the County's overall investments at December 31, 2022 is as follows (total duration includes money market accounts and negotiable certificates of deposit, which are not listed in the table):

Investment Type	Amount	Effective Duration
Federal Agency / Instrumentality Coupon Securities	\$24,037,925	2.64 years
Federal Agency Discount Securities	894,989	1.04 years
U.S. Treasury Coupon Securities	59,562,340	2.73 years
U.S. Treasury Discount Securities	3,637,138	0.67 years
U.S. Treasury Inflation Protected Securities	702,977	2.98 years
Federal Agency Mortgage Pass Through Securities	62,356,667	4.59 years
Reverse Mortgage Securities	95,572	1.31 years
Municipal Bonds	4,716,558	4.03 years
Municipal Discount Securities	62,722	3.83 years
Corporate Bonds	16,579,125	2.72 years
Grand Total	\$172,646,013	2.02 years

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

For money market fund investments and the Wisconsin Local Government Investment Pool, weighted average maturity is used to measure interest rate risk. The weighted average maturity of all of the County's money market investments at December 31, 2022 is as follows:

Fund Name	Amount	Weighted Average Maturity
Wisconsin Local Government Investment Pool	\$41,814,106	15 days
Wisconsin Investment Series Cooperative	2,780,334	24 days
First American Government Obligations Money Market Fund	2,058,935	11 days
Grand Total	\$46,653,375	

Foreign Currency Risk

The County's Investment Policy does not permit investments in securities of foreign issuers or in securities denominated in a currency other than the U.S. Dollar.

Fair Value Measurements

The County uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The County follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the County has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statement of net position are based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

The County has the following assets subject to fair value measurement as of December 31, 2022:

Investment Type	Primary Vendor/Source	Update Frequency	Methodology	Secondary Vendor/Source	Hierarchy Level
Federal Agency Coupon Securities	ICE (Intercontinental Exchange)	Daily	Institutional Bond Quotes – evaluations based on various market and industry inputs	Bloomberg	2
Federal Agency Discount Securities	ICE (Intercontinental Exchange)	Daily	Institutional Bond Quotes – evaluations based on various market and industry inputs	Bloomberg	2
U.S. Treasury Coupon Securities	ICE (Intercontinental Exchange)	Daily	Institutional Bond Quotes – evaluations based on various market and industry inputs	Bloomberg	1
U.S. Treasury Discount Securities	ICE (Intercontinental Exchange)	Daily	Institutional Bond Quotes – evaluations based on various market and industry inputs	Bloomberg	2
U.S. Treasury Inflation Protected Securities	ICE (Intercontinental Exchange)	Daily	Institutional Bond Quotes – evaluations based on various market and industry inputs	Bloomberg	2
Federal Agency Mortgage Pass Through Securities	ICE (Intercontinental Exchange)	Daily	Mortgage-Backed Securities Pricing – evaluations based on various market and industry inputs	Bloomberg	2
Reverse Mortgage Securities	ICE (Intercontinental Exchange)	Daily	Mortgage-Backed Securities Pricing – evaluations based on various market and industry inputs	Bloomberg	2
Municipal Bonds	Standard & Poors	Daily	Evaluations based on various market and industry inputs	ICE (Intercontinental Exchange), Bloomberg	2
Municipal Discount Securities	Standard & Poors	Daily	Evaluations based on various market and industry inputs	ICE (Intercontinental Exchange), Bloomberg	2
Corporate Bonds	ICE (Intercontinental Exchange)	Daily	Institutional Bond Quotes – evaluations based on various market and industry inputs	Bloomberg	2

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

The breakdown of the County's investments by the fair value hierarchy is as follows:

Investment Type	Level 1	Level 2	Total
Federal Agency / Instrumentality Coupon Securities		\$24,037,925	\$24,037,925
Federal Agency Discount Securities		\$894,989	\$894,989
U.S. Treasury Coupon Securities	\$59,562,340		\$59,562,340
U.S. Treasury Discount Securities	\$2,493,800	\$1,143,338	\$3,637,138
U.S. Treasury Inflation Protected Securities		\$702,977	\$702,977
Federal Agency Mortgage Pass Through Securities		\$62,356,667	\$62,356,667
Reverse Mortgage Securities		\$95,572	\$95,572
Municipal Bonds		\$4,716,558	\$4,716,558
Municipal Discount Securities		\$62,722	\$62,722
Corporate Bonds		\$16,579,125	\$16,579,125
Grand Total	\$62,056,140	\$110,589,873	\$172,646,013

The County does not have any Level 3 investments.

NOTE 5 – RECEIVABLES

Property Taxes

The County's property taxes are levied on or before December 31 on the equalized valuation as of the prior January 1 for all general property located in the County. The taxes are due and payable in the following year. Such amounts are recorded as property taxes receivable and deferred inflows in the accompanying financial statements. The aggregate levy of \$116,298,590 will be recognized as revenue during 2023.

Property taxes are recognized in the appropriate fund as revenues in the succeeding year when they are collected and available to finance services. If not collected by July 31st the delinquent property taxes are recorded as receivables and deferred inflows in the general fund. Delinquent property taxes are recognized as revenue when collected. Simple interest and penalty of 1 1/2 percent per month on delinquent property taxes are assessed by the County and recognized as revenue when received.

The County purchases uncollected property taxes from other taxing authorities at the unpaid amount to facilitate the collection of the taxes. The purchases are a financing arrangement and are not included in property tax revenues.

Local treasurers collect property taxes levied, typically through the last day of January in each year.

At this time, a settlement process between the county treasurer and local treasurers determines the amount due to the various taxing districts. Tax collection becomes the responsibility of the County and taxes receivable represent unpaid taxes levied for all taxing entities within the County. The exceptions to this process are the Cities of New Berlin, Oconomowoc and Waukesha and the Village of Sussex, wherein the settlement process does not occur until August of each year. Periodic advances from these taxing districts to the County are made prior to August of each year.

On August 31, the tax lien date, all unpaid taxes are reflected as tax certificates. No allowance for losses on delinquent taxes has been provided because of the County's demonstrated ability to recover any losses through the sale of the property.

Delinquent property taxes purchased from other taxing authorities are reflected as nonspendable fund balance at year-end. Delinquent property taxes levied by the County are shown as unavailable revenue and are excluded from the fund balance until collected.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 - RECEIVABLES (CONT'D)

At December 31, 2022, delinquent property taxes by year levied consisted of the following:

Tax Certificates	Total	County Levied	County Purchased
2021	\$1,999,915	\$227,790	\$1,772,125
2020	882,299	99,082	783,217
2019	445,332	50,590	394,742
2018	46,040	5,285	40,755
2017	14,624	1,679	12,945
2016	7,385	842	6,543
2015 and prior	14,664	1,682	12,982
Tax Deeds	186,365	21,031	165,334
Total Delinquent Property Taxes Receivable	\$3,596,624	\$407,981	\$3,188,643

Loans Receivables

The amount of receivables not expected to be collected within one year includes an estimated \$1.6 million of property taxes and \$3.8 million of CDBG loans.

Unearned and Unavailable Revenue

Governmental funds report unearned and unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable for subsequent year	\$0	\$114,919,347
Delinquent property taxes receivable	407,981	0
CDBG loans receivable	5,014,760	0
Miscellaneous grants	163,710	75,000
Leases related	0	155,287
Other unearned revenue	0	79,799,688
Total unavailable/unearned revenue for governmental funds	\$5,586,451	\$194,949,322
Unearned property tax revenue for internal service funds		1,379,243
Total unearned/unavailable revenue for governmental activities		\$196,328,565

Unearned revenue included in liabilities	\$79,799,688
Unearned/unavailable revenue included in deferred inflows	115,149,634
Total unearned/unavailable revenue for governmental activities	<u>\$194,949,322</u>

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 6– DUE FROM OTHER GOVERNMENTS

At December 31, 2022, amounts due from other governments consisted of the following:

Federal:	
CDBG Grants	\$ 903,647
Health and Human Services Aid	5,376,153
Other Federal	734,038
State:	
WIOA Grants	211,865
Health and Human Services Aid	7,060,333
Dept of Transportation	2,297,515
Other State	1,616,190
County and Municipal	1,142,007
Total per Statement of Net Position	\$ 19,341,748

NOTE 7– RESTRICTED ASSETS

Mandatory segregation of assets is presented on the statement of net position as restricted assets. External parties require such segregations. Restricted assets reported in connection with the net pension asset balance must be used to fund employee benefits. Proprietary fund deposits are restricted as amounts are held by a third party on behalf of the County.

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Materials Recovery Facility Fund	Equipment Replacement Fund held by Milwaukee	\$ 1,217,178
Risk Management/Self Insurance	SIR deposit held by WMMIC	402,842
Risk Management/Self Insurance	Deposit with WMMIC	2,459,264
Governmental Activities	Net Pension Asset	48,654,109
Business-type Activities	Net Pension Asset	860,057
Total Restricted Assets per Statement of Net Position		<u>\$ 53,593,450</u>

NOTE 8– LOANS RECEIVABLES

Community Development Programs. As of December 31, 2022, \$5,014,760 is receivable from cities, villages, towns and non-profit corporations for federally funded Housing Assistance, Economic Development, and HOME loan programs.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

Governmental Activities	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Capital assets not being depreciated:				
Land	\$ 61,838,438	\$ 46,132	\$ -	\$ 61,884,570
Construction in progress	\$ 25,440,554	\$ 8,496,170	\$ 5,789,987	\$ 28,146,737
Other Capital Assets				
Buildings	\$ 253,741,112	\$ 3,236,110	\$ 20,210	\$ 256,957,012
Land improvements	27,416,903	98,082	40,288	27,474,697
Machinery and equipment	30,517,169	1,113,801	2,195,068	29,435,902
Software	11,547,438	1,698,409	677,068	12,568,779
Vehicles	19,320,747	2,808,693	2,144,937	19,984,503
Infrastructure	307,581,288	7,715,073	442,741	314,853,620
Total other capital assets at historical cost	<u>\$ 650,124,657</u>	<u>\$ 16,670,168</u>	<u>\$ 5,520,312</u>	<u>\$ 661,274,513</u>
Less: Accumulated Depreciation/Amortization for:				
Buildings	\$ 103,638,855	\$ 6,848,499	\$ 15,523	\$ 110,471,831
Land improvements	21,840,125	971,034	40,289	22,770,870
Machinery and equipment	24,460,395	1,755,053	2,182,050	24,033,398
Software	8,609,955	1,501,647	677,068	9,434,534
Vehicles	10,297,718	2,578,707	1,955,669	10,920,756
Infrastructure	154,491,441	7,877,433	442,741	161,926,133
Total Accumulated Depreciation/Amortization	<u>\$ 323,338,489</u>	<u>\$ 21,532,373</u>	<u>\$ 5,313,340</u>	<u>\$ 339,557,522</u>
Net Other Capital Assets	<u>\$ 326,786,168</u>	<u>\$ (4,862,205)</u>	<u>\$ 206,972</u>	<u>\$ 321,716,991</u>
Total Governmental Activities Capital Assets	<u>\$ 414,065,160</u>	<u>\$ 3,680,097</u>	<u>\$ 5,996,959</u>	<u>\$ 411,748,298</u>

Depreciation/amortization expense was charged to functions as follows:

Justice and Public Safety	\$2,865,952
Health & Human Services	1,522,758
Environment, Parks, and Education	1,859,787
Public Works (includes roads, bridges, signals, buildings)	10,161,919
General Government	986,959
Vehicle Replacement Fund	3,302,167
Central Fleet	137,768
Collections	2,758
End User Technology Fund	692,305
Total Governmental Activities Depreciation/Amortization Expense	<u>\$21,532,373</u>

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 9 – CAPITAL ASSETS (CONT'D)

Business-Type Activities	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Capital assets not being depreciated:				
Land	\$ 10,288,747	\$ -	\$ -	\$ 10,288,747
Construction in progress	\$ 214,712	\$ 436,567	\$ 69,375	\$ 581,904
Other Capital Assets				
Buildings	\$ 18,341,435	\$ 81,967	\$ 88,385	\$ 18,335,017
Land improvements	24,731,721	5,805	-	24,737,526
Machinery and equipment	21,592,599	191,885	-	21,784,484
Software	35,859	-	-	35,859
Total other capital assets at historical cost	<u>\$ 64,701,614</u>	<u>\$ 279,657</u>	<u>\$ 88,385</u>	<u>\$ 64,892,886</u>
Less: Accumulated Depreciation/Amortization				
Buildings	\$ 13,667,508	\$ 438,807	\$ 88,385	\$ 14,017,930
Land improvements	16,571,205	642,077	-	17,213,282
Machinery and equipment	11,615,465	1,257,325	-	12,872,790
Software	21,693	4,047	-	25,740
Total Accumulated Depreciation/Amortization	<u>\$ 41,875,871</u>	<u>\$ 2,342,256</u>	<u>\$ 88,385</u>	<u>\$ 44,129,742</u>
Net Other Capital Assets	<u>\$ 22,825,743</u>	<u>\$ (2,062,599)</u>	<u>\$ -</u>	<u>\$ 20,763,144</u>
Total Business-Type Activities Capital Assets	<u>\$ 33,329,202</u>	<u>\$ (1,626,032)</u>	<u>\$ 69,375</u>	<u>\$ 31,633,795</u>

Depreciation/Amortization expense was charged to functions as follows:

Radio Services	\$ 568,899
Golf Courses	82,368
Ice Arenas	200,055
Materials Recovery Facility	655,741
Airport Operations/Development	835,193
Total Business-type Activities Depreciation/Amortization Expense	<u>\$ 2,342,256</u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 10 – INTERFUND RECEIVABLES/PAYABLES/ADVANCES AND TRANSFERS

Individual fund interfund receivable and payable balances for overdrafts on pooled cash accounts at December 31, 2022 were as follows:

Receivable Fund	Payables Fund	Amount	Amount Not Due Within One Year
General Fund	ADRC Fund	\$187,538	\$187,538
General Fund	Transportation Fund	1,552,970	1,552,970
General Fund	WIOA Fund	20,073	20,073
Less fund eliminations		(1,760,581)	
Governmental Activities – internal services allocations	Business-type Activities – internal services allocations	1,590,613	
Total - Government-wide statement of Net Position		\$1,590,613	

Individual balances for interfund advances at December 31, 2022 are shown below. The principal purpose of these interfunds is to provide funding for capital projects through internal borrowing.

Receivable Fund	Payables Fund	Amount	Amount Not Due Within One Year	Purpose
General Fund	Ice Arena Fund	\$1,639,984	\$1,639,984	Building Construction
Subtotal - Fund financial statements		\$1,639,984	\$1,639,984	
Less fund eliminations		-		
Total – Government-wide statement of net position		\$1,639,984		

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 - INTERFUND RECEIVABLES/PAYABLES/ADVANCES AND TRANSFERS (CONT'D)

The following is a schedule of interfund transfers:

Fund Transferred From	Fund Transferred To	Amount	Principal Purpose
Transportation Fund	General Fund	\$1,797,860	Surplus Funds
General Fund	Transportation Fund	50,000	Operating budget support
General Fund	End User Technology Fund	475,000	Operating budget support
General Fund	Debt Service Fund	100,000	Debt retirement
General Fund	Risk Management Fund	215,500	Operating budget support
General Fund	Capital Projects Fund	2,000,000	Capital project support
Capital Projects Fund	Vehicle Replacement Plan Fund	1,800,000	Operating budget support
Capital Projects Fund	Collections Fund	341,313	Return of unspent funds
Capital Projects Fund	End User Technology Fund	252,279	Return of unspent funds
Golf Course Fund	Ice Arena Fund	461,609	Cancel advance
Sub-total		\$ 7,493,561	
Subtotal Fund Financial Statements		\$ 7,493,561	
Less: Fund Eliminations		(7,493,561)	
Grand Total - Statement of Activities		\$0	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 11- LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt	\$83,773,000	\$11,300,000	(\$13,129,000)	\$81,944,000	\$13,784,000
Unamortized debt premium (discount)	1,838,651	451,607	(301,514)	1,988,744	-
Compensated Absences (Note 1.D.7)	5,988,263	6,113,086	(5,988,263)	6,113,086	6,113,086
Total Governmental Activities	\$91,599,914	\$17,864,693	(\$19,418,777)	\$90,045,830	\$19,897,086

General Obligation Debt

The County has issued general obligation debt for the purpose of financing various capital improvements. All general obligation notes and bonds payable are backed by the full faith and credit of the County. Notes and bonds in the governmental funds will be retired by future property tax levies.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 11 – LONG-TERM OBLIGATIONS (CONT'D)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed five percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2022, based on an equalized value of \$75,406,493,900 was \$3,770,324,695. Total general obligation debt outstanding at year-end was \$81,944,000.

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance
Governmental Activities					
2014B GOPN	06/17/14	04/01/24	2.00%-2.25%	\$10,000,000	\$2,000,000
2015A GOPN	05/28/15	04/01/25	1.00%-2.00%	10,000,000	3,500,000
2016A GOPN	07/27/16	04/01/26	2.00%-3.00%	11,500,000	5,670,000
2017A GOPN	05/25/17	04/01/27	1.90%-2.15%	10,000,000	6,600,000
2018A GOPN	06/20/18	04/01/28	2.00%-3.00%	12,500,000	9,400,000
2019A GOPN	05/22/19	04/01/29	2.125%-4.00%	17,500,000	14,400,000
2020A GOPN	06/16/20	04/01/30	1.00%-2.00%	18,000,000	15,900,000
2020B GORPN	07/27/20	04/01/23	0.85%	10,513,000	1,974,000
2021 GOPN	05/18/21	04/01/31	1.00%-2.00%	12,000,000	11,200,000
2022 GOPN	06/14/22	04/01/32	3.00%-4.00%	11,300,000	11,300,000
Total					\$81,944,000

Debt service requirements to maturity are as follows:

Governmental Activities General Obligation Debt		
Years	Principal	Interest
2023	\$13,784,000	\$1,782,365
2024	13,055,000	1,478,725
2025	12,095,000	1,181,925
2026	11,140,000	903,725
2027	9,860,000	650,350
2028-2032	22,010,000	831,763
Total	\$81,944,000	\$6,828,853

As of December 31, 2022, \$3,753,230 is available in the governmental funds to service the general obligation debt.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 12- LEASE DISCLOSURES

Lessee

The County has no material leases as lessee except for a facilities lease within the Component Unit. Further information is found in Note 19.

Lessor

The County, acting as lessor, leases cropland under long-term, noncancelable lease agreements. The leases expire at various dates through 2025 and provide for renewal options ranging from one to two years. During the year ended December 31, 2022, the County recognized \$90,498 and \$369 in lease revenue and interest revenue, respectively, within the General Fund pursuant to these contracts.

The County, acting as lessor, leases facilities under long-term, noncancelable lease agreements. The leases expire at various dates through 2026 and provide for renewal options ranging from one to three years. During the year ended December 31, 2022, the County recognized \$29,427 and \$880 in lease revenue and interest revenue, respectively, within the General Fund pursuant to these contracts.

The County, acting as lessor, leases airport land under long-term, noncancelable lease agreements. The leases expire at various dates through 2036 and provide a renewal option of two successive twenty year terms. During the year ended December 31, 2022, the County recognized \$1,854 and \$357 in lease revenue and interest revenue, respectively, within the Airport Operations/Development Fund pursuant to these contracts.

The County, acting as lessor, leases cell tower/land under long-term, noncancelable lease agreements. The leases expire at various dates through 2042 and provide renewal options ranging from three to five successive five year terms. During the year ended December 31, 2022, the County recognized \$450,768 and \$79,724 in lease revenue and interest revenue, respectively, within the Radio Services Fund pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 75,964	\$ 784	\$ 330,377	\$ 76,353	\$ 483,478
2024	35,203	447	347,585	72,418	455,653
2025	30,141	216	313,009	68,403	411,769
2026	15,081	24	313,526	64,319	392,950
2027	-	-	331,606	60,035	391,641
2028 - 2032	-	-	1,820,001	227,999	2,048,000
2033 - 2037	-	-	1,541,911	114,737	1,656,648
2038 - 2042	-	-	783,944	26,423	810,367
Total minimum lease payments	\$ 156,389	\$ 1,471	\$ 5,781,959	\$ 710,687	\$ 6,650,506

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 12– LEASE DISCLOSURES (Cont'd)

Regulated Leases

The County, through the Airport Commission, oversees the overall operation of the airport, and is lessor of the facility under various leases under long-term, noncancelable lease agreements. The leases expire at various dates through 2068 and provide for renewal options ranging from three months to six years. During the year ended December 31, 2022, the County recognized \$1,000,313 in lease revenue.

These leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Some leases require variable payments based on usage (fuel flowage and tie down) of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ended December 31, 2022, the County received variable payments as required by lease agreements totaling \$207,756.

Total future minimum lease payments to be received under lease agreements are as follow:

Year	Amount
2023	\$ 827,225
2024	793,465
2025	790,039
2026	790,039
2027	770,483
2028 - 2032	3,742,298
2033 - 2037	2,374,517
2038 - 2042	1,394,640
2043 - 2047	939,628
2048 - 2052	267,449
2053 - 2057	15,909
2058 - 2062	15,909
2063 - 2067	15,909
2068 - 2072	3,182
Total	\$ 12,740,692

As of December 31, 2022, the County has entered into an additional lease agreement that has not yet commenced with future minimum lease payments of \$638,132. The lease will commence in fiscal year 2023 and have lease terms of 30 years. There are additional leases included in 2022 revenue that are in contract negotiations paying year to year until an official lease agreement can be made and are excluded in the table of future payments.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 13 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government wide statement of net position at December 31, 2022 includes the following:

Net investment in capital assets:	
Land	\$61,884,570
Construction in progress	28,146,737
Other capital assets, net of accumulated depreciation/amortization	321,716,991
Less: related long-term debt outstanding (net of unspent proceeds of debt)	(82,498,696)
	<hr/>
Total net investment in capital assets	<u><u>\$329,249,602</u></u>

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 14 – EMPLOYEES’ RETIREMENT SYSTEM

General Information About the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011 expected to work at least 1200 hours a year and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable services to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings, and creditable service.

Final average earnings is the average of the participant’s three highest years’ earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee’s contributions plus matching employer’s contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupation employees) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system’s consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the “floor”) set at retirement.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 14 – EMPLOYEES’ RETIREMENT SYSTEM (CONT’D)

The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Adjustment</u>	<u>Fund</u>	<u>Variable Adjustment</u>	<u>Fund</u>
2012	(7.0)		(7.0)	
2013	(9.6)		9.0	
2014	4.7		25.0	
2015	2.9		2.0	
2016	0.5		(5.0)	
2017	2.0		4.0	
2018	2.4		17.0	
2019	0.0		(10.0)	
2020	1.7		21.0	
2021	5.1		13	

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarial determined contribution rate for General category employees and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the WRS reporting period, the WRS recognized \$7,033,975 in contributions from the County and \$39,285 from the Bridges Library System.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

Pension Asset, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the County reported an asset of \$49,514,166 and the Bridges Library System reported an asset of \$262,309 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County’s proportion of the net pension asset was based on the County’s

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 14 – EMPLOYEES’ RETIREMENT SYSTEM (CONT’D)

share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the County and Bridges Library systems proportionate share are as follows:

	Proportionate Share	Change from prior year
Waukesha County	0.614305660%	(0.004073016%)
Bridges Library System	0.003254380%	(0.000093744%)

For the year ended December 31, 2022, the county recognized pension expense (benefit) of (\$4,308,219) and the Bridges Library System recognized pension benefit (benefit) of (\$6,283). Contributions to the plan are different than pension expense. Pension expense includes actuarial determined amounts for service cost, interest, changes in benefit terms, plan administrative costs, projected earnings on plan investments, and amortization of deferred outflows of resources and deferred inflows of resources.

At December 31, 2022, the following reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Waukesha County</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$79,989,679	\$ 5,767,971
Changes in assumptions	9,237,886	-
Net differences between projected and actual earnings on pension plan investments	-	110,767,309
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,377	136,597
Employer contributions subsequent to the measurement date	7,137,825	-
Totals	\$96,414,767	\$ 116,671,877
<u>Bridges Library System</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 421,700	\$ 30,557
Changes in assumptions	48,701	-
Net differences between projected and actual earnings on pension plan investments	-	586,805
Changes in proportion and differences between employer contributions and proportionate share of contributions	260	724
Employer contributions subsequent to the measurement date	37,631	-
Totals	\$508,292	\$ 618,086

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 14 – EMPLOYEES’ RETIREMENT SYSTEM (CONT’D)

The \$7,137,825 for the county and \$37,631 for the Bridges Library System reported as deferred outflows related to pension resulting from the WRS Employer’s contributions subsequent to the measurement date of the net pension asset but before the end of the employer’s reporting period will be recognized as a increase in the net pension asset in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	County Net Deferred Outflows/(Inflows)	Bridges Library System Net Deferred Outflows/(Inflows)
2023	\$(2,333,679)	\$(12,303)
2024	(13,454,905)	(70,933)
2025	(5,940,060)	(31,316)
2026	(5,666,291)	(32,873)
Total	\$(27,394,935)	\$(147,425)

Actuarial assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Senior/Merit	0.1% – 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*:	1.7%

**No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 14 – EMPLOYEES’ RETIREMENT SYSTEM (CONT’D)

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, morality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund	115	6.6	4.0
<u>Variable Fund Asset Class</u>			
U.S Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%

Single discount rate. A single discount rate of 6.80% was used to measure the total pension liability, as opposed to a discount rate of 7.00% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2021. In describing

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 14 – EMPLOYEES’ RETIREMENT SYSTEM (CONT’D)

this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.70% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the county’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the county’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the county’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
County’s proportionate share of the net pension liability (asset)	\$35,133,811	(\$49,514,166)	(\$110,444,961)
Bridges Library System’s proportionate share of the net pension liability (asset)	186,127	(262,309)	(585,099)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2022, the county reported a payable to the pension plan of \$1,111,812 and the Bridges Library system reported a payable to the pension plan of \$1,596, which represents contractually required contributions outstanding as of the end of the year.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 15 – RISK MANAGEMENT/SELF INSURANCE

The County is exposed to various risks of loss related to theft of, damage to, or destruction of assets; liabilities from torts, errors and omissions; and employee injuries. The County participates in a public entity risk pool called Wisconsin Municipal Mutual Insurance Company (WMMIC) to provide coverage for liability losses from torts, and errors and omissions. The County also purchases commercial property, liability, and excess worker's compensation insurance to provide coverage for losses from theft of, damages to, or destruction of assets; miscellaneous liability; and employee injuries. Such risks are accounted for and financed by the County in an internal service fund – the risk management fund.

Public Entity Risk Pool

Wisconsin Municipal Mutual Insurance Company (WMMIC) was organized in 1987 by municipal members in the State of Wisconsin under Wisconsin Insurance Laws as a non-assessable municipal mutual insurance company. WMMIC writes general, auto and other liability insurance for participating members in the State of Wisconsin. Responsibility for the operations and management of WMMIC is vested in its executive director and Board of Directors, which is comprised of various municipal officials. At December 31, 2022 WMMIC was comprised of twenty members.

WMMIC limits the maximum net loss that can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels of risks with other insurers or reinsurers. Ceded reinsurance is treated as the risk and liability of the assuming companies. Such reinsurance includes all lines of insurance.

WMMIC had a general, automobile and other liability reinsurance contract in force for the year ended December 31, 2022. This is a quota share reinsurance agreement with General Reinsurance Corporation (60.0%) and Governmental Entities Mutual (GEM) Insurance Company (40.0%) for excess of loss reinsurance. The contract covers losses (in excess of the self-insured retention for each member) which exceed \$1,750,000 per occurrence up to the maximum loss of \$12,000,000 per occurrence. WMMIC retains the first \$1,750,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$12,000,000 per occurrence.

The County's investment in WMMIC is reported on the risk management fund balance sheet as a deposit. The amount reported is the initial investment of \$2,459,264.

At December 31, 2022, the County's expected present value of unpaid losses, as determined by an actuary consultant is \$2,429,750.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 15 – RISK MANAGEMENT/SELF INSURANCE (CONT'D)

Self Insurance – Worker’s Compensation

The worker’s compensation internal service fund is maintained to provide for self-insured worker’s compensation insurance coverage and employee safety and loss control programs. The County contracts with WMMIC as a third party claims administrator for the purpose of adjusting worker’s compensation claims. An excess insurance policy covers individual claims in excess of the County’s self-insured retention of \$750,000 for police officers and \$550,000 all other employee classification codes, up to statutory requirements (unlimited) per claim. Costs associated with the worker’s compensation program are billed to other County departments based on exposure and historical loss experience and include amounts necessary to fund current year claims to be paid in the current year and in the future.

At December 31, 2022, the County’s expected present value of unpaid losses, as determined by an actuary consultant, is \$2,045,690.

<u>Liability and Workers Compensation Claims</u>	<u>2021</u>	<u>2022</u>
Unpaid claims, including incurred but not reported -		
Beginning of Year	\$5,546,005	\$5,935,624
Estimated future claims expense	1,174,630	976,033
Current year claim payment and changes in estimates	(785,011)	(1,170,093)
Unpaid claims - End of Year	<u>\$5,935,624</u>	<u>\$5,741,564</u>
 Amount not due within one year		 <u>\$3,846,848</u>
 In addition, net position can be analyzed as follows:		
WMMIC deposit		\$2,459,264
Restricted for pension		127,573
Reserves for losses not captured within actuary analysis (e.g., pollution liability, employment litigation back wages, etc.) and for catastrophic losses		<u>(1,260,198)</u>
Total Net Position		<u>\$1,326,639</u>

Claims Liability

The liability for both risk management and worker’s compensation is accounted for in the same fund on a combined basis. At December 31, 2022, the County’s liability and worker’s compensation combined claims reserve totals \$5,741,564, which approximates an expected confidence between 75% to 85%.

Self-Insurance - Health Coverage

The County has established a self-insurance program for health claims. Claims are accounted for in an internal service fund, the health and dental insurance fund. Claims are processed by a third party claims administrator. The County has purchased commercial stop-loss insurance for claims in excess of the \$425,000 per individual claimant per year. The County also has a self-funded dental plan. The insurance claim payments shown below include both self-funded health and dental.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 15 – RISK MANAGEMENT/SELF INSURANCE (CONT'D)

All funds of the County participate in the health and dental insurance programs. Amounts payable to the health and dental insurance fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The County does not allocate overhead costs or other non-incremental costs to the claims liability.

<u>Insurance Claims Liability</u>	<u>2021</u>	<u>2022</u>
Unpaid claims – Beginning of Year	\$2,530,616	\$3,010,616
Current year claims and changes in estimates	20,028,541	19,497,595
Claim payments	<u>(19,548,541)</u>	<u>(19,497,595)</u>
Unpaid claims - End of Year	<u>\$3,010,616</u>	<u>\$3,010,616</u>
Amount not due within one year		<u>\$ 150,531</u>

NOTE 16– COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

From time to time, the County is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and corporation counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The County has active construction projects as of December 31, 2022. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The County has the following encumbrances as of December 31, 2022:

General Fund	Capital Projects Fund	Other Governmental Funds	Radio Services Fund	Materials Recovery Facility Fund	Other Enterprise Funds	Internal Service Funds
\$ 1,341,449	\$ 3,654,919	\$ 2,715,715	\$ 8,808	\$ 502,118	\$ 134,039	\$ 812,547

The County has entered into a multi-year intergovernmental agreement with the City of Milwaukee to operate a Material Recycling Facility located in the City of Milwaukee.

The County has entered into a multi-year intergovernmental agreement to operate an On-Site Health Clinic with the City of Waukesha.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 17 – SUBSEQUENT EVENT

On February 27, 2023 the County Board authorized the issuance of \$12,500,000 General Obligation Promissory Notes to fund 2023 capital projects. The General Obligation Promissory Notes were issued on May 16, 2023. The interest rates associated with these notes are variable between 3.0% - 4.0%. Principal and interest payments occur semi-annually (October and April) beginning October 1, 2023. The notes mature on April 1, 2033.

NOTE 18 – RELATED ORGANIZATION

Housing Authority

The county executive is responsible for appointing the board members of the Waukesha County Housing Authority, but the County's accountability for this organization does not extend beyond making the appointments.

NOTE 19 – COMPONENT UNIT

Bridges Library System

This report contains the Bridges Library System, which is included as a component unit of Waukesha County. Financial information is presented as a discrete column in the statement of net position and statement of activities. The Bridges Library System is a legally separate governmental organization that was formed on January 1, 2016. The mission of the Bridges Library System is to strengthen member libraries by fostering collaboration and innovation. The Bridges Library System Board operates as a two-county federated library system encompassing 16 member libraries in Waukesha County and 8 member libraries in Jefferson County. The Bridges Library System Board appointments are proportionate to the population of the member Counties. The Waukesha County Executive appoints approximately 80% of the Bridges Library System Board, which is then approved by Waukesha County Board. Waukesha County functions as the Bridges Library System fiscal agent, providing central services support functions, including but not limited to human resource, financial management, information technology management and procurement services, and therefore Bridges Library System follows Waukesha County policies and procedures.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Bridges Library System considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenues are considered available if they are collected within 180 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 19 – COMPONENT UNIT (CONT'D)

Intergovernmental aids and grants are recognized as revenues in the period the Bridges Library System is entitled to the resources and the amounts are available. Amounts owed to the Bridges Library System, which are not available, are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include general intergovernmental assistance, intergovernmental contracts/grants, interdepartmental revenues, property taxes, miscellaneous taxes, charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting mentioned above.

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. The budget is prepared on a basis consistent with generally accepted accounting principles.

Expenditures cannot legally exceed appropriations at the department level, pursuant to s.65.90, Wisconsin State Statutes. However, the Bridges Library System, following County policies, has chosen a more restrictive control in the form of appropriation units, defined as groups of account classes within a department, including personnel costs, operating expenses, interdepartmental charges, and capital outlay.

	Adopted Budget	Modified Budget	Change
Bridges Library System	\$ 2,651,698	\$ 2,651,698	\$ -

Deposits and Investments

Bridges Library System cash and investments are pooled with Waukesha County balances. See Note 4.

Unearned and Unavailable Revenue

The Bridges Library System reports unearned and unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The Bridges Library System also defers revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the Bridges Library System reported unearned revenue of \$1,216,478.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 19 – COMPONENT UNIT (CONT'D)

Capital Assets

Governmental Activities	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Machinery and equipment	\$ 20,015	\$ -	\$ -	\$ 20,015
Software	414,136	-	-	414,136
Leased buildings*	107,528	-	-	107,528
Total other capital assets at historical cost	<u>\$ 541,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 541,679</u>
Less: Accumulated Depreciation/Amortization for:				
Machinery and equipment	\$ 19,395	\$ 620	\$ -	\$ 20,015
Software	350,068	41,413	-	391,481
Leased buildings*	29,326	29,326	-	58,652
Total Accumulated Depreciation/Amortization	<u>\$ 398,789</u>	<u>\$ 71,359</u>	<u>\$ -</u>	<u>\$ 470,148</u>
Net Other Capital Assets	<u>\$ 142,890</u>	<u>\$ (71,359)</u>	<u>\$ -</u>	<u>\$ 71,531</u>

* Beginning balance was restated with implementation of GASB 87 and recognition of leased assets.

Leases

Bridges Library System leases office facilities for 3 years under long-term, noncancelable lease agreements. The lease expires 2023 and provides renewal options for two one-year periods with a 1% increase each term. Bridges Library System intends to extend the lease for one term. During the year ended December 31, 2022, Bridges Library System recognized \$29,326 and \$307 in amortization and interest expense, respectively, pursuant to these contracts.

Total future minimum lease payments under lease agreements are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 29,439	\$ 163	\$ 29,602
2024	19,838	28	19,866
Total minimum lease payments	<u>\$ 49,277</u>	<u>\$ 191</u>	<u>\$ 49,468</u>

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 19 – COMPONENT UNIT (CONT'D)

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Governmental Activities	Balance* 1/1/2022	Additions	Deletions	Balance 12/31/2022
Buildings	\$ 107,528	\$ -	\$ -	\$ 107,528
Total Right of Use Assets	<u>\$ 107,528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,528</u>
Less: Accumulated Amortization for:				
Accumulated Amort - Buildings	\$ 29,326	\$ 29,326	\$ -	\$ 58,652
Total Accumulated Amortization	<u>\$ 29,326</u>	<u>\$ 29,326</u>	<u>\$ -</u>	<u>\$ 58,652</u>
Net Right of Use Asset Balance	<u>\$ 78,202</u>	<u>\$ (29,326)</u>	<u>\$ -</u>	<u>\$ 48,876</u>

* Beginning balance was restated with implementation of GASB 87 and recognition of leased assets.

Compensated Absences

Governmental Activities	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Compensated Absences	<u>\$ 48,844</u>	<u>\$ 44,898</u>	<u>\$ 48,844</u>	<u>\$ 44,898</u>

The total balance of compensated absences is due within one year.

Employee Retirement System

All eligible Bridges Library System employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple employer, defined benefit, public employee retirement system, as part of the primary government's plan. See Note 14.