

Independent Auditor's Report

To the Honorable Board of County Supervisors of
Waukesha County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Waukesha County, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Waukesha County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Waukesha County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Waukesha County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Waukesha County, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Waukesha County's basic financial statements. The "Introductory Section" and "Statistical Section" as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

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

Baker Tilly US, LLP

Madison, Wisconsin
June 11, 2021

THIS PAGE LEFT BLANK

THIS PAGE LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

THIS PAGE LEFT BLANK

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2020

This section of Waukesha County's annual comprehensive financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the County exceeded the liabilities and deferred inflows of resources at the close of 2020 by \$494.3 million (*net position*). Of this amount, \$100.7 million is classified as *unrestricted net position*, \$38.2 million is restricted for specific purposes (*restricted net position*), and \$355.4 million is net investment in capital assets.
- The County's total net position increased by \$18 million. Restricted net position increased by \$24 million, unrestricted net position decreased by \$9.5 million, and net investments in capital assets increased by \$3.5 million.
- On December 31, 2020, the County's governmental funds reported combined fund balances of \$116.3 million, an increase of \$9.0 million. Approximately \$54.2 million, or 46.6% of the combined fund balance, is unassigned and available for use within the County's designations and policies.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2020

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

The government-wide financial statements can be found on pages 35-36 of this report.

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

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

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

The County maintains 10 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Debt Service and Capital Projects fund, which are considered to be major funds. Data from the other 7 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic *governmental fund* financial statements can be found on pages 39-42 of this report.

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

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

The *proprietary funds* financial statements can be found on pages 46-51 of this report.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2020

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

Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The County maintains 12 custodial funds. Data from the custodial funds are combined into a single aggregate presentation.

The basic *custodial fund* financial statements can be found on page 55-56 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 59-98 of this report.

Required Supplementary Information is presented for the budgetary schedules of the General fund and pension and contribution schedules.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets and deferred outflows exceed liabilities and deferred inflows of resources by \$494.3 million at the close of the most recent fiscal year.

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

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$295,305	\$259,306	\$13,828	\$12,070	\$309,133	\$271,376
Capital assets	399,660	384,792	35,734	38,094	435,394	422,886
Total assets	694,965	644,098	49,562	50,164	744,527	694,262
Pension related amounts	45,844	57,952	953	1,254	46,797	59,206
Total deferred outflows of resources	45,844	57,952	953	1,254	46,797	59,206
Current and other liabilities	23,484	20,325	1,066	787	24,550	21,112
Long-term liabilities	100,656	115,753	-	438	100,656	116,191
Total liabilities	124,140	136,078	1,066	1,225	125,206	137,303
Deferred Grant Revenue	75	-	-	1	75	1
Property taxes levied for future periods	111,473	109,741	-	-	111,473	109,741
Pension related amounts	59,054	29,451	1,196	639	60,250	30,090
Total deferred inflows of resources	170,602	139,192	1,196	640	171,798	139,832
Net Position:						
Net investment in capital assets	319,704	313,836	35,734	38,093	355,438	351,929
Restricted net position	37,810	14,222	404	-	38,214	14,222
Unrestricted net position	88,553	98,722	12,115	11,460	100,668	110,182
Total net position	\$446,067	\$426,780	\$48,253	\$49,553	\$494,320	\$476,333

The largest portion of the County's net position (71.9%) reflects its net investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment, net of accumulated depreciation/amortization, less any related debt used to acquire those assets that is still outstanding). The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position comprises 20.4% of the County's net position. These resources may be used to meet the County's ongoing obligations.

The remaining balance of the County's net position, 7.7%, represents resources that are subject to external restrictions (grant or trust terms, laws or regulations of other governments, etc.) on how they may be used.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2020

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

As shown on the following table, the County's net position increased by \$18 million during the current year. This results from total 2020 revenues of \$264.8 million and expenses of \$246.8 million. Overall revenues increased by \$26.2 million from the prior year, while expenses decreased by \$1.4 million.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 45,066	\$ 45,508	\$ 7,768	\$ 6,758	\$ 52,834	\$ 52,266
Operating grants and contributions	69,408	53,707	1,419	1,383	70,827	55,090
Capital grants and contributions	6,744	4,350	-	-	6,744	4,350
General revenues:						
Property taxes	112,442	109,281	-	63	112,442	109,344
Intergovernmental revenues	2,545	2,568	-	-	2,545	2,568
Investment earnings	5,797	6,930	63	127	5,860	7,057
Miscellaneous	12,369	7,648	101	129	12,470	7,777
Gain on disposal/sale of capital assets	1,069	165	-	-	1,069	165
Total revenues	255,440	230,157	9,351	8,460	264,791	238,617
Expenses:						
Justice and public safety	65,043	68,235	-	-	65,043	68,235
Health and human services	86,215	83,519	-	-	86,215	83,519
Environment, parks and education	25,453	27,429	-	-	25,453	27,429
Public works	33,811	36,797	-	-	33,811	36,797
General government	24,090	19,696	-	-	24,090	19,696
Interest expense	1,340	1,501	-	-	1,340	1,501
Radio services	-	-	787	416	787	416
Golf courses	-	-	3,327	3,185	3,327	3,185
Ice arenas	-	-	1,256	1,262	1,256	1,262
Materials recovery facility	-	-	3,336	3,946	3,336	3,946
Airport	-	-	2,145	2,263	2,145	2,263
Total Expenses	235,952	237,177	10,851	11,072	246,803	248,249
Increase (decrease) before transfers	19,488	(7,020)	(1,500)	(2,612)	17,988	(9,632)
Transfers	(200)	-	200	-	-	-
Increase (decrease) in net position	19,288	(7,020)	(1,300)	(2,612)	17,988	(9,632)
Net position beginning of year	426,780	433,800	49,553	52,165	476,333	485,965
Net position end of year	\$ 446,068	\$ 426,780	\$ 48,253	\$ 49,553	\$ 494,321	\$ 476,333

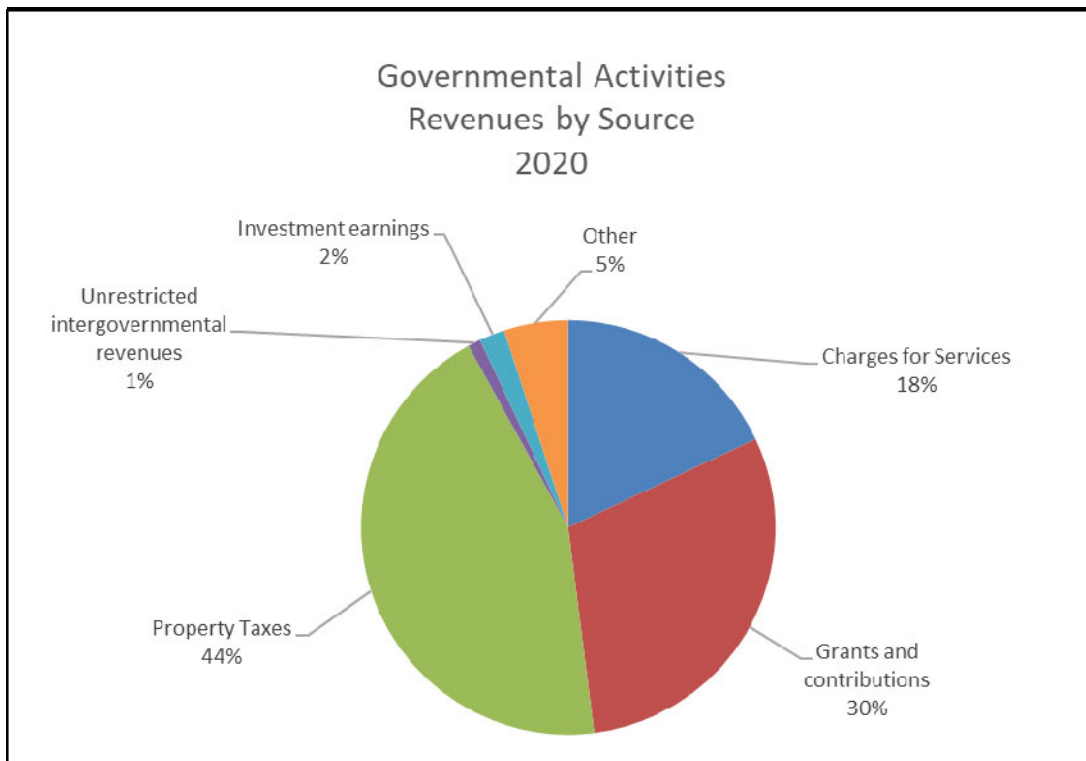
WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2020

Governmental Activities

Governmental activities increased the County's net position by \$19.3 million, compared to \$7 million decrease in 2019. This included an increase in revenues of \$25.3 million, or 11%. Highlights include the following:

- Capital grants and contributions increased by \$2.4 million to \$6.7 million, which varies between years based on completion of highway capital projects and assistance in parks land purchases. This year completed projects included CTH I, CTH Q, CTH JK, and Brine Maker Roof.
- Operating grants and contributions increased by \$15.7 million to \$69.4 million, which is predominately related to funding received for the COVID-19 pandemic of \$11.6 million. The \$11.6 million in funding was received due to the Coronavirus Aid, Relief, and Economic Security (CARES) Act for the purpose of contact tracing, testing coordination, and other pandemic related response expenses. Health and Human Services increased by an additional \$2.7 million, \$1.3 million for Children's Long Term Support (CLTS) and \$1.4 million for Child and Family Services both for revenue reimbursements.
- Property taxes increased by \$3.2 million to \$112.4 million mainly due to the redistribution of the County's portion of baseball stadium district taxes reported to Department of Revenue (DOR) received after the termination date of March 31, 2020 of \$1.3 million and regular increase in levy limit.
- Investment earnings decreased by \$1.1 million to \$5.8 million mainly caused by the Federal Reserve cutting interest rates in response to the COVID-19 pandemic.
- Miscellaneous revenue increased by \$4.7 million to \$12.4 million. The increased revenue is mainly due to the higher intake of recoveries revenue in the Health and Dental fund by \$2.3 million. Additionally, the Tarmann Fund increased by \$1.4 million for the sale of Wanaki golf course.

The percentage of revenues by source is shown below. The primary changes from 2019 include Grants and Contributions increased to 30% versus 25% in 2019, Other increased to 5% versus 3% in 2019, Property Taxes decreased to 44% versus 47% in 2019, Charges for Services decreased to 18% versus 20% in 2019, and Investment Earnings decreased to 2% versus 3% in 2019.

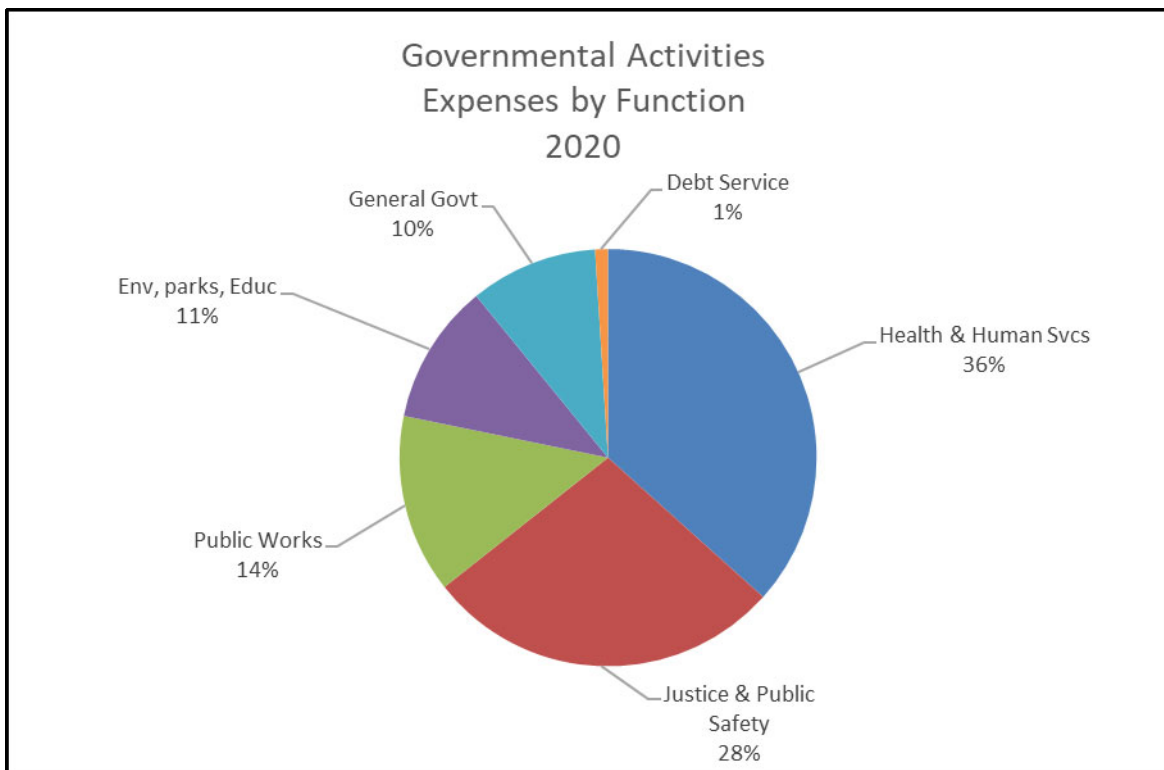


WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2020

Expenses for governmental activities decreased by \$1.2 million from 2019. Decreases in costs are spread across multiple program areas. Highlights include the following:

- Personnel expenses decreased \$1 million despite the \$6.2 million increase in salaries and correlated benefits including newly created positions in the Sheriff's department and Health and Human Services; and temporary extra help for COVID-19 contact tracing. The decrease in personnel was due to a significant decrease in financial statement adjustments for pension expenses by \$7.2 million related to Wisconsin Retirement System (WRS) going from 96.45% to 102.96% funded.
- Operating expenses decreased by \$0.2 despite the \$3.0 million increase in expenses related to COVID-19 pandemic response. Pandemic response operating expense highlights largely consist of hiring of contract workers to perform contact tracing and disease investigation in the County. Increased pandemic response related costs were offset by lower asset disposal losses in 2020 versus 2019 by approximately \$1.2 million, lower salt expenses for snow and ice removal on county highways by approximately \$0.6 million due to a relatively mild winter in early and late 2020. In addition, there was a reduction in transportation costs by \$0.4 million related due to declining ridership and the reduced trip schedules due to the ongoing pandemic.

The percentage of expenses by function is shown below.



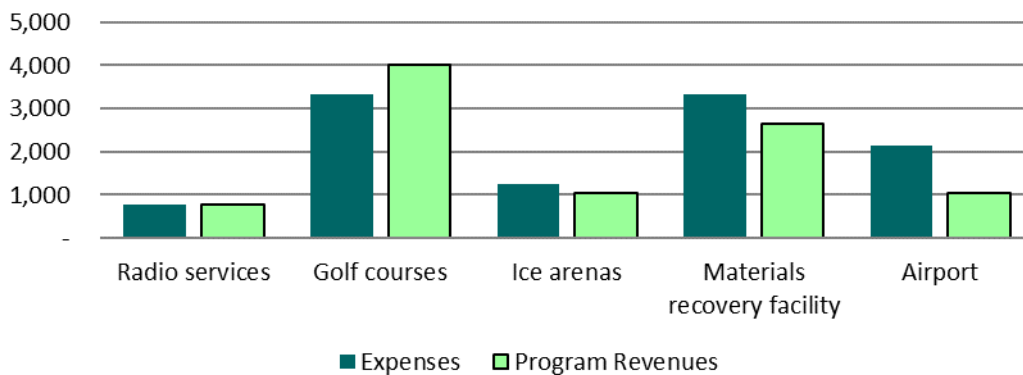
WAUKESHA COUNTY, WISCONSIN
 MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
 December 31, 2020

Business-type Activities

Business-type activities decreased the County's net position by approximately \$1.3 million. Program expenses exceeded program revenues by \$1.7 million and key results include the following:

- The Golf Course Fund had an increase in net position of \$0.7 million. This is mostly due to park fees having increased \$0.6 million in charges for services reflecting almost 23,000 more rounds of golf in 2020 compared to 2019 and an increase in concession sales of \$0.1 million coinciding with the increase in rounds.
- The Materials Recovery Facility (MRF) Fund had a decrease in net position of \$0.7 million. This is mostly due to a planned reduction of fund balance that was previously used to cover the additional costs that communities pay to haul recyclables directly to the Joint MRF in Milwaukee, Recycling Container purchases, and Recycling incentives and dividends. The dividend payments to communities were eliminated in the 2020 budget due to the consistent decline of tons of recycling materials processed and increase in processing fees.
- The Airport Fund had a decrease in net position of \$1.1 million, mainly related to depreciation expenses, which the operation is not expected to recoup on assets funded by State or Federal dollars. The County will not replace airport facilities funded substantially with state and federal dollars unless similar funds are available for such expenses.

Business-type Activities
 Expenses and Program Revenues
 2020
 (in thousands of dollars)



WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2020

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

At the end of the current fiscal year, Waukesha County's governmental funds reported combined fund balances of \$116.3 million, an increase of \$9 million from prior year. Approximately \$62.1 million or 53.4% of the combined fund balance is non-spendable, restricted, committed, or assigned for specific purposes, so it is not available for new spending. This includes the following.

- Non-spendable fund balance of \$7.1 million, including \$2.4 million for long-term receivables/advances; \$0.9 million for prepaid items and inventories; and \$3.8 million for delinquent property taxes.
- Restricted fund balance of \$20.4 million, including \$7.1 million restricted for capital projects, \$6.1 million restricted for park purposes, \$1.7 million restricted for Human Services purposes, \$3.1 million restricted for debt service, and \$2.4 million restricted for Community development.
- Committed fund balance of \$27.1 million. Most of this is committed for capital projects.
- Assigned fund balance of \$7.5 million, including \$4.6 million of funds assigned in the 2020 budget, \$1.4 million assigned for equipment replacement, and \$1.2 million of funds assigned to the contingency fund.

The remaining \$54.2 million, or 46.6%, of fund balance is unassigned, meaning it is available for spending at the government's discretion.

General fund

The General fund is the chief operating fund of the County. The fund balance increased by \$8.3 million for the year, reflecting excess revenues over expenditures of \$8.2 million, transfers in of \$2.3 million, and transfers out of \$2.2 million.

The main factor for the \$8.3 million increase in fund balance is mainly due to funding received for the COVID-19 pandemic (discussed in Governmental Activities), which increased revenues by approximately \$14.9 million. This was partially offset by an increase of pandemic related response costs of \$6.8 million, consisting mostly of temporary extra help and contracted services for contact tracing and disease investigation.

At the end of the current fiscal year, the General fund's unassigned fund balance was \$54.2 million while total fund balance was \$70 million. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29.5% percent of total General fund expenditures compared to 26.2% in 2019. Total fund balance represents 38.1% percent of General fund expenditures compared to 35.4% in 2019. For unassigned fund balance cash availability, the County uses unassigned fund balance for both general and special revenue expenditures to provide liquidity to those funds.

Debt Service Fund

The debt service fund has a total fund balance of \$3.1 million, all of which is restricted for the payment of debt service. This increased \$1.1 million from 2019.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2020

Capital Projects Fund

The Capital Projects fund has a total fund balance of \$33.7 million, of which \$26.6 million is committed for existing and future capital projects, and \$7.1 million of unspent bond proceeds is restricted for incomplete capital projects, which will be spent by May of 2023.

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a \$12 million increase in appropriations. Carryovers and open purchase orders accounted for 9.2% (\$1.1 million) of the increase. The balance of the increase from the original budget is predominately due to the appropriation of an additional \$9.6 million in unanticipated COVID-19 pandemic expenses. Appropriated funding consists of the following:

- \$3.9 million of CARES Act funding to Health and Human Services, for Public Health efforts of investigating positive disease results, tracing recent contacts, testing coordination, and for planning (actual revenues received being \$3.1 million).
- Family First Coronavirus Response Act (FFCRA) for Health and Human Services Aging and Disability Resource Center (ADRC) was appropriated in the amount of \$193,000 to provide home delivered meals to older Americans who are homebound and would have visited congregate dining sites.
- An additional \$5.2 million of CARES Act funding received through the State's Routes to Recovery (R2R) assistance for emergency operation activities permissible by grant stipulations (actual revenues received being \$7.3 million).
- State Department of Children and Families granted \$628,000 in funding was to Health and Human Services to provide in-home screening and therapy services to at-risk families. To provide the additional services a portion of funding was allocated to create three full-time workers (Health and Human Services Coordinator, social worker, fiscal specialist).
- \$158,000 appropriated from City of Pewaukee to the Sheriff's department to create two sunset positions for additional patrols.
- \$129,000 awarded to the County Clerk's Office through Help America Vote Act (HAVA) to enhance election technology and make election security improvements.

Actual revenues in the General fund were \$4.1 million below the final amended budget mainly due to Health and Human Services Children with Long-Term Support (CLTS) pass-through expenditures and the reimbursement revenues for the Third Party Administrator program being \$4.6 million below the adopted budget.

Actual expenditures in the General fund were \$17.2 million under budget. Of that amount, \$0.5 million was carried forward for budgeted projects which were not completed in 2020. Health and Human Services CLTS expenditures were below budget by \$4.6 million due to a lower allocation from the State. Additionally, Health and Human Services contracted services were below budget by \$1.2 million as some planned services were no longer needed or not of high importance due to the COVID-19 pandemic. General Fund personnel costs were under budget by \$3.4 million (2.9% of budget) with Health and Human Services \$1.5 million under in salaries and \$0.8 million over in temporary extra help. Non-Departmental was \$1.8 million under in temporary extra help mainly due to the County entering into contracts for contact tracers and disease investigators or using existing personnel versus hiring additional temporary extra help. The Non-Departmental fund had an additional \$2 million in unallocated expenditure authority. The balance of the budget variance was spread across several program areas including a reduction of \$0.6 million in travel related costs spread across all county departments as COVID-19 led to the majority of conferences switching to a virtual format.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities at December 31, 2020, amounted to \$435.4 million (net of accumulated depreciation/amortization), an increase of \$12.5 million from 2019. This investment in capital assets includes land and easements, infrastructure, structures and improvements, equipment, software, and construction in progress.

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

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 61,838	\$ 61,566	\$ 10,289	\$ 10,289	\$ 72,127	\$ 71,855
Buildings	121,919	121,492	4,975	5,722	126,894	127,214
Land improvements	5,493	5,946	9,643	10,226	15,136	16,172
Machinery and equipment	5,929	6,365	10,699	3,854	16,628	10,219
Software	4,426	5,396	18	2	4,444	5,398
Vehicles	8,911	8,604	-	-	8,911	8,604
Infrastructure	140,189	140,845	-	-	140,189	140,845
Construction in Progress	50,956	34,578	110	8,001	51,066	42,579
Total	\$ 399,661	\$ 384,792	\$ 35,734	\$ 38,094	\$ 435,395	\$ 422,886

Further details of the County's capital assets can be found in Note 9 of the notes to the financial statements, pages 80-81.

Long Term Debt

At December 31, 2020, the County had \$84,678,000 of general obligation promissory notes outstanding. The County maintains an Aaa rating from Moody's Investors Service and AAA from Fitch Investors Service on general obligation note issues. Under current state statutes, the County's general obligation note issuances are subject to a legal limitation based on five percent of the equalized value of taxable property in the County. As of December 31, 2020 the County's total amount applicable to debt margin (outstanding notes less debt service fund balance) is \$81.5 million, which was well below the legal limit of \$3.1 billion. The net debt per capita equaled \$200 at year-end.

During the year, the County issued \$18 million in general obligation promissory notes to finance part of the cost of capital improvements within the County; and \$10.5 million in general obligation promissory notes to refinance the balance on its 2011, 2012 and 2013 series notes.

Further details of the County's long-term debt activity can be found in Note 11, pages 84-85.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2020

ECONOMIC FACTORS AND THE 2021 BUDGET AND RATES

Revenue decreased by \$6.2 million in the 2021 budget, largely due to a \$6 million decrease in debt borrowing to fund capital projects expenditures.

Intergovernmental contracts and grant revenues increased by \$2.7 million mainly due to increases of \$1.4 million of federal funding for COVID-19 pandemic response in Public Health. This also includes \$1 million in case management and other revenues as part of a state mandate to eliminate the CLTS wait lists and an increase of \$0.8 million in Community Aids revenue.

Charges for services decreased by \$0.2 million largely due to decreases in Golf Course revenues of \$1.2 million from the sale of Wanaki Golf Course in 2020.

Interdepartmental revenues increase \$1.7 million primarily from increases in Non-Departmental-Health and Dental Insurance Fund premiums charged to county departments and employees, reflecting a 13% premium rate based on trends.

Other revenues decrease \$1.8 million and include a decrease of \$0.5 million in investment income due to low interest rates as well as a \$0.7 million reduction in contributions and donations needed for capital projects.

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

The federal American Rescue Plan Act of 2021, signed on March 11, 2021 allocates approximately \$65.1 billion of funding to counties, including an early estimation of \$79 million to be allocated to the County based on population. Funds may be used to respond to the pandemic and its negative economic impacts (including assistance to affected households, businesses, and nonprofits), to offset revenue reductions related to the pandemic, and potentially for capital improvements. The County may request half of the funding upfront within 60 days after enactment and remaining half of funding upfront no earlier than 12 months after the first payment. The County may use these funds through December 31, 2024. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the County and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the County, including the duration of the outbreak and measures taken to address the outbreak.

REQUEST FOR INFORMATION

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