

## **GOVERNMENT-WIDE STATEMENTS**

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WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION  
December 31, 2015

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 111,006,169	\$ 19,953,631	\$ 130,959,800
Receivables:			
Property taxes - delinquent	5,906,117	-	5,906,117
Property taxes - levied for ensuing year's budget	104,255,882	152,563	104,408,445
Taxes levied for other governments	8,517,141	-	8,517,141
Accrued interest	438,459	-	438,459
Accounts	1,273,816	40,717	1,314,533
Due from other governments	12,326,356	31,179	12,357,535
Internal balances	1,223,998	(1,223,998)	-
Prepaid items	81,894	1,397	83,291
Inventories	1,225,048	127,222	1,352,270
Advances to/from other funds	1,639,984	(1,639,984)	-
Restricted assets			
Restricted cash and investments	432,285	-	432,285
Deposit in WMMIC	2,459,264	-	2,459,264
Net pension asset	15,060,509	315,692	15,376,201
Long term receivable	6,126,991	148,276	6,275,267
Capital assets:			
Land	60,801,883	10,288,747	71,090,630
Construction in progress	15,965,519	4,673,677	20,639,196
Buildings	197,168,313	18,167,071	215,335,384
Improvements other than buildings	23,607,253	25,683,763	49,291,016
Machinery and equipment	33,358,045	13,628,941	46,986,986
Software	9,363,216	8,521	9,371,737
Vehicles	16,441,439	-	16,441,439
Infrastructure	270,520,574	-	270,520,574
Accumulated depreciation/amortization	(242,632,565)	(29,997,522)	(272,630,087)
<b>Total assets</b>	<b>\$ 656,567,590</b>	<b>\$ 60,359,893</b>	<b>\$ 716,927,483</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	15,243,141	326,906	15,570,047
<b>Total deferred outflows of resources</b>	<b>\$ 15,243,141</b>	<b>\$ 326,906</b>	<b>\$ 15,570,047</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 10,641,569	\$ 1,148,646	\$ 11,790,215
Accrued compensation	6,461,972	66,595	6,528,567
Other liabilities	329,708	51,043	380,751
Due to other governments	9,167,445	-	9,167,445
Accrued interest payable	413,916	-	413,916
Other unearned revenue	740,886	-	740,886
Long-Term Liabilities:			
Compensated absences - current	4,735,714	-	4,735,714
Claims payable - current	3,745,886	-	3,745,886
Claims payable - non current	3,119,313	-	3,119,313
Notes payable - current	12,705,000	-	12,705,000
Notes payable - non current	67,784,085	-	67,784,085
<b>Total liabilities</b>	<b>\$ 119,845,494</b>	<b>\$ 1,266,284</b>	<b>\$ 121,111,778</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue - library grant	\$ 912,558	\$ -	\$ 912,558
Unearned revenue - property tax	104,259,708	152,563	104,412,271
Pension related amounts	32,710	686	33,396
<b>Total deferred inflows of resources</b>	<b>\$ 105,204,976</b>	<b>\$ 153,249</b>	<b>\$ 105,358,225</b>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 306,112,400	\$ 42,453,198	\$ 348,565,598
Restricted net position for:			
Park development	7,091,673	-	7,091,673
Debt service	1,773,785	-	1,773,785
Community development	7,305,202	-	7,305,202
Library purposes	1,002,760	-	1,002,760
Human services	1,319,807	-	1,319,807
Deposit in WMMIC	2,459,264	-	2,459,264
Pension	15,060,509	315,692	15,376,201
Unrestricted net position	104,634,861	16,498,376	121,133,237
<b>Total net position</b>	<b>\$ 446,760,261</b>	<b>\$ 59,267,266</b>	<b>\$ 506,027,527</b>

See notes to financial statements.

**WAUKESHA COUNTY, WISCONSIN**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2015

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
<b>GOVERNMENTAL ACTIVITIES</b>							
Justice and public safety	\$ 59,260,831	\$ 12,090,429	\$ 2,655,427	\$ -	\$ (44,514,975)	\$ -	\$ (44,514,975)
Health and human services	74,719,517	8,965,235	37,840,137	-	(27,914,145)	-	(27,914,145)
Environment, parks and education	24,055,663	8,660,938	5,196,247	-	(10,198,478)	-	(10,198,478)
Public works	31,486,640	7,077,740	5,297,360	1,136,157	(17,975,383)	-	(17,975,383)
General government	15,490,433	4,851,902	713,490	36,440	(9,888,601)	-	(9,888,601)
Interest expense	1,623,250	-	-	-	(1,623,250)	-	(1,623,250)
<b>Total Governmental Activities</b>	<b>206,636,334</b>	<b>41,646,244</b>	<b>51,702,661</b>	<b>1,172,597</b>	<b>(112,114,832)</b>	<b>-</b>	<b>(112,114,832)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Radio services	374,474	628,989	-	1,600,000	-	1,854,515	1,854,515
Golf courses	3,224,662	3,065,012	-	-	-	(159,650)	(159,650)
Ice arenas	1,265,648	1,029,811	-	6,500	-	(229,337)	(229,337)
Materials recovery facility	4,694,147	1,727,774	947,831	-	-	(2,018,542)	(2,018,542)
Airport	1,974,641	741,076	-	9,146,289	-	7,912,724	7,912,724
<b>Total Business-type Activities</b>	<b>11,533,572</b>	<b>7,192,662</b>	<b>947,831</b>	<b>10,752,789</b>	<b>-</b>	<b>7,359,710</b>	<b>7,359,710</b>
<b>Totals</b>	<b>\$ 218,169,906</b>	<b>\$ 48,838,906</b>	<b>\$ 52,650,492</b>	<b>\$ 11,925,386</b>	<b>\$(112,114,832)</b>	<b>\$ 7,359,710</b>	<b>\$(104,755,122)</b>
<b>GENERAL REVENUES</b>							
Property taxes					105,874,938	162,563	106,037,501
Grants and contributions, not restricted to specific programs					1,747,186	-	1,747,186
Investment earnings					1,482,620	13,465	1,496,085
Miscellaneous					6,565,763	35,654	6,601,417
Gain on disposal/sale of capital assets					323,531	593,776	917,307
<b>Total General Revenues</b>					<b>115,994,038</b>	<b>805,458</b>	<b>116,799,496</b>
Transfers					210,925	(210,925)	-
<b>Change in Net Position</b>					<b>4,090,131</b>	<b>7,954,243</b>	<b>12,044,374</b>
Net Position - Beginning of Year (as restated)					442,670,130	51,313,023	493,983,153
<b>Net Position - End of Year</b>					<b>\$ 446,760,261</b>	<b>\$ 59,267,266</b>	<b>\$ 506,027,527</b>

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, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 52,692,093	\$ 2,187,701	\$ 25,614,065	\$ 10,583,734	\$ 91,077,593
Receivables:					
Property taxes - delinquent	5,906,117	-	-	-	5,906,117
Property taxes levied for ensuing year's budget	83,035,193	13,109,500	1,747,000	6,364,189	104,255,882
Taxes levied for other governments	8,517,141	-	-	-	8,517,141
Accrued interest	438,459	-	-	-	438,459
Accounts	638,964	-	29,090	121,133	789,187
Due from other governments	9,576,539	-	175,389	2,541,470	12,293,398
Due from other funds	735,223	-	-	-	735,223
Prepaid items	81,885	-	-	9	81,894
Inventories	-	-	-	661,997	661,997
Advances to other funds	1,639,984	-	-	-	1,639,984
Long term receivable	2,224	-	-	6,124,767	6,126,991
<b>Total assets</b>	<b>\$ 163,263,822</b>	<b>\$ 15,297,201</b>	<b>\$ 27,565,544</b>	<b>\$ 26,397,299</b>	<b>\$ 232,523,866</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 6,495,340	\$ -	\$ 2,104,730	\$ 1,078,072	\$ 9,678,142
Accrued compensation	6,124,250	-	-	5,742	6,129,992
Other liabilities	207,683	-	-	-	207,683
Due to other governments	9,101,435	-	-	66,010	9,167,445
Due to other funds	-	-	-	735,223	735,223
Other unearned revenue	532,635	-	185,500	22,751	740,886
<b>Total liabilities</b>	<b>\$ 22,461,343</b>	<b>\$ -</b>	<b>\$ 2,290,230</b>	<b>\$ 1,907,798</b>	<b>\$ 26,659,371</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - revolving loans	\$ -	\$ -	\$ -	\$ 6,124,767	\$ 6,124,767
Unavailable revenue - health clinic	-	-	72,880	-	72,880
Unavailable revenue - delinquent taxes	671,151	-	-	-	671,151
Unearned revenue - library grant	-	-	-	912,558	912,558
Unearned revenue - property tax	83,039,019	13,109,500	1,747,000	6,364,189	104,259,708
<b>Total deferred inflows of resources</b>	<b>\$ 83,710,170</b>	<b>\$ 13,109,500</b>	<b>\$ 1,819,880</b>	<b>\$ 13,401,514</b>	<b>\$ 112,041,064</b>
<b>FUND BALANCES</b>					
Non-spendable:					
Non-current interfunds	\$ 2,375,207	\$ -	\$ -	\$ -	\$ 2,375,207
Prepaid items	81,885	-	-	9	81,894
Inventories	-	-	-	661,997	661,997
Delinquent taxes	5,234,966	-	-	-	5,234,966
Restricted:					
Park purposes	190,694	-	-	6,900,979	7,091,673
Debt service	-	2,187,701	-	-	2,187,701
Community development	-	-	-	1,180,435	1,180,435
Library purposes	-	-	-	1,002,760	1,002,760
Human services	-	-	-	1,319,807	1,319,807
Capital projects	-	-	2,007,807	-	2,007,807
Committed:					
Sick leave payout	500,000	-	-	-	500,000
Capital project purposes	-	-	21,447,627	-	21,447,627
Assigned:					
Jail assessment fees	225,849	-	-	-	225,849
Seized funds	290,655	-	-	-	290,655
Juror donations	7,146	-	-	-	7,146
Subsequent year's budget	5,768,239	-	-	22,000	5,790,239
Equipment replacement	912,400	-	-	-	912,400
Contingency fund	1,200,000	-	-	-	1,200,000
Unassigned	40,305,268	-	-	-	40,305,268
<b>Total fund balances</b>	<b>\$ 57,092,309</b>	<b>\$ 2,187,701</b>	<b>\$ 23,455,434</b>	<b>\$ 11,087,987</b>	<b>\$ 93,823,431</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 163,263,822</b>	<b>\$ 15,297,201</b>	<b>\$ 27,565,544</b>	<b>\$ 26,397,299</b>	<b>\$ 232,523,866</b>

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
December 31, 2015

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Total Fund Balances - Governmental Funds	\$ 93,823,431
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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.)	368,680,265
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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.)	(85,638,715)
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Internal service funds are used by management to charge the costs of various services to individual funds and functional categories. The assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in governmental activities in the statement of net position.	34,293,464
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Other long term assets are not available to pay for current period expenditures and, therefore are not reported in the funds. (See Note 5)	6,868,798
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GASB 68 requires that the County's financial statements reflect its share of the net pension asset and related deferred inflows and outflows for the Wisconsin Retirement System (excludes internal service funds).	28,733,018
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<b>Total Net Position - Governmental Activities</b>	<b><u>\$ 446,760,261</u></b>
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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, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General intergovernmental assistance	\$ 745,000	\$ -	\$ 1,002,186	\$ -	\$ 1,747,186
Intergovernmental contracts/grants	38,848,803	-	1,222,500	17,873,520	57,944,823
Taxes	80,989,326	12,950,000	1,850,000	6,449,788	102,239,114
Fines and licenses	3,385,395	-	-	139,830	3,525,225
Charges for services	23,412,310	-	-	1,612,464	25,024,774
Interdepartmental revenues	3,518,586	-	-	587,810	4,106,396
Investment earnings	928,524	66,175	103,801	75,133	1,173,633
Miscellaneous revenues	9,184,921	95,944	145,343	1,447,663	10,873,871
<b>Total revenues</b>	<b>161,012,865</b>	<b>13,112,119</b>	<b>4,323,830</b>	<b>28,186,208</b>	<b>206,635,022</b>
<b>EXPENDITURES</b>					
Current:					
Justice and public safety	56,927,584	-	-	-	56,927,584
Health and human services	70,647,096	-	-	2,816,180	73,463,276
Environment, parks and education	12,856,285	-	-	9,185,070	22,041,355
Public works	8,059,260	-	-	13,948,120	22,007,380
General government	10,169,606	-	-	-	10,169,606
Capital outlay:					
Justice and public safety	401,084	-	323,383	-	724,467
Health and human services	-	-	1,059,263	-	1,059,263
Environment, parks and education	211,065	-	1,849,915	301,503	2,362,483
Public works	9,561	-	11,050,525	67,979	11,128,065
General government	-	-	1,434,461	-	1,434,461
Debt service:					
Principal retirement	-	12,635,000	-	-	12,635,000
Interest and fiscal charges	-	1,800,805	-	-	1,800,805
<b>Total expenditures</b>	<b>159,281,541</b>	<b>14,435,805</b>	<b>15,717,547</b>	<b>26,318,852</b>	<b>215,753,745</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,731,324</b>	<b>(1,323,686)</b>	<b>(11,393,717)</b>	<b>1,867,356</b>	<b>(9,118,723)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation notes issued	-	-	10,000,000	-	10,000,000
Premium on general obligation notes issued	-	-	185,596	-	185,596
Transfers in	1,363,704	280,000	395,000	225,000	2,263,704
Transfers out	(843,927)	-	(118,419)	(1,049,360)	(2,011,706)
<b>Total other financing sources (uses)</b>	<b>519,777</b>	<b>280,000</b>	<b>10,462,177</b>	<b>(824,360)</b>	<b>10,437,594</b>
<b>Net change in fund balances</b>	<b>2,251,101</b>	<b>(1,043,686)</b>	<b>(931,540)</b>	<b>1,042,996</b>	<b>1,318,871</b>
Fund Balances - January 1	54,841,208	3,231,387	24,386,974	10,044,991	92,504,560
<b>Fund Balances - December 31</b>	<b>\$ 57,092,309</b>	<b>\$ 2,187,701</b>	<b>\$ 23,455,434</b>	<b>\$ 11,087,987</b>	<b>\$ 93,823,431</b>

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, 2015

Net changes in fund balances - total governmental funds	\$ 1,318,871
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets and contributions exceeded depreciation in the current period. (see Note 2.B.)</p>	872,198
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Position.</p>	12,635,000
<p>The issuance of long term debt is an other financing source in the governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.</p>	(10,000,000)
<p>Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the Statement of Activities and are reported as interest expense. This is the amount by which the premium on the current year debt issuance exceeded the amortization of prior year balances.</p>	(23,257)
<p>Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (see Note 2.B.)</p>	(154,776)
<p>Internal service funds are used by management to charge the costs of various services to individual funds and functional categories.</p>	(451,695)
<p>Governmental funds report loan repayments as revenues and the issuance of new loans as expenditures. These activities are reported as changes in loans receivable in the government-wide statements. Health clinic startup revenue repayment and delinquent property taxes are also not expected to be paid during the current period and are not reported in the governmental funds.</p>	13,477
<p>GASB 68 requires that the County's financial statements reflect its share of the net pension asset and related deferred inflows and outflows for the Wisconsin Retirement System.</p>	(119,687)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 4,090,131</b>

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, jointly owned with the City of Milwaukee, located in Milwaukee, Wisconsin.

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WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION - ALL PROPRIETARY FUNDS  
December 31, 2015

	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			
<b>ASSETS</b>							
Current Assets:							
Cash and investments	\$ 3,162,856	\$ 8,865,906	\$ 6,759,799	\$ 1,165,070	\$ 19,953,631	\$ 19,928,576	
Receivables:							
Property taxes levied for ensuing year's budget	152,563	-	-	-	152,563	-	
Accounts	35,181	5,536	-	-	40,717	484,629	
Total receivables	187,744	5,536	-	-	193,280	484,629	
Due from other governments	-	31,179	-	-	31,179	32,958	
Prepaid items	-	-	-	1,397	1,397	-	
Inventories	-	-	-	127,222	127,222	563,051	
Total current assets	3,350,600	8,902,621	6,759,799	1,293,689	20,306,709	21,009,214	
Noncurrent Assets:							
Advances to other funds	-	-	-	461,609	461,609	-	
Restricted assets:							
Restricted cash and investments	-	-	-	-	-	432,285	
Deposit in WMMIC	-	-	-	-	-	2,459,264	
Net pension asset	32,144	65,853	37,870	179,825	315,692	758,083	
Long term receivable	-	148,276	-	-	148,276	-	
Capital assets:							
Construction in progress	451,618	4,179,001	-	43,058	4,673,677	951,009	
Land	8,049,032	55,000	-	2,184,715	10,288,747	-	
Buildings	7,928,791	1,422,160	-	8,816,120	18,167,071	4,122,283	
Improvements other than buildings	22,674,248	-	-	3,009,515	25,683,763	22,089	
Machinery and equipment	1,614,158	4,501,157	6,531,753	981,873	13,628,941	14,468,476	
Software	-	-	-	8,521	8,521	123,161	
Vehicles	-	-	-	-	-	15,264,052	
Less accumulated depreciation/amortization	(16,011,394)	(4,994,788)	(326,588)	(8,664,752)	(29,997,522)	(19,037,658)	
Total capital assets (net of accumulated depreciation/amortization)	24,706,453	5,162,530	6,205,165	6,379,050	42,453,198	15,913,412	
Total noncurrent assets	24,738,597	5,376,659	6,243,035	7,020,484	43,378,775	19,563,044	
<b>Total assets</b>	<b>\$ 28,089,197</b>	<b>\$ 14,279,280</b>	<b>\$ 13,002,834</b>	<b>\$ 8,314,173</b>	<b>\$ 63,685,484</b>	<b>\$ 40,572,258</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Pension related amounts	\$ 32,682	\$ 68,059	\$ 39,423	\$ 186,742	\$ 326,906	\$ 781,486	
<b>Total deferred outflows of resources</b>	<b>\$ 32,682</b>	<b>\$ 68,059</b>	<b>\$ 39,423</b>	<b>\$ 186,742</b>	<b>\$ 326,906</b>	<b>\$ 781,486</b>	

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WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION - ALL PROPRIETARY FUNDS  
December 31, 2015

	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			
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	\$ 152,004	\$ 336,907	\$ 611,437	\$ 48,298	\$ 1,148,646	\$ 963,427	
Accrued compensation	12,257	2,439	14,357	37,542	66,595	331,980	
Other liabilities	51,043	-	-	-	51,043	122,025	
Claims payable - current	-	-	-	-	-	3,745,886	
Total current liabilities	215,304	339,346	625,794	85,840	1,266,284	5,163,318	
Long-term liabilities:							
Advances from other funds	\$ -	\$ -	\$ -	\$ 2,101,593	\$ 2,101,593	\$ -	
Claims payable	-	-	-	-	-	3,119,313	
Total long-term liabilities	-	-	-	2,101,593	2,101,593	3,119,313	
<b>Total liabilities</b>	<b>\$ 215,304</b>	<b>\$ 339,346</b>	<b>\$ 625,794</b>	<b>\$ 2,187,433</b>	<b>\$ 3,367,877</b>	<b>\$ 8,282,631</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unearned revenue - property tax	\$ 152,563	\$ -	\$ -	\$ -	\$ 152,563	\$ -	
Pension related amounts	70	143	82	391	686	1,647	
<b>Total deferred inflows of resources</b>	<b>\$ 152,633</b>	<b>\$ 143</b>	<b>\$ 82</b>	<b>\$ 391</b>	<b>\$ 153,249</b>	<b>\$ 1,647</b>	
<b>NET POSITION</b>							
Net investment in capital assets	\$ 24,706,453	\$ 5,162,530	\$ 6,205,165	\$ 6,379,050	\$ 42,453,198	\$ 15,913,412	
Restricted for deposit in WMMIC	-	-	-	-	-	2,459,264	
Restricted for pension	32,144	65,853	37,870	179,825	315,692	758,083	
Unrestricted (deficit)	3,015,345	8,779,467	6,173,346	(245,784)	17,222,374	13,938,707	
<b>Total net position</b>	<b>\$ 27,753,942</b>	<b>\$ 14,007,850</b>	<b>\$ 12,416,381</b>	<b>\$ 6,313,091</b>	<b>\$ 60,491,264</b>	<b>\$ 33,069,466</b>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(1,223,998)		
<b>Net Position of Business-type Activities</b>					<b>\$ 59,267,266</b>		

See notes to financial statements.

(CONCLUDED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - ALL PROPRIETARY FUNDS  
For The Year Ended December 31, 2015

	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	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 741,076	\$ 628,989	\$ -	\$ 4,094,823	\$ 5,464,888	\$ 3,614,869
Interdepartmental revenues	-	494,488	-	-	494,488	31,557,652
Miscellaneous revenues	24,868	-	1,733,253	5,307	1,763,428	1,905,716
<b>Total operating revenues</b>	<b>765,944</b>	<b>1,123,477</b>	<b>1,733,253</b>	<b>4,100,130</b>	<b>7,722,804</b>	<b>37,078,237</b>
<b>OPERATING EXPENSES</b>						
Salaries	186,946	361,635	240,561	1,397,033	2,186,175	4,521,328
Benefits	58,146	138,829	107,609	398,449	703,033	1,564,390
Insurance and claims expense	-	-	-	-	-	21,739,947
Operating	470,397	163,488	3,795,549	1,286,077	5,715,511	7,602,591
Interdepartmental	161,672	143,763	169,657	919,471	1,394,563	863,498
Depreciation	1,089,408	46,316	374,548	434,091	1,944,363	3,512,054
<b>Total operating expenses</b>	<b>1,966,569</b>	<b>854,031</b>	<b>4,687,924</b>	<b>4,435,121</b>	<b>11,943,645</b>	<b>39,803,808</b>
<b>Operating income (loss)</b>	<b>(1,200,625)</b>	<b>269,446</b>	<b>(2,954,671)</b>	<b>(334,991)</b>	<b>(4,220,841)</b>	<b>(2,725,571)</b>
<b>NON-OPERATING REVENUES</b>						
General property taxes	162,563	-	-	-	162,563	1,575,701
Intergovernmental contracts/grants	-	-	947,831	-	947,831	-
Investment earnings	521	-	-	12,944	13,465	308,988
Municipal infrastructure payment	-	1,600,000	-	-	1,600,000	-
Gain on disposal of capital assets	-	-	593,776	-	593,776	345,845
<b>Total non-operating revenues</b>	<b>163,084</b>	<b>1,600,000</b>	<b>1,541,607</b>	<b>12,944</b>	<b>3,317,635</b>	<b>2,230,534</b>
<b>Income (loss) before transfers and contributions</b>	<b>(1,037,541)</b>	<b>1,869,446</b>	<b>(1,413,064)</b>	<b>(322,047)</b>	<b>(903,206)</b>	<b>(495,037)</b>

(CONTINUED)



WAUKESHA COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS  
For The Year Ended December 31, 2015

	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	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 745,262	\$ 627,131	\$ 1,733,253	\$ 4,100,129	\$ 7,205,775	\$ 5,523,862
Receipts from interfund services provided	-	494,488	-	-	494,488	31,557,652
Payments to suppliers	(384,991)	(1,862,987)	(3,604,979)	(1,262,208)	(7,115,165)	(28,140,029)
Payments to employees	(241,539)	(532,073)	(350,845)	(1,800,871)	(2,925,328)	(6,108,852)
Payments for interfund services used	(161,672)	(143,763)	(169,657)	(919,471)	(1,394,563)	(863,498)
<b>Total cash flows from operating activities</b>	<b>(42,940)</b>	<b>(1,417,204)</b>	<b>(2,392,228)</b>	<b>117,579</b>	<b>(3,734,793)</b>	<b>1,969,135</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Transfers to other funds	-	-	-	(210,925)	(210,925)	(160,000)
Transfers from other funds	-	-	-	-	-	118,927
Receipts from intergovernmental contracts/grants	-	-	947,831	-	947,831	-
Receipts from general property taxes	162,563	-	-	-	162,563	1,575,701
<b>Total cash flows from non-capital financing activities</b>	<b>162,563</b>	<b>-</b>	<b>947,831</b>	<b>(210,925)</b>	<b>899,469</b>	<b>1,534,628</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets	(811,216)	(3,061,915)	(939,831)	(91,497)	(4,904,459)	(3,217,223)
Proceeds from sales of capital assets	-	-	1,042,232	-	1,042,232	349,525
Long term receivable from municipalities	-	152,724	-	-	152,724	-
Municipal infrastructure payment	-	1,600,000	-	-	1,600,000	-
<b>Total cash flows from capital and related financing activities</b>	<b>(811,216)</b>	<b>(1,309,191)</b>	<b>102,401</b>	<b>(84,997)</b>	<b>(2,103,003)</b>	<b>(2,867,698)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	521	-	-	12,944	13,465	308,988
<b>Total cash flows from investing activities</b>	<b>521</b>	<b>-</b>	<b>-</b>	<b>12,944</b>	<b>13,465</b>	<b>308,988</b>
<b>Net change in cash and cash equivalents</b>	<b>(691,072)</b>	<b>(2,726,395)</b>	<b>(1,341,996)</b>	<b>(165,399)</b>	<b>(4,924,862)</b>	<b>945,053</b>
Cash and Cash Equivalents, Beginning of Year	3,853,928	11,592,301	8,101,795	1,330,469	24,878,493	19,415,808
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3,162,856</b>	<b>\$ 8,865,906</b>	<b>\$ 6,759,799</b>	<b>\$ 1,165,070</b>	<b>\$ 19,953,631</b>	<b>\$ 20,360,861</b>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital asset contributions	\$ 9,146,289	\$ -	\$ -	\$ -	\$ 9,146,289	\$ -

(CONTINUED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS  
For The Year Ended December 31, 2015

	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	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (1,200,625)	\$ 269,446	\$ (2,954,671)	\$ (334,991)	\$ (4,220,841)	\$ (2,725,571)
Depreciation expense	1,089,408	46,316	374,548	434,091	1,944,363	3,512,054
(Increase) Decrease in accounts receivable	(20,681)	(1,450)	-	-	(22,131)	(52,112)
(Increase) Decrease in due from other governments	-	(551)	-	-	(551)	55,389
(Increase) Decrease in prepaid items	-	-	-	(1,397)	(1,397)	396,017
(Increase) Decrease in inventories	-	-	-	1,592	1,592	(63,917)
Increase (Decrease) in accounts payable	85,405	311,359	190,570	23,673	611,007	374,256
Increase (Decrease) in accrued compensation	3,553	(31,609)	(2,675)	(5,389)	(36,120)	(23,134)
Increase (Decrease) in other liabilities	-	-	-	-	-	(5,124)
Increase (Decrease) in unearned revenue	-	(2,010,715)	-	-	(2,010,715)	501,277
Increase (Decrease) in claims payable	-	-	-	-	-	-
<b>Net cash flows from operating activities</b>	<b>\$ (42,940)</b>	<b>\$ (1,417,204)</b>	<b>\$ (2,392,228)</b>	<b>\$ 117,579</b>	<b>\$ (3,734,793)</b>	<b>\$ 1,969,135</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION</b>						
Cash and investments - statement of net position	\$ 3,162,856	\$ 8,865,906	\$ 6,759,799	\$ 1,165,070	\$ 19,953,631	\$ 19,928,576
Restricted cash and investments - statement of net position	-	-	-	-	-	432,285
<b>Cash and cash equivalents - end of year</b>	<b>\$ 3,162,856</b>	<b>\$ 8,865,906</b>	<b>\$ 6,759,799</b>	<b>\$ 1,165,070</b>	<b>\$ 19,953,631</b>	<b>\$ 20,360,861</b>

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, 2015

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and investments	\$ 21,216,713
<b>Total assets</b>	<b><u>\$ 21,216,713</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 27
Other liabilities	5,428,944
Due to other governments	15,787,742
<b>Total liabilities</b>	<b><u>\$ 21,216,713</u></b>

See notes to financial statements.

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WAUKESHA COUNTY, WISCONSIN  
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December 31, 2015

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WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

**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**

In June 2012, the GASB issued statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

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

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

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

---

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

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

The County reports the following major governmental and enterprise funds:

**Major Governmental Funds**

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

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

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

**Major Enterprise Funds**

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

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

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

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

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

Aging and Disability Resource Center Contract Fund

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

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

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

---

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

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 contract 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.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

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

---

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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company 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.

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015

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

---

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on 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 \$337,802 of investment interest was allocated to other funds in 2015.

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, 2015, 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 – 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale – 2015 delinquent real estate taxes	October 2018

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

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

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

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

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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, 2015 were determined by physical counts.

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

4. Restricted Assets

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

5. Capital Assets

**GOVERNMENT –WIDE STATEMENTS**

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. The County defines capital assets as assets with an initial cost of more than \$5,000 for general capital assets and \$100,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated 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 2015. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

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

**FUND FINANCIAL STATEMENTS**

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

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

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

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6. Deferred Outflows of Resources

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

7. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2015 are determined on the basis of current salary rates and include salary related payments.

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

8. Long-Term Obligations

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

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

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

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net 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.

10. Equity Classifications

**GOVERNMENT-WIDE STATEMENTS**

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

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

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, 2015

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

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**FUND STATEMENTS**

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

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

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

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

11. 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, 2015

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

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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	\$60,801,883
Construction in progress	15,965,519
Buildings and improvements	220,775,566
Machinery, equipment, and vehicles	49,799,484
Software	9,363,216
Infrastructure	270,520,574
Less: Accumulated depreciation/amortization	(242,632,565)
Less: Internal service fund capital assets, net of depreciation	(15,913,412)
Adjustment for Capital Assets	<u><u>\$368,680,265</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	\$79,335,000
Unamortized debt premium	1,173,536
Unamortized debt discount	(19,451)
Compensated absences	4,735,714
Accrued interest payable	413,916
Total	<u><u>\$85,638,715</u></u>

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015

**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	\$16,708,739
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	(\$4,014,146)
Some additions to capital assets are contributed to the County and therefore are not reported as expenditures in the fund financial statements	1,136,157
Depreciation expense (net of internal service funds)	(12,958,552)
Total	\$872,198

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

Compensated absences	\$ (169,992)
Accrued interest payable	15,216
Total	\$ (154,776)

**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, 2015

**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:

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

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

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

Supplemental appropriations necessary for 2015 were as follows:

	<b>Adopted Budget</b>	<b>Modified Budget*</b>	<b>Change</b>
General	\$ 164,065,709	\$ 164,759,801	\$ 694,092
Special Revenue	28,574,546	28,793,698	219,152
Debt Service	14,619,317	14,619,317	-
Capital projects	15,005,900	15,005,900	-
Enterprise	11,712,253	11,814,253	102,000
Internal Service	42,461,407	42,461,407	-
<b>Totals</b>	<b>\$ 276,439,132</b>	<b>\$ 277,454,376</b>	<b>\$ 1,015,244</b>

\*Excludes carryover project funds from prior years for general (\$810,536) special revenue (\$3,504,099), capital projects (\$20,760,338), enterprise (\$1,135,602) and internal service (\$286,547).

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, 2015

**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, 2015 are as follows:

Enterprise Funds	Revenues		Expenses	
	Budget	Actual	Budget	Actual
Airport *	\$ 962,745	\$ 929,028	\$ 1,265,574	\$ 1,172,610
Golf Courses	3,225,242	3,071,876	3,231,932	3,176,290
Ice Arena *	1,163,008	1,041,198	1,189,503	1,142,227
Radio Services	1,045,511	2,723,477	2,783,149	854,031
Materials Recovery Facility **	3,236,508	3,274,860	4,479,697	3,754,198
<b>Internal Service Funds</b>				
Heath and Dental Insurance	\$ 21,464,600	\$ 21,158,776	\$ 23,011,088	\$ 21,515,757
Vehicle Replacement	3,076,661	2,930,272	3,076,661	2,942,674
Risk Mgmt/Self-Insurance	2,577,100	2,585,559	2,696,027	2,695,700
Central Fleet Maintenance	3,802,414	3,556,962	3,897,477	3,460,341
Communications	706,893	699,179	706,893	692,651
Collections	731,300	932,197	975,771	845,146
End User Technology Fund	7,533,739	7,445,826	8,384,037	7,651,539

\*Actual expenses exclude depreciation expense for capital assets acquired by grants externally restricted for capital acquisitions and construction (Ice Arena, \$116,604; Airport, \$793,959).

\*\*Actual expenses exclude capital project related expenses of \$933,726 in the Materials Recovery Facility Fund.

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, 2015

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

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**C. DEFICIT BALANCES**

No funds had a deficit balance at December 31, 2015.

**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 2015 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**

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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, 2015 are as follows:

General Fund	\$52,692,093
Special Revenue Funds	10,583,734
Debt Service Funds	2,187,701
Capital Projects Funds	25,614,065
Enterprise Funds	19,953,631
Internal Service Funds	19,928,576
Internal Service Funds – Restricted	432,285
Agency Funds	21,216,713
<b>Total</b>	<b>\$152,608,798</b>

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, 2015

**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, 2015 is as follows:

<b>U.S. Government Guaranteed</b>	
U.S. Treasury	\$30,485,782
U.S. Agencies	64,044,444
Certificates of Deposit - FDIC Insured	1,241,468
<b>Total U.S. Government Guaranteed</b>	<b>\$95,771,694</b>
<b>Money Market Accounts</b>	
AAA m	\$4,318,066
Unrated - Wisconsin Local Government Investment Pool	15,713,504
<b>Total Money Market Accounts</b>	<b>\$20,031,570</b>
<b>U.S. Agencies</b>	
AAA rated	\$2,989,059
<b>Municipal Bonds</b>	
AAA rated	\$2,504,781
AA rated	\$3,115,972
<b>Total Municipal Bonds</b>	<b>\$5,620,753</b>
<b>Corporate Bonds</b>	
AAA rated	\$1,395,423
AA rated	\$8,135,730
A rated	\$750,964
<b>Total Municipal Bonds</b>	<b>\$10,282,117</b>
<b>Grand Total</b>	<b>\$134,695,193</b>

**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, 2015 the carrying amount of the County's deposits was \$17,760,224 and the bank balance was \$19,213,989. \$17,760,224 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. None of the bank balance was uninsured or uncollateralized at year-end. In addition, the County maintains petty cash funds in the amount of \$153,381. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

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.

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)**

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, 2015 are as follows:

Issuer	Amount	Percentage
US Treasury	\$30,485,782	26.6%
Federal National Mortgage Association	22,285,059	19.4%
Other Issuers (none over 5%)	22,068,860	19.2%
US Small Business Administration	15,895,632	13.9%
Federal Home Loan Mortgage Corp.	15,260,732	13.3%
Government National Mortgage Association	8,667,558	7.6%
<b>Grand Total</b>	<b>\$114,663,623</b>	<b>100.0%</b>

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.

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

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)**

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. Alberts Investment Management has been assigned the State of Wisconsin Local Government Investment Pool plus 25 basis points.

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, 2015 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	11,698,444	3.19 years
U.S. Treasury Coupon Securities	17,710,585	3.10 years
U.S. Treasury Discount Securities	8,752,330	6.14 years
U.S. Treasury Inflation Protected Securities	4,022,867	0.77 years
Federal Agency Mortgage Pass Through Securities	55,092,727	4.21 years
Reverse Mortgage Securities	242,331	1.80 years
Certificates of Deposit	1,241,468	0.52 years
Municipal Bonds	5,620,753	2.89 years
Corporate Bonds	10,282,118	2.51 years
<b>Grand Total</b>	<b>\$114,663,623</b>	<b>2.86 years</b>

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, 2015 is as follows:

Fund Name	Amount	Weighted Average Maturity
Wisconsin Local Government Investment Pool	\$15,713,504	49 days
Federated Government Obligations Fund	234,063	40 days
First American Government Obligations Money Market Fund	4,084,003	34 days

**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, 2015

**NOTE 5 – RECEIVABLES**

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**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 \$104,412,271 will be recognized as revenue during 2016.

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, 2015

**NOTE 5 - RECEIVABLES (CONT'D)**

At December 31, 2015, delinquent property taxes by year levied consisted of the following:

Tax Certificates	Total	County Levied	County Purchased
2014	\$ 3,117,940	\$ 361,993	\$ 2,755,947
2013	1,576,756	173,916	1,402,840
2012	811,401	90,715	720,686
2011	86,896	9,680	77,216
2010	31,266	3,330	27,936
2009	14,196	1,574	12,622
2008 and prior	1,983	223	1,760
Tax Deeds	265,679	29,720	235,959
Total Delinquent Property Taxes Receivable	\$ 5,906,117	\$ 671,151	\$ 5,234,966

**Noncurrent Receivables**

The amount of receivables not expected to be collected within one year includes an estimated \$5.8 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 the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable for subsequent year	\$0	\$104,259,708
Delinquent property taxes receivable	671,151	0
Employee health clinic	72,880	0
CDBG loans receivable	6,124,767	0
Grant draw downs prior to meeting all eligibility requirements	0	912,558
Other unearned revenue	0	740,886
Total unavailable/unearned revenue for governmental funds	\$6,868,798	\$105,913,152

Unearned revenue included in liabilities	\$740,886
Unearned revenue included in deferred inflows	105,172,266
Total unearned revenue for governmental activities	<u>\$105,913,152</u>

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015

**NOTE 6– DUE FROM OTHER GOVERNMENTS**

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At December 31, 2015, amounts due from other governments consisted of the following:

Federal:	
CDBG Grants	\$ 341,759
Health and Human Services Aid	3,995,661
Dept of Justice/U.S. Marshall	257,991
Other Federal	16,998
State:	
Health and Human Services Aid	4,381,436
Dept of Transportation	1,203,590
Other State	1,541,615
County and Municipal	618,485
Total per Statement of Net Position	\$ 12,357,535

**NOTE 7– RESTRICTED ASSETS**

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

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Governmental Activities	Net Pension Asset	\$ 15,060,509
Business-type Activities	Net Pension Asset	315,692
Risk Management/Self Insurance	SIR deposit held by WMMIC	432,285
Risk Management/Self Insurance	Deposit with WMMIC	2,459,264
Total Restricted Assets per Statement of Net Position		<u>\$ 18,267,750</u>

**NOTE 8– LONG TERM RECEIVABLES**

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Community Development Programs. As of December 31, 2015, \$6,124,767 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, 2015

**NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015 was as follows:

<b>Governmental Activities</b>	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015
Capital assets not being depreciated:				
Land	\$ 60,073,249	\$ 728,635	\$ -	\$ 60,801,883
Construction in progress	\$ 12,138,181	\$ 11,857,331	\$ 8,029,993	\$ 15,965,519
Other Capital Assets				
Buildings	\$ 196,643,555	\$ 540,907	\$ 16,149	\$ 197,168,313
Land improvements	20,704,859	2,902,394	-	23,607,253
Machinery and equipment	32,857,698	1,636,928	1,136,581	33,358,045
Software	8,072,016	1,291,200	-	9,363,216
Vehicles	16,133,144	2,035,398	1,727,103	16,441,439
Infrastructure	266,455,346	4,206,973	141,745	270,520,574
Total other capital assets at historical cost	<u>\$ 540,866,618</u>	<u>\$ 12,613,800</u>	<u>\$ 3,021,578</u>	<u>\$ 550,458,840</u>
Less: Accumulated Depreciation/Amortization for:				
Buildings	\$ 64,887,995	\$ 4,891,441	\$ 2,826	\$ 69,776,610
Land improvements	13,886,155	817,309	-	14,703,464
Machinery and equipment	25,953,513	1,678,809	1,136,580	26,495,742
Software	3,355,918	1,447,863	-	4,803,781
Vehicles	8,764,851	2,334,521	1,723,424	9,375,948
Infrastructure	112,307,887	5,300,663	131,530	117,477,020
Total Accumulated Depreciation/Amortization	<u>\$ 229,156,319</u>	<u>\$ 16,470,606</u>	<u>\$ 2,994,361</u>	<u>\$ 242,632,565</u>
Net Other Capital Assets	<u>\$ 311,710,299</u>	<u>\$ (3,856,806)</u>	<u>\$ 27,217</u>	<u>\$ 307,826,275</u>
Total Governmental Activities Capital Assets	<u>\$ 383,921,729</u>	<u>\$ 8,729,160</u>	<u>\$ 8,057,210</u>	<u>\$ 384,593,677</u>

Depreciation/amortization expense was charged to functions as follows:

Justice and Public Safety	\$2,771,657
Health & Human Services	1,290,156
Environment, Parks, and Education	1,311,585
Public Works (includes roads, bridges, signals, buildings)	6,778,714
General Government	806,440
Risk Management	115
Vehicle Replacement Fund	2,836,603
Central Fleet	150,806
Communications	97,237
Collections	19,683
End User Technology Fund	407,610
Total Governmental Activities Depreciation/Amortization Expense	<u>\$16,470,606</u>

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 9 – CAPITAL ASSETS (CONT'D)**

<b>Business-Type Activities</b>	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015
Capital assets not being depreciated:				
Land	<u>\$ 10,288,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,288,747</u>
Construction in progress	<u>\$ 6,809,821</u>	<u>\$ 3,454,973</u>	<u>\$ 5,591,117</u>	<u>\$ 4,673,677</u>
Other Capital Assets				
Buildings	\$ 20,174,107	\$ 95,239	\$ 2,102,275	\$ 18,167,071
Land improvements	17,988,637	9,649,201	1,954,075	25,683,763
Machinery and equipment	9,302,847	6,538,253	2,212,159	13,628,941
Software	-	8,521	-	8,521
Total other capital assets at historical cost	<u>\$ 47,465,591</u>	<u>\$ 16,291,214</u>	<u>\$ 6,268,509</u>	<u>\$ 57,488,296</u>
Less: Accumulated Depreciation/Amortization				
Buildings	\$ 12,284,111	\$ 620,107	\$ 1,653,820	\$ 11,250,398
Land improvements	12,828,912	911,574	1,954,074	11,786,412
Machinery and equipment	8,655,869	411,830	2,107,839	6,959,860
Software	-	852	-	852
Total Accumulated Depreciation/Amortization	<u>\$ 33,768,892</u>	<u>\$ 1,944,363</u>	<u>\$ 5,715,733</u>	<u>\$ 29,997,522</u>
Net Other Capital Assets	<u>\$ 13,696,699</u>	<u>\$ 14,346,851</u>	<u>\$ 552,776</u>	<u>\$ 27,490,774</u>
Total Business-Type Activities Capital Assets	<u>\$ 30,795,267</u>	<u>\$ 17,801,824</u>	<u>\$ 6,143,893</u>	<u>\$ 42,453,198</u>

Depreciation/Amortization expense was charged to functions as follows:

Radio Services	\$ 46,316
Golf Courses	172,148
Ice Arenas	261,943
Materials Recovery Facility	374,548
Airport Operations/Development	1,089,408
Total Business-type Activities Depreciation/Amortization Expense	<u>\$ 1,944,363</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, 2015

**NOTE 10 – INTERFUND RECEIVABLES/PAYABLES/ADVANCES AND TRANSFERS**

Individual fund interfund receivable and payable balances for overdrafts on pooled cash accounts at December 31, 2015 were as follows:

Receivable Fund	Payables Fund	Amount	Amount Not Due Within One Year
General Fund	Transportation Fund	\$735,223	\$735,223
Less fund eliminations		(735,223)	
Governmental Activities – internal services allocations	Business-type Activities – internal services allocations	1,223,998	
Total - Government-wide statement of Net Position		\$1,223,998	

Individual balances for interfund advances at December 31, 2015 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, 2015

**NOTE 10 - 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:

<b>Fund Transferred From</b>	<b>Fund Transferred To</b>	<b>Amount</b>	<b>Principal Purpose</b>
Transportation Fund	General Fund	\$1,049,360	Surplus Funds
General Fund	Transportation Fund	225,000	Operating budget support
General Fund	Debt Service	280,000	Debt retirement
General Fund	Risk Management/Self Insurance	118,927	Operating budget and additional support
General Fund	Capital Projects Fund	220,000	Capital project support
Capital Projects Fund	General Fund	118,419	Repay Remaining Project Support Funding
Sub-total		\$2,011,706	
<b>Proprietary:</b>			
Collections Fund	General Fund	\$60,000	Repay start-up costs
Golf Course Fund	Capital Projects Fund	75,000	Capital project support
End User Technology Fund	Capital Projects Fund	100,000	Capital project support
Ice Arena Fund	General Fund	135,925	Repay Remaining Project Support Funding
Subtotal Fund Financial Statements		\$2,382,631	
Less: Fund Eliminations		(2,171,706)	
<b>Grand Total - Statement of Activities</b>		\$210,925	

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, 2015

**NOTE 11 – LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
General Obligation Debt	\$81,970,000	\$10,000,000	(\$12,635,000)	\$79,335,000	\$12,705,000
Unamortized debt premium (discount)	1,130,828	185,596	(162,339)	1,154,085	0
Compensated Absences (Note 1.D.7)	4,565,722	4,735,714	(4,565,722)	4,735,714	4,735,714
Total Governmental Activities	\$87,666,550	\$14,921,310	(\$17,363,061)	\$85,224,799	\$17,440,714

**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, 2015, based on an equalized value of \$50,187,624,500 was \$2,509,381,255. Total general obligation debt outstanding at year-end was \$79,335,000.

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/15
<b>Governmental Activities</b>					
2008A GOPN	05/01/08	04/01/18	3.25%-3.50%	\$10,000,000	\$3,900,000
2009A GOPN	04/15/09	04/01/19	1.50%-3.375%	15,700,000	5,300,000
2010A TGOPN (RZEDB)	06/08/10	04/01/20	0.85%-4.05%	9,000,000	6,275,000
2011A GOPN	07/19/11	04/01/21	1.25%-2.75%	19,490,000	8,000,000
2012B GOPN	06/12/12	04/01/22	2.00%-2.125%	20,000,000	16,600,000
2013A GOPRN	01/03/13	04/01/16	0.65%	4,550,000	1,035,000
2013B GOPN	05/14/13	04/01/23	2.00%-2.25%	17,000,000	15,900,000
2014A GOPRN	03/18/14	04/01/17	0.80%	4,255,000	2,625,000
2014B GOPN	06/17/14	04/01/24	2.00%-2.25%	10,000,000	9,700,000
2015A GOPN	05/15/15	04/01/25	1.00%-2.00%	10,000,000	10,000,000
				Total	\$79,335,000

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015

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

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Debt service requirements to maturity are as follows:

Governmental Activities General Obligation Debt		
	Principal	Interest
<b>Years</b>		
2016	\$12,705,000	\$1,648,617
2017	12,325,000	1,361,837
2018	11,935,000	1,066,140
2019	10,805,000	790,368
2020	9,465,000	563,354
2021-2025	22,100,000	757,813
<b>Total</b>	<b>\$79,335,000</b>	<b>\$6,188,129</b>

As of December 31, 2015, \$2,187,701 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.

**NOTE 12– LEASE DISCLOSURES**

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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 2015, 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 2015 lease costs are detailed on the following page.

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015

**NOTE 12– LEASE DISCLOSURES (CONT'D)**

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Operating costs	\$ 33,361
Sinking fund: Capital improvements/major maintenance	<u>2,349</u>
Total	<u>\$ 35,710</u>

The lease in effect for 2015 was year four 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 2016 through 2046. Operating leases at December 31, 2015 provide for the following future minimum lease payments:

Year	Amount
2016	\$ 298,671
2017	298,671
2018	298,671
2019	284,590
2020	245,899
2021-2025	1,069,683
2026-2030	1,030,181
2031-2035	924,728
2036-2040	563,643
2041-2045	308,084
2046	27,327
Total	<u>\$ 5,350,148</u>

The leased facilities have a cost of \$2,947,806, accumulated depreciation of \$2,235,618, and a net book value of \$712,188.

**NOTE 13 –GOVERNMENTAL ACTIVITIES NET POSITION**

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Governmental activities net position reported on the government wide statement of net position at December 31, 2015 includes the following:

Net investment in capital assets:	
Land	\$60,801,883
Construction in progress	15,965,519
Other capital assets, net of accumulated depreciation/amortization	307,826,275
Less: related long-term debt outstanding (net of unspent proceeds of debt)	<u>(78,481,277)</u>
Total net investment in capital assets	<u>\$306,112,400</u>

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 14 – RESTATEMENT OF NET POSITION**

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Net position has been restated as a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net Position - December 31, 2014 (as reported)	\$ 412,288,124	\$ 50,676,169
Add: Net pension asset	25,091,014	795,485
Add: Deferred outflows related to pensions	<u>6,438,813</u>	<u>204,136</u>
Net Position - December 31, 2014 (as restated)	<u>\$ 443,817,951</u>	<u>\$ 51,675,790</u>

**Enterprise Funds:**

	<u>Airport Operations/ Development Fund</u>	<u>Radio Services Fund</u>	<u>Materials Recovery Facility Fund</u>	<u>Other Enterprise Funds</u>
Net Position - December 31, 2014 (as reported)	\$ 19,580,349	\$ 12,005,558	\$ 13,753,049	\$ 6,476,796
Add: Net pension asset	51,603	105,717	60,795	288,685
Add: Deferred outflows related to pensions	<u>13,242</u>	<u>27,129</u>	<u>15,601</u>	<u>74,082</u>
Net Position - December 31, 2014 (as restated)	<u>\$ 19,645,194</u>	<u>\$ 12,138,404</u>	<u>\$ 13,829,445</u>	<u>\$ 6,839,563</u>

**Internal Service Funds:**

	<u>Governmental Activities - Internal Service Funds</u>
Net Position - December 31, 2014 (as reported)	\$ 32,076,275
Add: Net pension asset	1,216,998
Add: Deferred outflows related to pensions	<u>312,303</u>
Net Position - December 31, 2014 (as restated)	<u>\$ 33,605,576</u>

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 15 – EMPLOYEES’ RETIREMENT SYSTEM**

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**Summary of Significant Accounting Policies**

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

**General Information About the Pension Plan**

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

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

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) year of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant’s three highest years’ earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015

**NOTE 15 – EMPLOYEES’ RETIREMENT SYSTEM (CONT’D)**

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By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the “floor”) set at retirement.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

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

During the reporting period, the WRS recognized \$6,070,968 in contributions from the County.

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015

**NOTE 15 – EMPLOYEES’ RETIREMENT SYSTEM (CONT’D)**

**Pension Assets, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2015, the County reported an asset of \$15,376,201 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The county’s proportion of the net pension asset was based on the county’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the county’s proportion was 0.625997090%, which was a decrease of 0.000113350% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the county recognized pension expense of \$6,440,447.

At December 31, 2015, the county reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,229,070	\$ -
Changes in assumptions	7,445,899	-
Net differences between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	33,396
Employer contributions subsequent to the measurement date	5,895,078	-
Totals	<u>\$15,570,047</u>	<u>\$ 33,396</u>

\$5,895,078 reported as deferred outflows related to pension resulting from the WRS Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 2,369,676	\$ 7,614
2017	2,369,676	7,614
2018	2,369,676	7,614
2019	2,369,676	7,614
2020	196,265	2,940

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 15 – EMPLOYEES’ RETIREMENT SYSTEM (CONT’D)**

**Actuarial assumptions.** The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset):	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Senior/Merit	0.2% – 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

*\*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 21, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

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

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2015

**NOTE 15 – EMPLOYEES’ RETIREMENT SYSTEM (CONT’D)**

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**Single discount rate.** A single discount rate of 7.2% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.2% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.2% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the county’s proportionate share of the net pension asset to changes in the discount rate.** The following presents the county’s proportionate share of the net pension asset calculated using the discount rate of 7.2 percent, as well as what the county’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.20%)
County’s proportionate share of the net pension asset (liability)	\$(43,378,911)	\$15,376,201	\$61,778,613

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the county reported a payable to the pension plan of \$1,139,834, which represents contractually required contributions outstanding as of the end of the year.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015

**NOTE 16 – RISK MANAGEMENT/SELF INSURANCE**

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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, 2015 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, 2015. 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, 2015

**NOTE 16 – 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, 2015, the county's minimum reserve amount required by WMMIC is \$934,569.

**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, 2015, the expected present value of unpaid losses, as determined by the County's actuary consultant, is \$2,638,732.

<u>Liability and Workers Compensation Claims</u>	<u>2014</u>	<u>2015</u>
Unpaid claims, including incurred but not reported -		
Beginning of Year	\$3,925,382	\$3,998,229
Estimated future claims expense	1,079,890	1,076,653
Current year claim payment and changes in estimates	<u>(1,007,043)</u>	<u>(597,377)</u>
Unpaid claims - End of Year	<u>\$3,998,229</u>	<u>\$4,477,505</u>
Amount not due within one year		\$2,999,928
In addition, net position can be analyzed as follows:		
Net investment in capital assets		404
WMMIC deposit		2,459,264
Restricted for pension		41,048
Reserves for losses not captured within actuary analysis (e.g., pollution liability, employment litigation back wages, etc.) and for catastrophic losses		<u>(263,142)</u>
Total Net Position		<u>\$2,237,574</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, 2015, the County's liability and worker's compensation combined claims reserve totals \$4,477,505, which approximates an expected confidence level slightly above 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, 2015

**NOTE 16 – 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>2014</u>	<u>2015</u>
Unpaid claims – Beginning of Year	\$2,277,377	\$2,365,693
Current year claims and changes in estimates	16,134,930	16,624,210
Claim payments	<u>(16,046,614)</u>	<u>(16,602,209)</u>
Unpaid claims - End of Year	<u>\$2,365,693</u>	<u>\$2,387,694</u>
Amount not due within one year		<u>\$ 119,385</u>

**NOTE 17– 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, 2015. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The County has the following encumbrances as of December 31, 2015:

General Fund	Capital Projects Fund	Other Governmental Funds	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Enterprise Funds	Internal Service Funds
\$ 594,190	\$ 6,838,704	\$ 923,440	\$ 45,983	\$ 2,548,313	\$ 44,917	\$ 28,423	\$ 814,075

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, 2015

**NOTE 18 – SUBSEQUENT EVENT**

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On April 12, 2016 the County Board approved the issuance of \$11,500,000 General Obligation Promissory Notes to fund 2016 capital projects. The General Obligation Promissory Notes are scheduled to be issued on June 28, 2016.

**NOTE 19 – RELATED ORGANIZATION**

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**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 20 – EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

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

- Statement No. 72, *Fair Value Measurement and Application*.
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*.
- Statement No. 77, *Tax Abatement Disclosures*.
- Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*.
- Statement No. 79, *Certain External Investment Pools and Pool Participants*.
- Statement No. 80, *Blending Requirements for Certain Component Units*.
- Statement No. 81, *Irrevocable Split-Interest Agreements*.
- Statement No. 82, *Pension Issues an amendment of GASB Statements 67, 68, and 73*.

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