

GOVERNMENT-WIDE STATEMENTS

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WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION
December 31, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 105,196,605	\$ 24,878,493	\$ 130,075,098
Receivables:			
Property taxes - delinquent	6,616,581	-	6,616,581
Property taxes - levied for subsequent years budget	103,746,706	162,563	103,909,269
Taxes levied for other governments	8,314,748	-	8,314,748
Accrued interest	388,054	-	388,054
Accounts	1,294,994	18,586	1,313,580
Due from other governments	14,786,993	30,628	14,817,621
Internal balances	1,139,583	(1,139,583)	-
Prepaid items	456,125	-	456,125
Inventories	792,671	128,814	921,485
Advances to/from other funds	1,639,984	(1,639,984)	-
Restricted cash and investments	416,743	-	416,743
Deposit in WMMIC	2,459,264	-	2,459,264
Long term receivable	6,013,975	301,000	6,314,975
Capital assets:			
Land	60,073,249	10,288,747	70,361,996
Construction in progress	12,138,181	6,809,821	18,948,002
Buildings	196,643,555	20,174,107	216,817,662
Improvements other than buildings	20,704,859	17,988,637	38,693,496
Machinery and equipment	32,857,698	9,302,847	42,160,545
Software	8,072,016	-	8,072,016
Vehicles	16,133,144	-	16,133,144
Infrastructure	266,455,346	-	266,455,346
Accumulated depreciation/amortization	(229,156,319)	(33,768,892)	(262,925,211)
Total assets	<u>\$ 637,184,755</u>	<u>\$ 53,535,784</u>	<u>\$ 690,720,539</u>
LIABILITIES			
Accounts payable	\$ 9,418,115	\$ 537,637	\$ 9,955,752
Accrued compensation	6,139,439	97,514	6,236,953
Other liabilities	466,199	51,043	517,242
Due to other governments	8,881,679	-	8,881,679
Accrued interest payable	434,174	-	434,174
Other unearned revenue	448,359	-	448,359
Long-Term Liabilities:			
Compensated absences - current	4,565,722	-	4,565,722
Claims payable - current	3,566,824	-	3,566,824
Claims payable - non current	2,797,098	-	2,797,098
Notes payable - current	12,635,000	-	12,635,000
Notes payable - non current	70,465,828	-	70,465,828
Total liabilities	<u>\$ 119,818,437</u>	<u>\$ 686,194</u>	<u>\$ 120,504,631</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - library grant	\$ 721,639	\$ -	\$ 721,639
Unearned revenue - municipal infrastructure	-	2,010,858	2,010,858
Unearned revenue - miscellaneous grants	609,849	-	609,849
Unearned revenue - property tax	103,746,706	162,563	103,909,269
Total deferred inflows of resources	<u>\$ 105,078,194</u>	<u>\$ 2,173,421</u>	<u>\$ 107,251,615</u>
NET POSITION			
Net investment in capital assets	\$ 302,395,863	\$ 30,795,267	\$ 333,191,130
Restricted net position for:			
Park development	6,901,447	-	6,901,447
Debt service	2,802,254	-	2,802,254
Community development	6,773,743	-	6,773,743
Library purposes	949,505	-	949,505
Human services	1,319,816	-	1,319,816
Deposit in WMMIC	2,459,264	-	2,459,264
Unrestricted net position	88,686,232	19,880,902	108,567,134
Total net position	<u>\$ 412,288,124</u>	<u>\$ 50,676,169</u>	<u>\$ 462,964,293</u>

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2014

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
Justice and public safety	\$ 58,631,729	\$ 11,456,678	\$ 2,483,115	\$ -	\$ (44,691,936)	\$ -	\$ (44,691,936)
Health and human services	71,813,044	8,640,448	34,013,280	-	(29,159,316)	-	(29,159,316)
Environment, parks and education	23,638,671	7,984,708	3,456,381	1,411,991	(10,785,591)	-	(10,785,591)
Public works	29,786,439	6,588,211	4,879,589	10,461,844	(7,856,795)	-	(7,856,795)
General government	14,950,967	5,052,051	2,783,058	-	(7,115,858)	-	(7,115,858)
Interest expense	1,706,645	-	-	-	(1,706,645)	-	(1,706,645)
Total Governmental Activities	200,527,495	39,722,096	47,615,423	11,873,835	(101,316,141)	-	(101,316,141)
BUSINESS-TYPE ACTIVITIES							
Radio services	2,156,629	469,326	-	-	-	(1,687,303)	(1,687,303)
Golf courses	3,100,553	2,740,941	-	-	-	(359,612)	(359,612)
Ice arenas	1,250,048	1,056,046	-	-	-	(194,002)	(194,002)
Materials recovery facility	2,361,837	1,118,216	947,620	-	-	(296,001)	(296,001)
Airport	1,803,000	792,278	-	-	-	(1,010,722)	(1,010,722)
Total Business-type Activities	10,672,067	6,176,807	947,620	-	-	(3,547,640)	(3,547,640)
Totals	\$ 211,199,562	\$ 45,898,903	\$ 48,563,043	\$ 11,873,835	\$ (101,316,141)	\$ (3,547,640)	\$ (104,863,781)
GENERAL REVENUES							
Property taxes					105,058,189	192,563	105,250,752
Grants and contributions, not restricted to specific programs					1,777,620	-	1,777,620
Investment earnings					3,888,387	16,199	3,904,586
Miscellaneous					6,581,603	30,525	6,612,128
Gain on disposal/sale of capital assets					1,141,804	-	1,141,804
Total General Revenues					118,447,603	239,287	118,686,890
Transfers					(7,350,500)	7,350,500	-
Change in Net Position					9,780,962	4,042,147	13,823,109
Net Position - Beginning of Year					402,507,162	46,634,022	449,141,184
Net Position - End of Year					\$ 412,288,124	\$ 50,676,169	\$ 462,964,293

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.

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, 2014

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 50,620,149	\$ 3,231,387	\$ 22,562,351	\$ 9,783,653	\$ 86,197,540
Receivables:					
Property taxes - delinquent	6,616,581	-	-	-	6,616,581
Property taxes levied for ensuing year's budget	80,921,217	12,950,000	1,850,000	6,449,788	102,171,005
Taxes levied for other governments	8,314,748	-	-	-	8,314,748
Accrued interest	388,054	-	-	-	388,054
Accounts	844,178	-	-	18,299	862,477
Due from other governments	8,783,163	-	3,364,061	2,551,422	14,698,646
Due from other funds	653,913	-	-	-	653,913
Prepaid items	60,108	-	-	-	60,108
Inventories	-	-	-	293,537	293,537
Advances to other funds	1,639,984	-	-	-	1,639,984
Long term receivable	1,594	-	-	6,012,381	6,013,975
Total assets	\$ 158,843,689	\$ 16,181,387	\$ 27,776,412	\$ 25,109,080	\$ 227,910,568
LIABILITIES					
Accounts payable	\$ 7,022,433	\$ -	\$ 820,269	\$ 1,083,958	\$ 8,926,660
Accrued compensation	5,792,888	-	-	59	5,792,947
Other liabilities	219,996	-	-	119,598	339,594
Due to other governments	8,881,679	-	-	-	8,881,679
Due to other funds	-	-	-	653,913	653,913
Other unearned revenue	425,608	-	-	22,751	448,359
Total liabilities	\$ 22,342,604	\$ -	\$ 820,269	\$ 1,880,279	\$ 25,043,152
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue - library grant	\$ -	\$ -	\$ -	\$ 721,639	\$ 721,639
Unavailable revenue - revolving loans	-	-	-	6,012,383	6,012,383
Unavailable revenue - health clinic	-	-	109,320	-	109,320
Unearned revenue - miscellaneous grants	-	-	609,849	-	609,849
Unavailable revenue - delinquent taxes	738,660	-	-	-	738,660
Unearned revenue - property tax	80,921,217	12,950,000	1,850,000	6,449,788	102,171,005
Total deferred inflows of resources	\$ 81,659,877	\$ 12,950,000	\$ 2,569,169	\$ 13,183,810	\$ 110,362,856
FUND BALANCES					
Non-spendable:					
Non-current interfunds	\$ 2,293,897	\$ -	\$ -	\$ -	\$ 2,293,897
Prepaid items	60,108	-	-	-	60,108
Inventories	-	-	-	293,537	293,537
Delinquent taxes	5,882,962	-	-	-	5,882,962
Restricted:					
Park purposes	190,357	-	-	6,711,090	6,901,447
Debt service	-	3,231,387	-	-	3,231,387
Community development	-	-	-	761,362	761,362
Library purposes	-	-	-	949,505	949,505
Human services	-	-	-	1,319,816	1,319,816
Committed:					
Sick leave payout	500,000	-	-	-	500,000
Capital project purposes	-	-	24,386,974	-	24,386,974
Assigned:					
Jail assessment fees	389,795	-	-	-	389,795
Seized funds	361,838	-	-	-	361,838
Juror donations	3,642	-	-	-	3,642
Subsequent year's budget	2,740,361	-	-	9,681	2,750,042
Equipment replacement	2,635,400	-	-	-	2,635,400
Contingency fund	1,200,000	-	-	-	1,200,000
Unassigned	38,582,848	-	-	-	38,582,848
Total fund balances	\$ 54,841,208	\$ 3,231,387	\$ 24,386,974	\$ 10,044,991	\$ 92,504,560
Total liabilities, deferred inflows of resources and fund balances	\$ 158,843,689	\$ 16,181,387	\$ 27,776,412	\$ 25,109,080	\$ 227,910,568

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2014

Total Fund Balances - Governmental Funds	\$ 92,504,560
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.)	367,808,067
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.)	(88,100,724)
Internal service funds are used by management to charge the costs of various services to individual funds and functional categories. The assets, liabilities and deferred inflows of the internal service funds are included in governmental activities in the statement of net position.	33,215,858
Other long term assets are not available to pay for current period expenditures and, therefore are not reported in the funds. (See Note 5)	6,860,363
Total Net Position - Governmental Activities	<u>\$ 412,288,124</u>

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS
For The Year Ended December 31, 2014

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General intergovernmental assistance	\$ 1,104,334	\$ -	\$ 650,000	\$ -	\$ 1,754,334
Intergovernmental contracts/grants	36,640,257	-	2,081,755	16,398,244	55,120,256
Taxes	79,823,373	13,210,000	1,950,000	5,924,603	100,907,976
Fines and licenses	3,244,076	-	-	119,175	3,363,251
Charges for services	21,665,277	-	-	1,621,565	23,286,842
Interdepartmental revenues	3,347,552	-	-	616,703	3,964,255
Investment earnings	3,284,717	90,144	148,420	80,520	3,603,801
Miscellaneous revenues	9,769,641	108,544	1,896,676	1,129,212	12,904,073
Total revenues	158,879,227	13,408,688	6,726,851	25,890,022	204,904,788
EXPENDITURES					
Current:					
Justice and public safety	56,748,498	-	-	-	56,748,498
Health and human services	66,707,255	-	-	3,006,496	69,713,751
Environment, parks and education	12,881,955	-	-	8,160,846	21,042,801
Public works	8,166,018	-	-	14,116,771	22,282,789
General government	10,481,429	-	-	-	10,481,429
Capital outlay:					
Justice and public safety	417,661	-	501,453	-	919,114
Health and human services	39,942	-	1,674,228	-	1,714,170
Environment, parks and education	346,483	-	3,796,503	329,143	4,472,129
Public works	628,242	-	6,599,890	-	7,228,132
General government	-	-	723,477	-	723,477
Debt service:					
Principal retirement	-	16,520,000	-	-	16,520,000
Interest and fiscal charges	-	1,897,312	-	-	1,897,312
Total expenditures	156,417,483	18,417,312	13,295,551	25,613,256	213,743,602
Excess of Revenues Over (Under) Expenditures	2,461,744	(5,008,624)	(6,568,700)	276,766	(8,838,814)
OTHER FINANCING SOURCES (USES)					
General obligation notes issued	-	4,255,000	10,000,000	-	14,255,000
Premium on general obligation notes issued	-	-	189,411	-	189,411
Transfers in	1,047,921	500,000	6,901,200	222,900	8,672,021
Transfers out	(10,584,985)	-	(4,331,500)	(907,921)	(15,824,406)
Total other financing sources (uses)	(9,537,064)	4,755,000	12,759,111	(685,021)	7,292,026
Net change in fund balances	(7,075,320)	(253,624)	6,190,411	(408,255)	(1,546,788)
Fund Balances - January 1	61,916,528	3,485,011	18,196,563	10,453,246	94,051,348
Fund Balances - December 31	\$ 54,841,208	\$ 3,231,387	\$ 24,386,974	\$ 10,044,991	\$ 92,504,560

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
December 31, 2014

Net changes in fund balances - total governmental funds	\$ (1,546,788)
Amounts reported for governmental activities in the Statement of Activities are different because:	
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.)	8,209,030
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Position.	16,520,000
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.	(14,255,000)
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. (see Note 2.B.)	(31,098)
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.)	246,829
Internal service funds are used by management to charge the costs of various services to individual funds and functional categories.	558,420
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.	79,569
Change in Net Position of Governmental Activities	<u>\$ 9,780,962</u>

See notes to financial statements.

MAJOR PROPRIETARY FUNDS

AIRPORT OPERATIONS/DEVELOPMENT FUND - To account for the operation and maintenance 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, located in Waukesha, Wisconsin.

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WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION - ALL PROPRIETARY FUNDS
December 31, 2014

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Enterprise Funds			
ASSETS							
Current assets:							
Cash and investments	\$ 3,853,928	\$ 11,592,301	\$ 8,101,795	\$ 1,330,469	\$ 24,878,493	\$ 18,999,065	
Receivables:							
Property taxes levied for ensuing year's budget	162,563	-	-	-	162,563	1,575,701	
Accounts	14,500	4,086	-	-	18,586	432,517	
Total receivables	177,063	4,086	-	-	181,149	2,008,218	
Due from other governments	-	30,628	-	-	30,628	88,347	
Prepaid items	-	-	-	-	-	396,017	
Inventories	-	-	-	128,814	128,814	499,134	
Total current assets	4,030,991	11,627,015	8,101,795	1,459,283	25,219,084	21,990,781	
Noncurrent assets:							
Advances to other funds	-	-	-	461,609	461,609	-	
Restricted cash and investments	-	-	-	-	-	416,743	
Deposit in WMMIC	-	-	-	-	-	2,459,264	
Long term receivable	-	301,000	-	-	301,000	-	
Capital assets:							
Construction in progress	143,311	1,117,086	5,487,601	61,823	6,809,821	908,046	
Land	8,049,032	55,000	-	2,184,715	10,288,747	-	
Buildings	8,028,969	1,422,160	2,001,179	8,721,799	20,174,107	4,122,283	
Improvements other than buildings	14,979,122	-	-	3,009,515	17,988,637	22,089	
Machinery and equipment	1,614,158	4,501,157	2,202,390	985,142	9,302,847	14,145,697	
Software	-	-	-	-	-	46,343	
Vehicles	-	-	-	-	-	14,956,598	
Less accumulated depreciation	(16,976,237)	(4,948,472)	(3,602,832)	(8,241,351)	(33,768,892)	(18,087,394)	
Total capital assets (net of accumulated depreciation)	15,838,355	2,146,931	6,088,338	6,721,643	30,795,267	16,113,662	
Total noncurrent assets	15,838,355	2,447,931	6,088,338	7,183,252	31,557,876	18,989,669	
Total assets	\$ 19,869,346	\$ 14,074,946	\$ 14,190,133	\$ 8,642,535	\$ 56,776,960	\$ 40,980,450	
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 66,598	\$ 25,548	\$ 420,867	\$ 24,624	\$ 537,637	\$ 491,455	
Accrued compensation	8,793	32,982	16,217	39,522	97,514	346,492	
Other liabilities	51,043	-	-	-	51,043	126,605	
Claims payable - current	-	-	-	-	-	3,566,824	
Total current liabilities	126,434	58,530	437,084	64,146	686,194	4,531,376	

(CONTINUED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION - ALL PROPRIETARY FUNDS
December 31, 2014

	Business-type Activities - Enterprise Funds					
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
LIABILITIES (CONTINUED)						
Long-term liabilities:						
Advances from other funds	\$ -	\$ -	\$ -	\$ 2,101,593	\$ 2,101,593	\$ -
Claims payable	-	-	-	-	-	2,797,098
Total long-term liabilities	-	-	-	2,101,593	2,101,593	2,797,098
Total liabilities	\$ 126,434	\$ 58,530	\$ 437,084	\$ 2,165,739	\$ 2,787,787	\$ 7,328,474
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue - property tax	\$ 162,563	\$ -	\$ -	\$ -	\$ 162,563	\$ 1,575,701
Unearned revenue - municipal infrastructure	-	2,010,858	-	-	2,010,858	-
Total deferred inflows of resources	\$ 162,563	\$ 2,010,858	\$ -	\$ -	\$ 2,173,421	\$ 1,575,701
NET POSITION						
Net investment in capital assets	\$ 15,838,355	\$ 2,146,931	\$ 6,088,338	\$ 6,721,643	\$ 30,795,267	\$ 16,113,662
Restricted for deposit in WMMIC	-	-	-	-	-	2,459,264
Unrestricted (deficit)	3,741,994	9,858,627	7,664,711	(244,847)	21,020,485	13,503,349
Total net position	\$ 19,580,349	\$ 12,005,558	\$ 13,753,049	\$ 6,476,796	\$ 51,815,752	\$ 32,076,275
				(1,139,583)		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						
Net Position of Business-type Activities					\$ 50,676,169	

(CONCLUDED)

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Enterprise Funds	Total	
OPERATING REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ 3,796,987	\$ 3,796,987	\$ -
County park fees	792,278	468,570	89,161	-	1,350,009	3,783,591
Other	-	581,264	-	-	581,264	31,730,571
Interdepartmental revenues	-	-	-	-	-	537,522
Miscellaneous revenues	-	-	-	-	-	498,836
Recoveries	-	-	-	-	-	-
Other	22,316	1,866	1,029,055	7,099	1,060,336	-
Total operating revenues	814,594	1,051,700	1,118,216	3,804,086	6,788,596	36,550,520
OPERATING EXPENSES						
Salaries	187,302	397,462	260,667	1,335,154	2,180,585	4,624,554
Benefits	54,666	137,669	103,007	396,721	692,063	1,557,174
Insurance and claims expense	-	-	-	-	-	21,005,633
Operating	462,536	1,969,540	1,640,101	1,216,036	5,288,213	7,307,355
Interdepartmental	165,376	141,425	217,332	919,630	1,443,763	780,185
Depreciation	926,330	81,065	138,408	427,841	1,573,644	3,358,165
Total operating expenses	1,796,210	2,727,161	2,359,515	4,295,382	11,178,268	38,633,066
Operating loss	(981,616)	(1,675,461)	(1,241,299)	(491,296)	(4,389,672)	(2,082,546)
NON-OPERATING REVENUES						
General property taxes	192,563	-	-	-	192,563	1,590,424
Intergovernmental contracts/grants	-	-	947,620	-	947,620	-
State aid - recycling	557	-	-	15,642	16,199	261,926
Investment earnings	-	-	-	-	-	911,668
Gain on disposal of capital assets	-	-	-	-	-	-
Total non-operating revenues	193,120	-	947,620	15,642	1,156,382	2,764,018
Income (loss) before transfers and contributions	(788,496)	(1,675,461)	(293,679)	(475,654)	(3,233,290)	681,472

(CONTINUED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Enterprise Funds	Total	
Transfers in	\$ -	\$ 7,450,500	\$ -	\$ -	\$ 7,450,500	\$ 1,832,754
Transfers out	-	-	-	(100,000)	(100,000)	(2,030,869)
Change in net position	(788,496)	5,775,039	(293,679)	(575,654)	4,117,210	483,357
Net position - January 1	20,368,845	6,230,519	14,046,728	7,052,450	31,592,918	31,592,918
Net position - December 31	\$ 19,580,349	\$ 12,005,558	\$ 13,753,049	\$ 6,476,796	\$ 32,076,275	\$ 32,076,275
Adjustment to reflect the consolidation of current year internal service fund activities related to enterprise funds				(75,063)		
Change in net position of business-type activities				\$ 4,042,147		

See notes to financial statements.

(CONCLUDED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 800,094	\$ 863,139	\$ 1,118,216	\$ 3,804,086	\$ 6,585,535	\$ 4,544,628
Receipts from interfund services provided	-	581,264	-	-	581,264	31,798,482
Payments to suppliers	(474,990)	(1,970,240)	(1,335,171)	(1,229,770)	(5,010,171)	(28,894,808)
Payments to employees	(244,106)	(525,787)	(347,457)	(1,726,514)	(2,843,864)	(6,069,172)
Payments for interfund services used	(165,376)	(141,425)	(217,332)	(919,630)	(1,443,763)	(780,185)
Total cash flows from operating activities	(84,378)	(1,193,049)	(781,744)	(71,828)	(2,130,999)	598,945
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers to other funds	-	-	-	(100,000)	(100,000)	(1,058,500)
Transfers from other funds	-	7,450,500	-	-	7,450,500	860,385
Advances to other funds	-	-	4,000,000	-	4,000,000	-
Receipts from intergovernmental contracts/grants	-	-	947,620	-	947,620	-
Receipts from general property taxes	192,563	-	-	-	192,563	1,590,424
Total cash flows from non-capital financing activities	192,563	7,450,500	4,947,620	(100,000)	12,490,683	1,392,309
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	-	(901,709)	(5,487,601)	(62,532)	(6,451,842)	(4,754,316)
Proceeds from sales of capital assets	-	-	-	-	-	922,809
Long term receivable from municipalities	-	(301,000)	-	-	(301,000)	-
Capital contributions	(88,861)	-	-	-	(88,861)	-
Total cash flows from capital and related financing activities	(88,861)	(1,202,709)	(5,487,601)	(62,532)	(6,841,703)	(3,831,507)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	557	-	-	15,642	16,199	261,926
Total cash flows from investing activities	557	-	-	15,642	16,199	261,926
Net change in cash and cash equivalents	19,881	5,054,742	(1,321,725)	(218,718)	3,534,180	(1,578,327)
Cash and Cash Equivalents, Beginning of Year	3,834,047	6,537,559	9,423,520	1,549,187	21,344,313	20,994,135
Cash and Cash Equivalents, End of Year	\$ 3,853,928	\$ 11,592,301	\$ 8,101,795	\$ 1,330,469	\$ 24,878,493	\$ 19,415,808
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES						
None						

(CONTINUED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Enterprise Funds	Total	
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES						
Operating loss	\$ (981,616)	\$ (1,675,461)	\$ (1,241,299)	\$ (491,296)	\$ (4,389,672)	\$ (2,082,546)
Depreciation expense	926,330	81,065	138,408	427,841	1,573,644	3,358,165
(Increase) Decrease in accounts receivable	(14,500)	(1,865)	-	-	(16,365)	(129,449)
(Increase) Decrease in due from other governments	-	33,401	-	-	33,401	(83,396)
(Increase) Decrease in prepaid items	-	-	-	-	-	(166,253)
(Increase) Decrease in inventories	-	-	-	(5,301)	(5,301)	28,880
Increase (Decrease) in accounts payable	(12,454)	(700)	304,930	(8,433)	283,343	(618,449)
Increase (Decrease) in accrued compensation	(2,138)	9,344	-	5,361	12,567	112,556
Increase (Decrease) in other liabilities	-	-	-	-	-	18,274
Increase (Decrease) in unearned revenue	-	361,167	16,217	-	377,384	-
Increase (Decrease) in claims payable	-	-	-	-	-	161,163
Net cash flows from operating activities	\$ (84,378)	\$ (1,193,049)	\$ (781,744)	\$ (71,828)	\$ (2,130,999)	\$ 598,945
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION						
Cash and investments - statement of net position	\$ 3,853,928	\$ 11,592,301	\$ 8,101,795	\$ 1,330,469	\$ 24,878,493	\$ 18,999,065
Restricted cash and investments - statement of net position	-	-	-	-	-	416,743
Cash and cash equivalents - end of year	\$ 3,853,928	\$ 11,592,301	\$ 8,101,795	\$ 1,330,469	\$ 24,878,493	\$ 19,415,808

See notes to financial statements.

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FIDUCIARY FUNDS

AGENCY FUNDS

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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WAUKESHA COUNTY, WISCONSIN

STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUNDS

December 31, 2014

	Agency Funds
ASSETS	
Cash and investments	\$ 38,260,583
Accounts receivable	37,606
Total assets	<u>\$ 38,298,189</u>
LIABILITIES	
Accounts payable	\$ 2,521
Other liabilities	4,395,776
Due to other governments	33,899,892
Total liabilities	<u>\$ 38,298,189</u>

See notes to financial statements.

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WAUKESHA COUNTY, WISCONSIN
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December 31, 2014

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WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The county has not identified any organizations that meet this criteria.

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 nonexchange 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, 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, 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.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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.

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 Grant Fund

Federated Library Fund

Café Shared Automation Fund

Walter Tarmann Fund

Land Information System Fund

Transportation Fund

Community Development 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

Communications Fund

Collections Fund

End User Technology Fund

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

Agency 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	Representative Payee Fund
Unclaimed Property Fund	Sheriff Processing Fee
Flexible Spending Account	Deferred Compensation Administration
Workforce Development Center Fund	Main Jail Fund
District Attorney NSF Fund	Municipal Property Tax Collections
Homemaker Fund	Clerk of Courts Fund

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. The aging and disability resource center grant fund and certain state and federally funded grant 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. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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.

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 and liabilities 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, 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 maturing in three years or less.
- 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 corporate bonds, 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 quoted market prices. 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 \$427,748 of investment interest was allocated to other funds in 2014.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014, the County's share of the LGIP's assets are reported at fair value. 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 agency fund statement of assets and liabilities.

Property tax calendar – 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale – 2014 delinquent real estate taxes	October 2017

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.

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, 2014 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.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. The balance of the county's self-insured retention (SIR) deposit held by WMMIC is shown as restricted cash and investments.

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 fair 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, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest expense was capitalized in 2014. 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.

6. 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.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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, 2014 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.

7. 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.

8. Deferred Inflows of Resources

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

9. 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 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.”

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.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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.

10. Prior Period Information

Prior period information has not been presented in the statements since their inclusion would make the statements unduly complex and difficult to read.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

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	\$60,073,249
Construction in progress	12,138,181
Buildings and improvements	217,348,414
Machinery, equipment, and vehicles	48,990,842
Software	8,072,016
Infrastructure	266,455,346
Less: Accumulated depreciation	(229,156,319)
Less: Internal service fund capital assets, net of depreciation	<u>(16,113,662)</u>
Adjustment for Capital Assets	<u><u>\$367,808,067</u></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	\$81,970,000
Unamortized debt premium	1,154,855
Unamortized debt discount	(24,027)
Compensated absences	4,565,722
Accrued interest payable	434,174
Total	<u><u>\$88,100,724</u></u>

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

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

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	\$15,057,022
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	(\$3,756,589)
Some additions to capital assets are contributed to the County and therefore are not reported as expenditures in the fund financial statements	9,755,640
Depreciation expense (net of internal service funds)	(12,847,043)
Total	\$8,209,030

Another element of that reconciliation states, “Some expenses reported in the statement of activities, such as compensated absences and interest payable, 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:

Debt premium (discount)	\$ (31,098)
Compensated absences	214,473
Accrued interest payable	32,356
Total	\$ 215,731

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 agency 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.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

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

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:

1. A transfer of funds from one appropriation unit to another within the department budget.
2. 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.

Supplemental appropriations necessary for 2014 were as follows:

	Adopted Budget	Modified Budget*	Change
General	\$ 161,769,952	\$ 164,004,188	\$ 2,234,236
Special Revenue	26,454,846	27,309,056	854,210
Debt Service	14,423,154	18,678,154	4,255,000
Capital projects	12,825,200	12,825,200	-
Enterprise	9,212,423	11,928,423	2,716,000
Internal Service	42,216,304	42,216,304	-
Totals	\$ 266,901,879	\$ 276,961,325	\$ 10,059,446

*Excludes carryover project funds from prior years for general (\$1,126,669) special revenue (\$3,395,936), capital projects (\$23,467,880), enterprise (\$52,938) and internal service (\$444,960).

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 financial statements 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.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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, 2014 are as follows:

Enterprise Funds	Revenues		Expenses	
	Budget	Actual	Budget	Actual
Airport *	\$ 1,004,813	\$ 1,007,714	\$ 1,185,642	\$ 1,182,057
Golf Courses	3,219,767	2,749,023	3,219,767	3,049,606
Ice Arena *	1,140,590	1,070,705	1,145,590	1,129,172
Radio Services	890,505	1,051,700	3,745,251	2,727,161
Materials Recovery Facility	1,658,473	2,065,836	2,685,111	2,359,515
Internal Service Funds				
Heath and Dental Insurance	\$ 22,069,500	\$ 20,476,101	\$ 23,086,838	\$ 20,132,442
Vehicle Replacement	2,838,601	3,318,980	2,838,601	2,829,180
Risk Mgmt/Self-Insurance	\$2,433,425	2,524,365	\$2,613,310	2,613,310
Central Fleet Maintenance	3,945,406	3,994,997	4,129,180	4,021,420
Communications	791,783	756,620	791,783	641,284
Collections	661,712	858,098	951,712	823,779
End User Technology Fund	7,508,884	7,385,377	8,249,840	7,571,651

*Actual expenses exclude depreciation expense for capital assets acquired by grants externally restricted for capital acquisitions and construction (Ice Arena, \$116,604; Airport, \$614,153).

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.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

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

C. DEFICIT BALANCES

No funds had a deficit balance at December 31, 2014.

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 2014 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 Agency Funds. The deposits and investments of the Agency Funds are held separately from those of other County funds. The deposit and investment balances of the various fund types on December 31, 2014 are as follows:

General Fund	\$50,620,149
Special Revenue Funds	9,783,653
Debt Service Funds	3,231,387
Capital Projects Funds	22,562,351
Enterprise Funds	24,878,493
Internal Service Funds	18,999,065
Internal Service Funds – Restricted	416,743
Agency Funds	38,260,583
Total	\$168,752,424

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.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

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, 2014 is as follows:

U.S. Government Guaranteed	
U.S. Treasury	\$26,738,153
U.S. Agencies	62,872,925
Total U.S. Government Guaranteed	\$89,611,078
Money Market Accounts	
AAA m	\$3,314,907
Unrated - Wisconsin Local Government Investment Pool	5,581,840
Total Money Market Accounts	\$8,896,747
U.S. Agencies	
AAA rated	\$4,786,840
Municipal Bonds	
AAA rated	\$2,319,295
AA rated	\$3,437,642
Total Municipal Bonds	\$5,756,937
Corporate Bonds	
AAA rated	\$937,924
AA rated	\$7,661,880
A rated	\$1,178,714
Total Municipal Bonds	\$9,778,518
Grand Total	\$118,830,120

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, 2014 the carrying amount of the County's deposits was \$49,738,038 and the bank balance was \$46,135,131. \$45,895,802 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. \$239,329 of the bank balance was uninsured or uncollateralized at year-end. In addition, the County maintains petty cash funds in the amount of \$184,266. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

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, 2014 are as follows:

Issuer	Amount	Percentage
US Treasury	\$26,738,153	24.3%
Federal National Mortgage Association	22,923,547	20.9%
Other Issuers (none over 5%)	21,996,676	20.0%
Federal Home Loan Mortgage Corp.	14,290,948	13.0%
US Small Business Administration	12,697,356	11.6%
Government National Mortgage Association	11,286,693	10.2%
Grand Total	\$109,933,373	100.0%

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 does not currently own) and 7 years on out of state general obligation securities. The County doesn't have any overall restrictions, and instead manages risk on an individual portfolio basis.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

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. Dana Investment Advisors has been assigned a hybrid index consisting of 70 percent of the Citigroup 1 Year Treasury Index and 30 percent of the Merrill Lynch Mortgage Backed Index as their benchmark. J.P. Morgan Asset Management and Galliard Capital Management have 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, 2014 is as follows (total duration includes money market accounts, which are not listed in the table):

Investment Type	Amount	Effective Duration
Federal Agency Coupon Securities	9,953,894	2.89 years
Federal Agency Discount Securities	613,388	0.22 years
U.S. Treasury Coupon Securities	14,969,833	3.48 years
U.S. Treasury Discount Securities	7,748,305	7.01 years
U.S. Treasury Inflation Protected Securities	4,020,015	1.24 years
Federal Agency Mortgage Pass Through Securities	54,884,743	3.36 years
Reverse Mortgage Securities	2,207,740	2.07 years
Municipal Bonds	5,756,937	2.83 years
Corporate Bonds	9,778,518	2.80 years
Grand Total	\$109,933,373	2.36 years

For money market fund investments, 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, 2014 is as follows:

Fund Name	Amount	Weighted Average Maturity
Wisconsin Local Government Investment Pool	\$5,581,840	117 days
Federated Government Obligations Fund	234,031	39 days
First American Government Obligations Money Market Fund	3,080,876	47 days
Grand Total	\$8,896,747	

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.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 \$103,909,269 will be recognized as revenue during 2015.

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 Muskego, New Berlin, Oconomowoc and Waukesha and the Villages of Mukwonago and 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, 2014

NOTE 5 - RECEIVABLES (CONT'D)

At December 31, 2014, delinquent property taxes by year levied consisted of the following:

Tax Certificates	Total	County Levied	County Purchased
2013	\$ 3,574,300	\$ 394,245	\$ 3,180,055
2012	1,789,275	200,041	1,589,234
2011	933,909	104,037	829,872
2010	55,971	5,961	50,010
2009	24,136	2,678	21,458
2008	3,751	408	3,343
2007 and prior	2,366	269	2,097
Tax Deeds	232,873	25,980	206,893
Total Delinquent Property Taxes Receivable	\$ 6,616,581	\$ 733,619	\$ 5,882,962

Noncurrent Receivables

The amount of receivables not expected to be collected within one year includes an estimated \$5.9 million of property taxes and \$5.4 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 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	\$102,171,005
Delinquent property taxes receivable	738,660	0
Employee health clinic	109,320	0
CDBG loans receivable	6,012,383	0
Grant draw downs prior to meeting all eligibility requirements	0	1,331,488
Other unearned revenue	0	448,359
Total unavailable/unearned revenue for governmental funds	\$6,860,363	\$103,950,852
Unearned property tax revenue for internal service funds		1,575,701
Total unearned revenue for governmental activities		\$105,526,553

Unearned revenue included in liabilities	\$448,359
Unearned revenue included in deferred inflows	105,078,194
Total unearned revenue for governmental activities	<u>\$105,526,553</u>

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE 6– DUE FROM OTHER GOVERNMENTS

At December 31, 2014, amounts due from other governments consisted of the following:

Federal:	
CDBG Grants	\$ 563,269
Health and Human Services Aid	4,050,908
Dept of Justice/U.S. Marshall	64,372
Other Federal	7,102
State:	
Health and Human Services Aid	3,108,603
Dept of Transportation	3,747,391
Other State	1,222,259
County and Municipal	2,053,717
Total per Statement of Net Position	\$ 14,817,621

NOTE 7– LONG TERM RECEIVABLES

Community Development Programs. As of December 31, 2014, \$6,012,381 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, 2014

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

Governmental Activities	Balance 1/1/2014	Additions	Deletions	Balance 12/31/2014
Capital assets not being depreciated:				
Land	\$ 52,881,764	\$ 7,191,486	\$ -	\$ 60,073,249
Construction in progress	\$ 29,677,971	\$ 11,711,779	\$ 29,251,569	\$ 12,138,181
Other Capital Assets				
Buildings	\$ 195,452,224	\$ 3,761,971	\$ 2,570,640	\$ 196,643,555
Land improvements	20,414,658	290,201	-	20,704,859
Machinery and equipment	30,926,858	4,244,329	2,313,489	32,857,698
Software	7,863,867	208,149	-	8,072,016
Vehicles	15,447,003	2,338,195	1,652,054	16,133,144
Infrastructure	239,971,746	27,799,241	1,315,641	266,455,346
Total other capital assets at historical cost	<u>\$ 510,076,356</u>	<u>\$ 38,642,086</u>	<u>\$ 7,851,824</u>	<u>\$ 540,866,618</u>
Less: Accumulated Depreciation/Amortization				
Buildings	\$ 61,382,983	\$ 4,834,590	\$ 1,329,578	\$ 64,887,995
Land improvements	13,056,196	829,959	-	13,886,155
Machinery and equipment	25,654,647	1,636,154	1,337,288	25,953,513
Software	1,979,537	1,376,381	-	3,355,918
Vehicles	8,167,916	2,241,680	1,644,745	8,764,851
Infrastructure	107,928,559	5,286,444	907,116	112,307,887
Total Accumulated Depreciation/Amortization	<u>\$ 218,169,839</u>	<u>\$ 16,205,208</u>	<u>\$ 5,218,728</u>	<u>\$ 229,156,319</u>
Net Other Capital Assets	<u>\$ 291,906,517</u>	<u>\$ 22,436,878</u>	<u>\$ 2,633,096</u>	<u>\$ 311,710,299</u>
Total Governmental Activities Capital Assets	<u>\$ 374,466,251</u>	<u>\$ 41,340,143</u>	<u>\$ 31,884,665</u>	<u>\$ 383,921,729</u>

Depreciation/amortization expense was charged to functions as follows:

Justice and Public Safety	\$2,724,856
Health & Human Services	1,305,706
Environment, Parks, and Education	1,297,466
Public Works (includes roads, bridges, signals, buildings)	6,738,889
General Government	780,126
Risk Management	164
Vehicle Replacement Fund	2,725,320
Central Fleet	138,824
Communications	53,163
Collections	19,903
End User Technology Fund	420,791
Total Governmental Activities Depreciation Expense	<u>\$16,205,208</u>

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 8 – CAPITAL ASSETS (CONT'D)

Business-Type Activities	Balance 1/1/2014	Additions	Deletions	Adjustments*	Balance 12/31/2014
Capital assets not being depreciated:					
Land	\$ 10,288,747	\$ -	\$ -	\$ -	\$ 10,288,747
Construction in progress	\$ 192,655	\$ 6,617,166	\$ -	\$ -	\$ 6,809,821
Other Capital Assets					
Buildings	\$ 19,473,777	\$ 77,832	\$ 38,252	\$ 660,750	\$ 20,174,107
Land improvements	19,287,367	-	-	(1,298,730)	17,988,637
Machinery and equipment	9,359,846	-	694,979	637,980	9,302,847
Total other capital assets at historical cost	<u>\$ 48,120,990</u>	<u>\$ 77,832</u>	<u>\$ 733,231</u>	<u>\$ -</u>	<u>\$ 47,465,591</u>
Less: Accumulated depreciation for:					
Buildings	\$ 11,185,105	\$ 649,076	\$ 22,951	\$ 472,881	\$ 12,284,111
Land improvements	13,216,788	724,101	-	(1,111,977)	12,828,912
Machinery and equipment	8,372,291	200,467	555,985	639,096	8,655,869
Total Accumulated Depreciation	<u>\$ 32,774,184</u>	<u>\$ 1,573,644</u>	<u>\$ 578,936</u>	<u>\$ -</u>	<u>\$ 33,768,892</u>
Net Other Capital Assets	<u>\$ 15,346,806</u>	<u>\$ (1,495,812)</u>	<u>\$ 154,295</u>	<u>\$ -</u>	<u>\$ 13,696,699</u>
Total Business-Type Activities Capital Assets	<u>\$ 25,828,208</u>	<u>\$ 5,121,354</u>	<u>\$ 154,295</u>	<u>\$ -</u>	<u>\$ 30,795,267</u>

* Adjustments are due to the conversion to a new financial system and reclassifications between functional areas that were identified during the conversion.

Depreciation expense was charged to functions as follows:

Radio Services	\$ 81,065
Golf Courses	169,446
Ice Arenas	258,395
Materials Recovery Facility	138,408
Airport	926,330
Total Business-type Activities Depreciation Expense	<u>\$ 1,573,644</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, 2014

NOTE 9 – INTERFUND RECEIVABLES/PAYABLES/ADVANCES AND TRANSFERS

Individual fund interfund receivable and payable balances for overdrafts on pooled cash accounts at December 31, 2014 were as follows:

Receivable Fund	Payables Fund	Amount	Amount Not Due Within One Year
General Fund	Transportation Fund	\$ 653,913	\$ 653,913
Less fund eliminations		(653,913)	
Governmental Activities – internal services allocations	Business-type Activities – internal services allocations	1,139,583	
Total - Government-wide statement of Net Position		\$ 1,139,583	

Individual balances for interfund advances at December 31, 2014 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
Golf Course Fund	Ice Arena Fund	461,609	461,609	Building Construction
Subtotal - Fund financial statements		\$2,101,593	2,101,593	
Less fund eliminations		(461,609)		
Total – Government-wide statement of net position		\$1,639,984		

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 - INTERFUND RECEIVABLES/PAYABLES/ADVANCES AND TRANSFERS (CONT'D)

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.

The following is a schedule of interfund transfers:

Fund Transferred From	Fund Transferred To	Amount	Principal Purpose
Transportation Fund	General Fund	\$907,921	Surplus Funds
General Fund	Transportation	222,900	Operating budget support
General Fund	End User Technology Fund	305,000	Capital project support
General Fund	Debt Service	500,000	Debt retirement
General Fund	Risk Management/Self Insurance	179,885	Operating budget and additional support
General Fund	Capital Projects Fund	2,258,200	Capital project support
General Fund	Radio Service Fund	3,119,000	Radio program support
General Fund	Capital Projects Fund	4,000,000	Funding for loan repayment
Capital Projects Fund	Radio Services Fund	4,331,500	Radio program support
Sub-total		\$15,824,406	
Proprietary:			
Collections Fund	General Fund	\$90,000	Repay start-up costs
Communications Fund	End User Technology Fund	375,500	Capital project support
Health and Dental Insurance Fund	Capital Projects Fund	243,000	Capital project support
Health and Dental Insurance Fund	General Fund	50,000	Operating budget support
End User Technology Fund	Capital Projects Fund	300,000	Capital project support
End User Technology Fund	Communications Fund	972,369	Transfer of Communication Equipment
Ice Arena Fund	Capital Projects Fund	100,000	Capital project support
Subtotal Fund Financial Statements		\$17,955,275	
Less: Fund Eliminations		(10,604,775)	
Grand Total - Statement of Activities		\$7,350,500	

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
Governmental Activities	Business-Type Activities	\$7,450,500
Business-Type Activities	Governmental Activities	(100,000)
Total Government-wide Financial Statements		<u>\$7,350,500</u>

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.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 10– LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt	\$84,235,000	\$14,255,000	(\$16,520,000)	\$81,970,000	\$12,635,000
Unamortized debt premium (discount)	1,099,730	189,411	(158,313)	1,130,828	0
Compensated Absences (Note 1.D.6)	4,780,195	4,565,722	(4,780,195)	4,565,722	4,565,722
Total Governmental Activities	\$90,114,925	\$19,010,133	(\$21,458,508)	\$87,666,550	\$17,200,722

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.

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, 2014, based on an equalized value of \$48,995,016,900 was \$2,449,750,845. Total general obligation debt outstanding at year-end was \$81,970,000.

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/14
Governmental Activities					
2008A GOPN	05/01/08	04/01/18	3.25%-3.50%	10,000,000	5,700,000
2009A GOPN	04/15/09	04/01/19	1.50%-3.375%	15,700,000	6,250,000
2010A TGOPN (RZEDB)	06/08/10	04/01/20	0.85%-4.05%	9,000,000	7,350,000
2011A GOPN	07/19/11	04/01/21	1.25%-2.75%	19,490,000	9,200,000
2012A GOPRN	04/02/12	04/01/15	1.19%	6,635,000	1,400,000
2012B GOPN	06/12/12	04/01/22	2.00%-2.125%	20,000,000	18,800,000
2013A GOPRN	01/03/13	04/01/16	0.65%	4,550,000	2,515,000
2013B GOPN	05/14/13	04/01/23	2.00%-2.25%	17,000,000	16,500,000
2014A GOPRN	03/18/14	04/01/17	0.80%	4,255,000	4,255,000
2014B GOPN	06/17/14	04/01/24	2.00%-2.25%	10,000,000	10,000,000
Total					\$81,970,000

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE 10– LONG-TERM OBLIGATIONS (CONT'D)

Debt service requirements to maturity are as follows:

Governmental Activities General Obligation Debt		
	Principal	Interest
Years		
2015	\$12,635,000	\$1,734,317
2016	12,405,000	1,474,117
2017	11,925,000	1,190,837
2018	11,535,000	900,140
2019	10,005,000	631,368
2020-2024	23,465,000	881,667
Total	\$81,970,000	\$6,812,446

As of December 31, 2014, \$3,231,387 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.

Current Refunding

On March 18, 2014, the County issued \$4,255,000 in general obligation promissory notes with an average interest rate of 0.80% to refund \$4,300,000 of outstanding Series 2007 obligation promissory notes with an average interest rate of 3.875%

The cash flow requirement on the refunded notes prior to the current refunding was \$5,920,438 from 2014 through 2017. The cash flow requirements on the Series 2014 general obligation promissory notes are \$5,626,152 from 2014 through 2017. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$224,220.

NOTE 11– LEASE DISCLOSURES

The County has no material capital leases as lessee or lessor.

Operating Leases

1. The County has had a lease agreement with the WCTC Foundation for the rental of space in a building known as the Workforce Development Center since 1995. The lease in effect for 2014, which covers 4,271 square feet, included operating costs of \$7.725 per square foot and a sinking fund payment (for capital improvements and maintenance) of \$0.55 per square foot. Costs for the operating portion are adjusted annually for the increase or decrease in the Consumer Price Index (CPI). Costs for the sinking fund are not subject to a CPI adjustment. The resulting actual 2014 lease costs are detailed on the following page.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE 11– LEASE DISCLOSURES (CONT'D)

Operating costs	\$	32,954
Sinking fund: Capital improvements/major maintenance		2,349
Total	\$	35,303

The lease in effect for 2014 was year three of a five year extension on the previous lease, which expired on December 31, 2011. Beginning in 2012, the County must pay an additional \$1.46 per square foot each year (\$6,236) for the term of the agreement to WCTC Foundation as a management fee. This fee is not subject to any CPI adjustments.

2. The County, through the Airport Commission, oversees the overall operation of the airport, and is lessor of the facility under various operating leases for periods ranging from 2015 through 2043. Operating leases at December 31, 2014 provide for the following future minimum lease payments:

Year	Amount
2015	\$ 283,381
2016	283,381
2017	283,381
2018	264,554
2019	224,469
2020-2024	916,502
2025-2029	877,283
2030-2034	773,010
2035-2039	416,149
2040-2043	166,283
Total	\$ 4,488,393

The leased facilities have a cost of \$2,947,806, accumulated depreciation of \$2,168,174, and a net book value of \$779,632.

NOTE 12 –GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government wide statement of net position at December 31, 2014 includes the following:

Net investment in capital assets:	
Land	\$60,073,249
Construction in progress	12,138,181
Other capital assets, net of accumulated depreciation	311,710,299
Less: related long-term debt outstanding (net of unspent proceeds of debt)	(81,525,866)
Total net investment in capital assets	\$302,395,863

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE 13 – EMPLOYEES’ RETIREMENT SYSTEM

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 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. All employees initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 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

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, and Executives and Elected Officials. Required contributions for protective employees are the same 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. Contribution rates for 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%

The payroll for County employees covered by the WRS for the year ended December 31, 2014 was \$81,478,878; the employer’s total payroll was \$84,044,597. The total required contribution for the year ended December 31, 2014 was \$11,842,150 or 14.5 percent of covered payroll. Of this amount, the employer contributed 53 percent for the current year. Total contributions for the years ending December 31, 2013 and 2012 were \$11,276,726 and \$10,018,585, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials, 54 for protective occupation employees with less than 25 years of service, and 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee’s three highest years’ earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

There was no pension-related debt for the County as of December 31, 2014.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 14 – RISK MANAGEMENT/SELF INSURANCE

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and workers compensation. The County purchases commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. The County also participates in a public entity risk pool called the Wisconsin Municipal Mutual Insurance Company (WMMIC) to provide coverage for losses from torts, errors and omission, and workers compensation. 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, and workers compensation insurance for participating members in the State of Wisconsin on terms calling for recognition of premium upon the effective date of the policy. 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, 2014 WMMIC was owned by eighteen 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, 2014. This is a quota share reinsurance agreement with General Reinsurance Corporation (66.7%) and Governmental Entities Mutual (GEM) Insurance Company (33.3%) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention for each member) which exceed \$1,000,000 per occurrence up to the maximum loss of \$10,000,000 per occurrence. WMMIC retains the first \$1,000,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$10,000,000 per occurrence or greater than \$15,000,000 of aggregate losses for public officials' liability only. GEM has established and funded a trust account for its anticipated loss obligations to WMMIC to satisfy state regulatory requirements due to its current status as an unauthorized reinsurer in Wisconsin.

WMMIC has contracted with Safety National to provide 100% reinsurance coverage for workers compensation insurance in excess of the members' self-insured retention limits, which are \$500,000 for all but one member that has a retention of \$650,000.

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.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2014

NOTE 14 – RISK MANAGEMENT/SELF INSURANCE (CONT'D)

WMMIC requires that the County maintain a minimum reserve amount for the payment of liability claims equal to the expected present value of unpaid losses as determined by the company's actuary consultant. At December 31, 2014, the county's minimum reserve amount required by WMMIC is \$857,079.

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 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 \$400,000 self-insured retention up to statutory requirements (unlimited) per claim. At this time, settled claims have not exceeded the commercial coverage in any of the past three years. 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, 2014, the expected present value of unpaid losses, as determined by the County's actuary consultant, is \$2,620,844.

<u>Liability and Workers Compensation Claims</u>	<u>2013</u>	<u>2014</u>
Unpaid claims, including incurred but not reported -		
Beginning of Year	\$2,925,122	\$3,925,382
Estimated future claims expense	1,589,941	1,079,890
Current year claim payment and changes in estimates	(589,681)	(1,007,043)
Unpaid claims - End of Year	<u>\$3,925,382</u>	<u>\$3,998,229</u>
Amount not due within one year		\$2,678,813
In addition, net position can be analyzed as follows:		
Net investment in capital assets		519
WMMIC deposit		2,459,264
Reserves for losses not captured within actuary analysis (e.g., pollution liability, employment litigation back wages, etc.) and for catastrophic losses		(313,802)
Total Net Position		<u>\$2,145,981</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, 2014, the County's liability and worker's compensation combined claims reserve totals \$3,998,229, which closely approximates an expected confidence level of slightly below 75%.

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 uninsured risk of loss is \$275,000 per individual claimant per year. The County has purchased commercial stop-loss insurance for claims in excess of the \$275,000 retention.

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, 2014

NOTE 14 – 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>2013</u>	<u>2014</u>
Unpaid claims – Beginning of Year	\$1,966,377	\$2,277,377
Current year claims and changes in estimates	16,462,872	16,134,930
Claim payments	<u>(16,151,872)</u>	<u>(16,046,614)</u>
Unpaid claims - End of Year	<u>\$2,277,377</u>	<u>\$2,365,693</u>
Amount not due within one year		<u>\$ 118,285</u>

NOTE 15– 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, 2014. 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 \$4,140,181 at year end which will be paid out of the committed fund balance in the capital projects funds.

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 and the School District of Waukesha.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 16 – SUBSEQUENT EVENT

On April 28, 2015, the County Board issued \$10,000,000 General Obligation Promissory Notes to fund 2015 capital projects.

NOTE 17 – 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 18 – EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*
- Statement No. 71, *Pension -Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68.*

When they become effective, application of these standards may restate portions of these financial statements.

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