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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of County Supervisors
Waukesha County, Wisconsin

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, 2011, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1.B., the county adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011. Opening fund balance has been restated for this and details can be found in Note 13.

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of Waukesha County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Honorable Board of County Supervisors

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparisons 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, economical, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Waukesha County's basic financial statements. The combining and individual fund financial statements and schedules 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Waukesha County's basic financial statements. The "Letter of Transmittal" and "Statistical Section" listed in the accompanying 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.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
May 29, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2011

This section of Waukesha County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2011. 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 of the County exceeded the liabilities at the close of 2011 by \$428.3 million (*net assets*). Of this amount, \$125.4 million are classified as *unrestricted net assets*, \$20.9 million are restricted for specific purposes (*restricted net assets*), and \$282.0 million are invested in capital assets, net of related debt.
- The County's total net assets increased by \$22.6 million. Most of this increase (\$19.0 million) occurred in capital assets, net of related debt, mainly due to contributed capital of \$12.0 million for the federally funded portion of a large highway project in the City of Waukesha (the intersection of County Trunk Highway X and State Highway 59).
- On December 31, 2011, the County's governmental funds reported combined fund balances of \$111.8 million, an increase of \$277,600 from 2010. Approximately \$36.2 million, or 32% 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 assets* presents information of all County assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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).

WAUKESHA COUNTY, WISCONSIN
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December 31, 2011

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.

The government-wide financial statements include not only Waukesha County itself (known as the *primary government*) but also a legally separate Housing Authority 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 27-28 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 21 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 and Debt Service funds, both of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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 29-32 of this report.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2011

- *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 insurance, vehicle replacement, central fleet maintenance, communications, 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 is the only operation considered to be a major fund of the County. The County's seven 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 33-36 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 38-80 of this report.

Required Supplementary Information is presented for the budgetary schedules of the general fund.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the County, assets exceed liabilities by \$428.3 million at the close of the most recent fiscal year.

Waukesha County						
Net Assets						
(in \$000's)						
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$266,789	\$262,612	\$21,262	\$19,957	\$288,051	\$282,569
Capital assets	<u>323,233</u>	<u>305,252</u>	<u>27,390</u>	<u>27,533</u>	<u>350,623</u>	<u>332,785</u>
Total assets	590,022	567,864	48,652	47,490	638,674	615,354
Current and other liabilities	145,903	127,069	1,700	1,347	147,603	128,416
Long-term liabilities	<u>62,736</u>	<u>81,159</u>	<u>0</u>	<u>0</u>	<u>62,736</u>	<u>81,159</u>
Total liabilities	208,639	208,228	1,700	1,347	210,339	209,575
Net assets:						
Invested in capital assets, net of related debt	254,638	235,590	27,390	27,534	282,028	263,124
Restricted net assets	20,905	13,570	0	0	20,905	13,570
Unrestricted net assets	<u>105,840</u>	<u>110,476</u>	<u>19,562</u>	<u>18,609</u>	<u>125,402</u>	<u>129,085</u>
Total net assets	<u>\$381,383</u>	<u>\$359,636</u>	<u>\$46,952</u>	<u>\$46,143</u>	<u>\$428,335</u>	<u>\$405,779</u>

The largest portion of the County's net assets (66%) reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment, 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 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 assets comprise 29% of the County's net assets. These assets may be used to meet the County's ongoing obligations.

The remaining balance of the County's net assets, 5%, 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.

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

As shown on the following table, the County's net assets increased by \$22.6 million during the current year. This results from total 2011 revenues of \$229.1 million and expenses of \$206.5 million. Overall revenues increased by \$10.4 million from the prior year, while expenses increased by \$7.6 million.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2011

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 38,176	\$ 36,367	\$ 6,829	\$ 6,646	\$ 45,005	\$ 43,013
Operating grants and contributions	50,306	50,056	874	1,273	51,180	51,329
Capital grants and contributions	13,788	8,472	1,527	103	15,315	8,575
General revenues:						
Property taxes	103,822	103,031	193	193	104,015	103,224
Intergovernmental revenues	2,042	1,985	-	-	2,042	1,985
Investment earnings	6,426	6,430	33	37	6,459	6,467
Miscellaneous	4,555	3,642	50	32	4,605	3,674
Gain (loss) on disposal/sale of capital assets	442	365	6	-	448	365
Total revenues	219,557	210,348	9,512	8,284	229,069	218,632
Expenses:						
Justice and public safety	54,853	51,000	-	-	54,853	51,000
Health and human services	70,673	69,357	-	-	70,673	69,357
Environment, parks and education	20,944	19,399	-	-	20,944	19,399
Public works	31,659	31,711	-	-	31,659	31,711
General government	17,441	16,664	-	-	17,441	16,664
Interest expense	2,240	2,407	-	-	2,240	2,407
Radio services	-	-	391	654	391	654
Golf courses	-	-	2,991	3,185	2,991	3,185
Ice arenas	-	-	1,172	1,124	1,172	1,124
Materials recovery facility	-	-	2,393	1,805	2,393	1,805
Airport	-	-	1,756	1,617	1,756	1,617
Total Expenses	197,810	190,538	8,703	8,385	206,513	198,923
Increase (decrease) in net assets before transfers	21,747	19,810	809	(101)	22,556	19,709
Transfers	-	395	-	(395)	-	-
Increase (decrease) in net assets	21,747	20,205	809	(496)	22,556	19,709
Net assets beginning of year	359,636	339,431	46,143	46,639	405,779	386,070
Net assets end of year	\$ 381,383	\$ 359,636	\$46,952	\$ 46,143	\$ 428,335	\$ 405,779

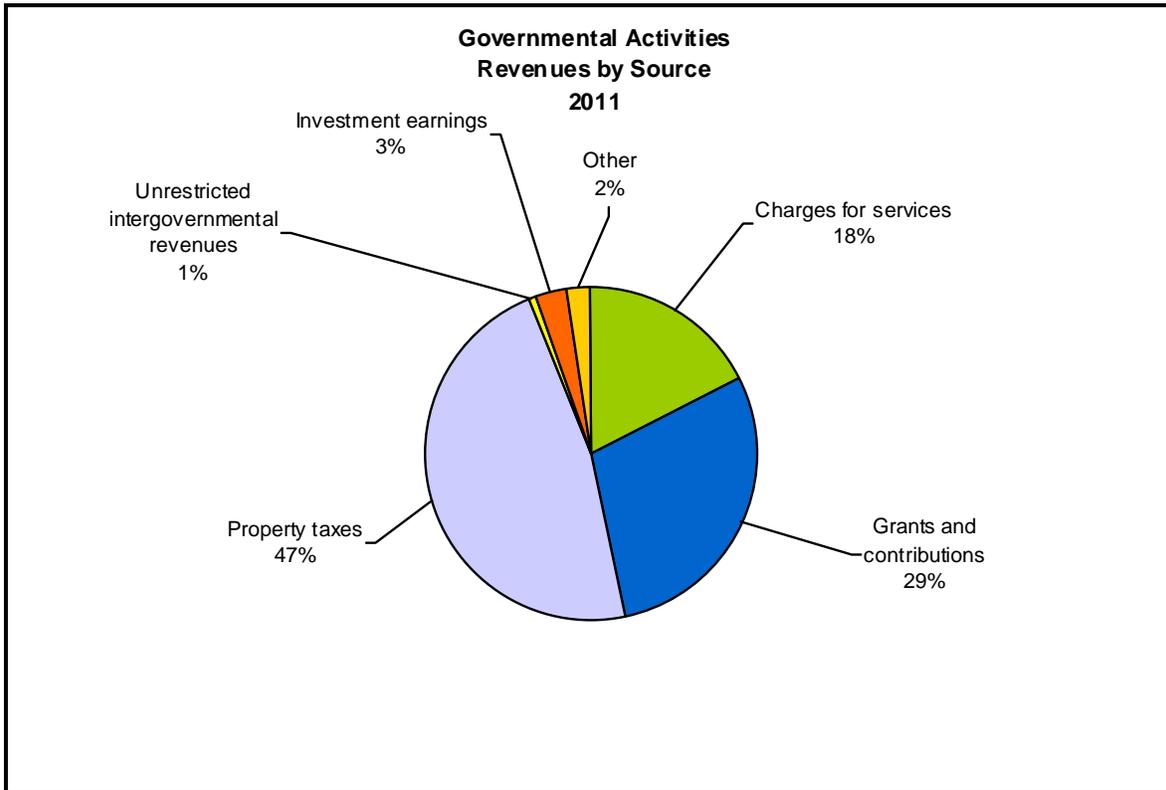
WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2011

Governmental Activities

Governmental activities increased the County's net assets by \$21.7 million before transfers, compared to \$19.8 million in 2010. This included an increase in revenues of \$9.2 million, or 4.4%. Highlights include the following:

- Capital grants and contributions increased by \$5.3 million to \$13.8 million. This included contributed capital of \$12.0 million of federal funds for a large highway project in the City of Waukesha (County Trunk Highway X/State Highway 59) and American Recovery and Reinvestment Act funding of \$1.7 million for energy efficiency and conservation capital projects.
- Charges for services revenues were up \$1.8 million, or 5%. Key factors included first year revenue for the library's shared automation program of \$0.7 million; and the Sheriff Department's patrol service revenue increase of \$ 0.5 million.
- Property taxes increased by \$790,000, or 0.8%.

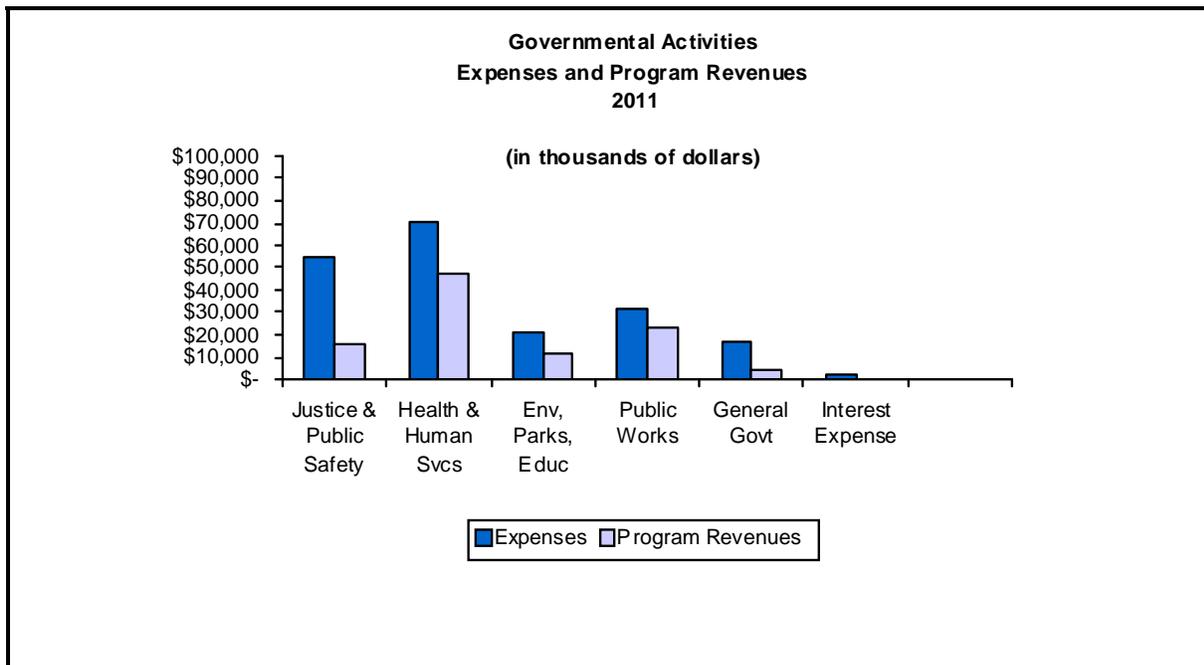
The percentage of revenues by source is shown below. There were only minor changes from 2010—grants and contributions increased to 29% of the total, versus 28% in 2010 and property taxes decreased to 47% of the total, compared to 49% in 2010.



WAUKESHA COUNTY, WISCONSIN
 MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
 December 31, 2011

Expenses for governmental activities increased by \$7.3 million from 2010, or 3.8%.

Governmental activities expenses exceeded program revenue by \$95.5 million. The following graph illustrates the expenses and program revenues for each area. When general revenues (which include such items as property tax, investment earnings, and grants and contributions not restricted to specific programs) are included, total revenues exceed expenses by \$21.7 million.

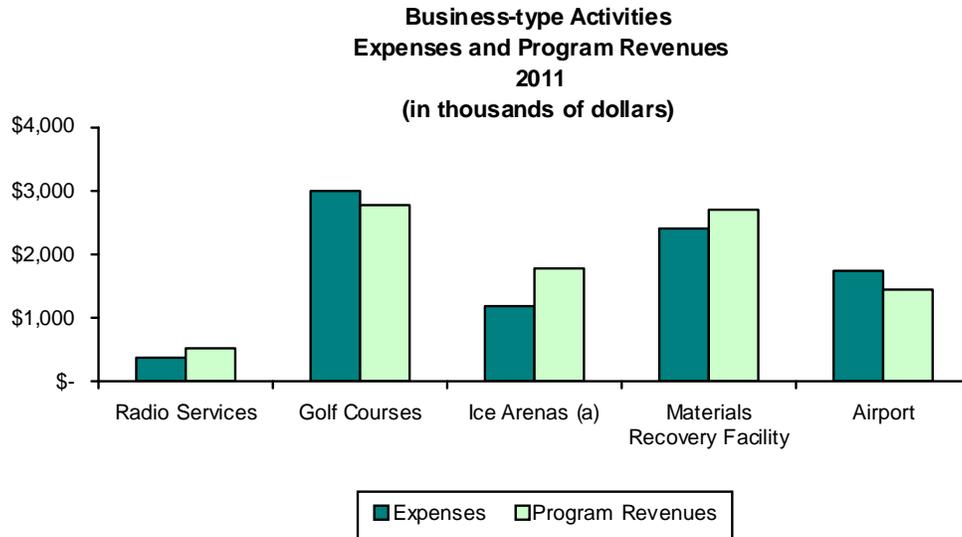


Business-type Activities

Business-type activities increased the County's net assets by \$809,000. Key results include the following:

- The airport had a loss of \$798,000 for the year before capital contributions of \$739,000, mainly because the operation is not expected to recoup the depreciation expense on assets funded by State or Federal dollars.
- The golf courses had a loss of \$153,700. They have been posting losses since 2007, for a variety of reasons including the economic recession. Additionally, there were weather and construction related closings for parts of the summer in each of the past several years.
- The ice arenas had a loss of \$158,000 for the year before capital contributions of \$788,000. Federal stimulus funding paid for new dehumidification and ventilation systems.
- The Materials Recovery Facility had income of \$321,000. The favorable net income is due to the State recycling grant of \$874,000. The grant was reduced from the 2010 amount of \$1.3 million.

WAUKESHA COUNTY, WISCONSIN
 MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
 December 31, 2011



(a) Includes \$788,000 of capital contributions from federal stimulus funding.

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 \$111.8 million, an increase of \$277,600 from prior year. Approximately \$75.6 million or 68% of the combined fund balance is non-spendable, restricted, committed, or assigned for specific purposes, so is not available for new spending. This includes the following.

- Non-spendable fund balance of \$13.9 million, including \$1.6 million for long term receivables/advances; \$1.3 million for short term advances; and \$10.3 million for delinquent property taxes.
- Restricted fund balance of \$13.3 million, including \$6.5 million restricted for park purposes and \$3.8 million restricted for debt service.
- Committed fund balance of \$24.4 million. Most of this is committed for capital projects.
- Assigned fund balance of \$23.9 million, including \$13.6 million for capital projects and \$6.4 million of funds assigned in the 2012 budget.

The remaining \$36.2 million, or 32%, of fund balance is unassigned, meaning it is available for spending at the government's discretion.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2011

General Fund

The general fund is the chief operating fund of the County. The fund increased by \$2.3 million for the year, reflecting excess revenues over expenditures of \$3.9 million, transfers in of \$0.7 million, and planned transfers out of \$2.3 million.

Key factors for the \$2.3 million increase in fund balance are as follows:

- Personnel costs were about \$1.9 million (or 2%) less than anticipated, due to employee turnover, position vacancies, and Wisconsin Retirement System savings. Beginning in June, 2011, most employees were required, under 2011 Wisconsin Act 10, to contribute 5.8% of their salary toward their pension. This had previously been paid by the County, and the savings was not anticipated in the budget.
- Public Works operating expenses were about \$0.8 million less than anticipated due to mild winter temperatures and energy conservation measures which resulted in lower energy consumption, and because of unspent planned building improvement projects.
- Interest and penalties on delinquent taxes was about \$0.8 million higher than anticipated in the budget.
- There were unbudgeted jail assessment revenues of \$600,000. Each year the revenues fall to fund balance and are assigned for subsequent years' jail related capital projects and debt service.
- Unrealized investment gains of \$1.1 million (which are not budgeted for) offset a \$642,000 shortfall in budgeted investment income.

At the end of the current fiscal year, the general fund's unassigned fund balance was \$36.2 million while total fund balance was \$67.6 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 23 percent of total general fund expenditures, while total fund balance represents 43 percent of those expenditures.

Debt Service Fund

The debt service fund has a total fund balance of \$3.8 million, all of which is restricted for the payment of debt service. This is a decrease of \$0.5 million from 2010.

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 \$3.3 million increase in appropriations. Carryovers and open purchase orders accounted for 57% (\$1.9 million) of the increase. The balance of the increase from the original budget is mainly attributable to grants, including \$575,000 Federal Homeland Security grants and \$167,000 in Federal Seized Funds for various one time Sheriff Department expenditures and distributions to municipal police agencies participating in drug related enforcement. An additional \$125,000 was added to the County Clerk's budget (a transfer from the contingency fund) to pay for costs associated with the Supreme Court election recount.

Actual revenues in the general fund were \$384,000 below the final amended budget. In Human Services, State aid revenues for children's long-term support services were \$1.9 million below the \$4.7 million budget, mainly

WAUKESHA COUNTY, WISCONSIN
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because the State shifted administration of this program to a private sector third party administrator. Interest and penalties on delinquent taxes were \$0.8 million higher than budget.

Actual expenditures in the general fund were \$9.3 million under budget. Of that amount, \$2.0 million was carried forward for budgeted projects which were not completed in 2011. The contingency fund had \$1.1 million in unallocated expenditure authority. In Human Services, expenditures for children's long-term support services were \$1.2 million below budget, again due to the State shifting program administration to a third party administrator. The balance of the budget variance was spread across several program areas.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities at December 31, 2011, amounted to \$350.6 million (net of accumulated depreciation), an increase of \$17.8 million from 2010. 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)
(in 000's)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 49,938	\$ 48,703	\$ 10,289	\$ 10,289	\$ 60,227	\$ 58,992
Buildings	108,639	106,813	9,440	9,146	118,079	115,959
Land improvements	7,067	7,835	6,127	6,451	13,194	14,286
Machinery and equipment	5,457	7,654	1,534	1,629	6,991	9,283
Software	1,298	-	-	-	1,298	-
Vehicles	8,294	6,718	-	-	8,294	6,718
Infrastructure	121,945	108,889	-	-	121,945	108,889
Construction in Progress	20,595	18,640	-	19	20,595	18,659
Total	\$ 323,233	\$ 305,252	\$ 27,390	\$ 27,534	\$ 350,623	\$ 332,786

Further details of the County's capital assets can be found in Note 8 of the notes to the financial statements, pages 62-64.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2011

Long Term Debt

At December 31, 2011, the County had \$71,660,000 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, 2011 the County's total amount applicable to debt margin (outstanding notes less debt service fund balance) is \$67.9 million, which was well below the legal limit of \$2.5 billion. The net debt per capita equaled \$184 at year-end.

During the year, the County issued \$10 million in general obligation promissory notes to finance part of the cost of capital improvements within the County; and \$9,490,000 in general obligation promissory notes to current refund the balance on its 2003 and 2004 notes.

Further details of the County's long-term debt activity can be found in Note 10, pages 66-67.

ECONOMIC FACTORS AND THE 2012 BUDGET AND RATES

Major revenue sources were reduced by over \$2.75 million in the 2012 budget as a result of the State action to resolve its budget deficit in the State's 2011-2013 biennial budget. Some of the key revenue reductions or eliminations included the following:

- State Transportation Aids decreased by nearly \$650,000.
- State youth aids funding to Human Services was reduced almost \$435,000.
- State transit operating assistance funding was estimated to decline by over \$220,000.

In addition to reductions coming from the State budget, investment income was reduced by \$100,000 in the 2012 budget after a reduction in the 2011 budget of \$430,000 due to continuing, historically low interest rates of return.

The State Budget Repair Bill, Act 10, required most County employees to make a 50% contribution to their pensions in the Wisconsin Retirement System, so the County was able to offset most of the revenue reductions with \$2.45 million in benefit savings.

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 <http://waukeshacounty.gov/cafr>.

Questions concerning any of the information provided in this report regarding the discretely presented component unit, Waukesha County Housing Authority, or requests for additional information, should be addressed to the Waukesha County Housing Authority, 600 Arcadian Avenue, Waukesha, WI 53186.

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