

## **GOVERNMENT -WIDE STATEMENTS**

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET ASSETS  
December 31, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 111,697,875	\$ 14,450,932	\$ 126,148,807	\$ 465,523
Receivables:				
Property taxes - delinquent	7,167,076	-	7,167,076	-
Property taxes - levied for subsequent years budget	92,971,776	202,563	93,174,339	-
Taxes levied for other governments	8,822,707	-	8,822,707	-
Accrued interest	944,213	-	944,213	2,501
Accounts	2,175,864	317,109	2,492,973	2,800
Due from other governments	13,854,643	38,476	13,893,119	-
Internal balances	570,642	(570,642)	-	-
Prepaid items	67,259	42,520	109,779	1,986
Inventories	498,445	186,981	685,426	-
Unamortized debt issuance expense	137,552	-	137,552	-
Advances to/from other funds	(679,734)	679,734	-	-
Restricted cash and investments	487,451	-	487,451	487,381
Deposit in WMMIC	2,459,264	-	2,459,264	-
Long term receivable	4,359,002	1,073,471	5,432,473	-
Capital assets:				
Land	42,051,260	10,288,747	52,340,007	-
Construction in progress	7,076,885	883	7,077,768	-
Buildings	149,517,102	16,747,131	166,264,233	-
Improvements other than buildings	14,642,849	18,073,407	32,716,256	-
Machinery and equipment	32,587,989	8,327,486	40,915,475	-
Vehicles	10,387,938	60,703	10,448,641	-
Infrastructure	189,955,572	-	189,955,572	-
Accumulated depreciation	(154,807,995)	(21,572,803)	(176,380,798)	-
<b>Total assets</b>	<b>\$ 536,945,635</b>	<b>\$ 48,346,698</b>	<b>\$ 585,292,333</b>	<b>\$ 960,191</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 10,423,431	\$ 145,060	\$ 10,568,491	\$ 4,079
Accrued compensation	4,994,833	60,695	5,055,528	13,966
Other liabilities	1,533,222	51,043	1,584,265	31,476
Due to other governments	9,339,445	-	9,339,445	15,116
Claims payable - current	2,847,640	-	2,847,640	-
Accrued interest payable	677,773	-	677,773	-
Deferred property tax revenue	93,786,469	202,563	93,989,032	-
Other unearned revenue	1,405,975	958,322	2,364,297	-
Long-Term Liabilities:				
Compensated absences - current	4,282,564	-	4,282,564	920
Claims payable - non current	2,307,000	-	2,307,000	-
Notes payable - current	9,930,000	-	9,930,000	-
Notes payable - non current	68,320,000	-	68,320,000	-
Unamortized debt discount	(47,122)	-	(47,122)	-
Unamortized debt premium	162,733	-	162,733	-
<b>Total liabilities</b>	<b>\$ 209,963,963</b>	<b>\$ 1,417,683</b>	<b>\$ 211,381,646</b>	<b>\$ 65,557</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 218,423,199	\$ 31,925,554	\$ 250,348,753	\$ -
Restricted net assets for:				
Park development	182,143	-	182,143	-
Land information systems	1,002,053	-	1,002,053	-
Debt service	2,563,748	-	2,563,748	-
Community development block grant	5,138,605	-	5,138,605	-
Federated library	401,564	-	401,564	-
Deposit in WMMIC	2,459,264	-	2,459,264	-
Housing assistance payments	-	-	-	455,905
Unrestricted net assets	96,811,096	15,003,461	111,814,557	438,729
<b>Total net assets</b>	<b>\$ 326,981,672</b>	<b>\$ 46,929,015</b>	<b>\$ 373,910,687</b>	<b>\$ 894,634</b>

See notes to financial statements.

**WAUKESHA COUNTY, WISCONSIN**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2007

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
						Business-type Activities	Total	
<b>PRIMARY GOVERNMENT</b>								
<b>GOVERNMENTAL ACTIVITIES</b>								
Justice and public safety	\$ 46,666,180	\$ 10,228,299	\$ 2,903,287	\$ -	\$ (33,534,594)	\$ -	\$ (33,534,594)	\$ -
Health and human services	94,451,774	9,817,787	60,723,001	-	(23,910,986)	-	(23,910,986)	-
Environment, parks and education	19,616,496	7,528,386	2,265,118	888	(9,824,104)	-	(9,824,104)	-
Public works	32,115,801	5,778,089	5,480,387	496,304	(20,361,021)	-	(20,361,021)	-
General government	13,521,091	1,016,370	317,737	292,086	(11,894,898)	-	(11,894,898)	-
Interest expense	3,187,581	-	-	-	(3,187,581)	-	(3,187,581)	-
<b>Total Governmental Activities</b>	<b>209,558,923</b>	<b>34,366,931</b>	<b>71,689,530</b>	<b>789,278</b>	<b>(102,713,184)</b>	<b>-</b>	<b>(102,713,184)</b>	<b>-</b>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Radio services	909,867	615,973	-	-	-	(293,894)	(293,894)	-
Golf courses	3,201,335	3,071,237	-	-	-	(130,098)	(130,098)	-
Ice arenas	1,119,483	952,748	-	-	-	(166,735)	(166,735)	-
Materials recovery facility	2,035,752	1,384,011	1,071,188	-	-	419,447	419,447	-
Airport	1,689,199	667,196	-	28,512	-	(993,491)	(993,491)	-
<b>Total Business-type Activities</b>	<b>8,955,636</b>	<b>6,691,165</b>	<b>1,071,188</b>	<b>28,512</b>	<b>-</b>	<b>(1,164,771)</b>	<b>(1,164,771)</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 218,514,559</b>	<b>\$ 41,058,096</b>	<b>\$ 72,760,718</b>	<b>\$ 817,790</b>	<b>\$ (102,713,184)</b>	<b>\$ (1,164,771)</b>	<b>\$ (103,877,955)</b>	<b>\$ -</b>
<b>COMPONENT UNIT</b>								
Housing authority	\$ 2,008,645	\$ -	\$ 2,359,907	\$ -	\$ -	\$ -	\$ -	\$ 351,262
<b>GENERAL REVENUES</b>								
Property taxes					92,382,803	559,953	92,942,756	-
Grants and contributions, not restricted to specific programs					1,866,974	-	1,866,974	-
Investment earnings					10,732,537	73,683	10,806,220	11,103
Miscellaneous					4,681,420	42,157	4,723,577	7,840
Gains on disposal/sale of capital assets					320,488	6,228	326,716	-
<b>Total General Revenues</b>					<b>109,984,222</b>	<b>682,021</b>	<b>110,666,243</b>	<b>18,943</b>
Transfers					275,000	(275,000)	-	-
<b>Change in Net Assets</b>					<b>7,546,038</b>	<b>(757,760)</b>	<b>6,788,288</b>	<b>370,205</b>
Net Assets - Beginning of Year					319,435,634	47,686,765	367,122,399	524,429
<b>Net Assets - End of Year</b>					<b>\$ 326,981,672</b>	<b>\$ 46,929,015</b>	<b>\$ 373,910,687</b>	<b>\$ 894,634</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.

**HUMAN SERVICES FUND** - To account for funds provided for income maintenance, counseling, alcohol and drug abuse programs, children's center services, services to the developmentally disabled, chronically mentally ill, elderly and administrative support services.

**LONG TERM CARE FUND** - To account for federal and state funds that provide services to eligible persons who are elderly, developmentally disabled, physically disabled or have a long-term mental illness.

**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.

WAUKESHA COUNTY, WISCONSIN

COMBINING BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
December 31, 2007

	General Fund	Human Services Fund	Long Term Care Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 53,972,438	\$ 1,640,220	\$ -	\$ 3,241,981	\$ 41,249,009	\$ 100,103,648
Receivables:						
Property taxes - delinquent	7,167,076	-	-	-	-	7,167,076
Property taxes levied for ensuing year's budget	53,061,275	14,019,368	1,378,715	12,368,306	10,593,867	91,421,531
Taxes levied for other governments	8,822,707	-	-	-	-	8,822,707
Accrued interest	944,213	-	-	-	-	944,213
Accounts	920,242	338,227	48,530	-	261,916	1,568,915
Due from other governments	2,787,269	1,569,099	5,925,743	-	3,494,502	13,776,613
Due from other funds	1,705,252	-	-	-	-	1,705,252
Prepaid items	2,524	1,683	-	-	-	4,207
Inventories	-	-	-	-	138,842	138,842
Advances to other funds	4,762,071	-	-	-	-	4,762,071
Long term receivable	-	-	-	-	4,359,002	4,359,002
<b>Total assets</b>	<b>\$ 134,145,067</b>	<b>\$ 17,568,597</b>	<b>\$ 7,352,988</b>	<b>\$ 15,610,287</b>	<b>\$ 60,097,138</b>	<b>\$ 234,774,077</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,654,542	\$ 1,948,173	\$ 3,181,914	\$ -	\$ 2,000,586	\$ 9,785,215
Accrued compensation	4,747,042	9,406	-	-	11,576	4,768,024
Other liabilities	465,428	834,144	-	-	233,650	1,533,222
Due to other governments	8,953,923	20,547	-	-	364,975	9,339,445
Due to other funds	-	-	1,642,107	-	63,145	1,705,252
Claims payable	2,428,900	-	-	-	-	2,428,900
Deferred property tax revenue	53,875,968	14,019,368	1,378,715	12,368,306	10,593,867	92,236,224
Other deferred revenue	610,376	-	-	-	5,154,601	5,764,977
Advances from other funds	-	-	-	-	5,441,805	5,441,805
<b>Total liabilities</b>	<b>\$ 73,736,179</b>	<b>\$ 16,831,638</b>	<b>\$ 6,202,736</b>	<b>\$ 12,368,306</b>	<b>\$ 23,864,205</b>	<b>\$ 133,003,064</b>
<b>FUND BALANCES</b>						
Reserved for non-current interfunds	\$ 6,467,293	\$ -	\$ -	\$ -	\$ -	\$ 6,467,293
Reserved for delinquent property taxes	6,351,836	-	-	-	-	6,351,836
Reserved for prepaid items	2,524	1,683	-	-	-	4,207
Reserved for inventories	-	-	-	-	138,842	138,842
Reserved for debt service	-	-	-	3,241,981	-	3,241,981
Reserved for capital projects	-	-	-	-	13,544,420	13,544,420
Reserved for park purposes	-	-	-	-	6,956,031	6,956,031
Unreserved:						
Designated for capital projects, reported in capital projects funds	-	-	-	-	12,151,974	12,151,974
Designated for subsequent year's expenditures, reported in general fund	10,910,196	-	-	-	-	10,910,196
Designated for subsequent year's expenditures, reported in special revenue funds	-	410,259	355,000	-	1,922,207	2,687,466
Designated for sick leave payout	400,000	-	-	-	-	400,000
Designated for insurance reserves	2,650,000	-	-	-	-	2,650,000
Designated for interfund loan repayment	4,000,000	-	-	-	-	4,000,000
Undesignated, reported in general fund	29,627,039	-	-	-	-	29,627,039
Undesignated, reported in special revenue funds	-	325,017	795,252	-	1,519,459	2,639,728
<b>Total fund balances</b>	<b>\$ 60,408,888</b>	<b>\$ 736,959</b>	<b>\$ 1,150,252</b>	<b>\$ 3,241,981</b>	<b>\$ 36,232,933</b>	<b>\$ 101,771,013</b>
<b>Total liabilities and fund balances</b>	<b>\$ 134,145,067</b>	<b>\$ 17,568,597</b>	<b>\$ 7,352,988</b>	<b>\$ 15,610,287</b>	<b>\$ 60,097,138</b>	<b>\$ 234,774,077</b>

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

RECONCILIATION OF THE COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
December 31, 2007

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Total Fund Balances - Governmental Funds	\$ 101,771,013
Amounts reported for governmental activities in the Statement of Net Assets 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.)	278,397,607
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.)	(83,188,396)
Internal service funds are used by management to charge the costs of various services to individual funds and functional categories. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	27,828,446
Other long term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	4,359,002
<b>Total Net Assets - Governmental Activities</b>	<b><u>\$ 329,167,672</u></b>

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	General Fund	Human Services Fund	Long Term Care Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
General intergovernmental assistance	\$ 900,000	\$ -	\$ -	\$ -	\$ 4,449,226	\$ 5,349,226
Intergovernmental contracts/grants	7,338,149	21,225,621	31,994,079	-	13,385,541	73,943,390
Taxes	51,957,318	12,895,829	1,715,412	12,057,476	10,220,503	88,846,538
Fines and licenses	3,432,967	593,008	-	-	-	4,025,975
Charges for services	13,722,580	2,725,218	312,778	-	2,936,792	19,697,368
Interdepartmental revenues	3,748,413	79,685	-	-	469,985	4,298,083
Investment earnings	8,993,868	-	-	470,922	816,228	10,281,018
Miscellaneous revenues	6,442,181	1,701,699	2,462,546	-	2,449,000	13,055,426
<b>Total revenues</b>	<b>96,535,476</b>	<b>39,221,060</b>	<b>36,484,815</b>	<b>12,528,398</b>	<b>34,727,275</b>	<b>219,497,024</b>
<b>EXPENDITURES</b>						
Current:						
Justice and public safety	47,709,346	-	-	-	-	47,709,346
Health and human services	5,733,694	39,201,950	37,182,931	-	12,543,095	94,661,670
Environment, parks and education	13,747,411	-	-	-	4,456,921	18,204,332
Public works	9,544,123	-	-	-	11,124,268	20,668,391
General government	11,658,496	-	-	-	-	11,658,496
Capital outlay:						
Environment, parks and education	-	-	-	-	1,391,974	1,391,974
Public works	-	-	-	-	12,544,039	12,544,039
General government	-	-	-	-	980,117	980,117
Debt service:						
Principal retirement	-	-	-	11,275,000	-	11,275,000
Interest and fiscal charges	-	-	-	3,164,806	-	3,164,806
<b>Total expenditures</b>	<b>88,393,070</b>	<b>39,201,950</b>	<b>37,182,931</b>	<b>14,439,806</b>	<b>43,040,414</b>	<b>222,258,171</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>8,142,406</b>	<b>19,110</b>	<b>(698,116)</b>	<b>(1,911,408)</b>	<b>(8,313,139)</b>	<b>(2,761,147)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
General obligation notes issued	-	-	-	-	10,000,000	10,000,000
Transfers in	370,000	63,000	-	2,150,000	285,075	2,868,075
Transfers out	(2,406,572)	(91,503)	-	-	-	(2,498,075)
<b>Total other financing sources (uses)</b>	<b>(2,036,572)</b>	<b>(28,503)</b>	<b>-</b>	<b>2,150,000</b>	<b>10,285,075</b>	<b>10,370,000</b>
<b>Net change in fund balances</b>	<b>6,105,834</b>	<b>(9,393)</b>	<b>(698,116)</b>	<b>238,592</b>	<b>1,971,936</b>	<b>7,608,853</b>
Fund Balances - January 1	54,303,054	746,352	1,848,368	3,003,389	34,260,997	94,162,160
<b>Fund Balances - December 31</b>	<b>\$ 60,408,888</b>	<b>\$ 736,959</b>	<b>\$ 1,150,252</b>	<b>\$ 3,241,981</b>	<b>\$ 36,232,933</b>	<b>\$ 101,771,013</b>

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
December 31, 2007

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Net changes in fund balances - total governmental funds	\$ 7,608,853
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset purchases exceeded depreciation in the current period. (see Note 2.B.)	411,242
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Assets.	11,275,000
The issuance of long term debt is an other financing source in the governmental funds, but the issuance increases long term liabilities in the Statement of Net Assets.	(10,000,000)
Some expenses reported in the Statement of Activities, such as compensated absences and interest payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (see Note 2.B.)	55,411
Internal service funds are used by management to charge the costs of various services to individual funds and functional categories.	(1,717,013)
Governmental funds report economic 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.	(87,455)
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 7,546,038</u></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.

WAUKESHA COUNTY, WISCONSIN

COMBINING STATEMENT OF NET ASSETS - ALL PROPRIETARY FUNDS  
December 31, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Other Enterprise Funds	Total	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 2,728,609	\$ 11,722,323	\$ 14,450,932	\$ 11,594,227
Receivables:				
Property taxes levied for ensuing year's budget	202,563	-	202,563	1,550,245
Accounts	-	317,109	317,109	606,949
Total receivables	202,563	317,109	519,672	2,157,194
Due from other governments	-	38,476	38,476	78,030
Prepaid items	-	42,520	42,520	63,052
Inventories	-	186,981	186,981	359,603
Total current assets	2,931,172	12,307,409	15,238,581	14,252,106
Noncurrent assets:				
Advances to other funds	-	4,461,609	4,461,609	-
Restricted cash and investments	-	-	-	487,451
Deposit in WMMIC	-	-	-	2,459,264
Long term receivable	-	1,073,471	1,073,471	-
Capital assets:				
Land	8,049,032	2,239,715	10,288,747	-
Buildings	6,550,103	10,197,028	16,747,131	4,122,283
Improvements other than buildings	15,090,165	2,983,242	18,073,407	22,089
Machinery and equipment	697,373	7,630,113	8,327,486	11,409,182
Vehicles	-	60,703	60,703	9,869,059
Construction in progress	-	883	883	-
Less accumulated depreciation	(10,384,196)	(11,188,607)	(21,572,803)	(12,408,620)
Total capital assets (net of accumulated depreciation)	20,002,477	11,923,077	31,925,554	13,013,993
Total noncurrent assets	20,002,477	17,458,157	37,460,634	15,960,708
<b>Total assets</b>	<b>\$ 22,933,649</b>	<b>\$ 29,765,566</b>	<b>\$ 52,699,215</b>	<b>\$ 30,212,814</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 28,902	\$ 116,158	\$ 145,060	\$ 638,216
Accrued compensation	9,897	50,798	60,695	226,809
Other liabilities	51,043	-	51,043	-
Claims payable - current	-	-	-	539,740
Deferred property tax revenue	202,563	-	202,563	1,550,245
Other unearned revenue	-	958,322	958,322	-
Total current liabilities	292,405	1,125,278	1,417,683	2,955,010
Noncurrent liabilities:				
Advances from other funds	-	3,781,875	3,781,875	-
Claims payable	-	-	-	2,186,000
Total noncurrent liabilities	-	3,781,875	3,781,875	2,186,000
<b>Total liabilities</b>	<b>\$ 292,405</b>	<b>\$ 4,907,153</b>	<b>\$ 5,199,558</b>	<b>\$ 5,141,010</b>
<b>NET ASSETS</b>				
Invested in capital assets	20,002,477	11,923,077	31,925,554	13,013,993
Restricted for deposit in WMMIC	-	-	-	2,459,264
Unrestricted	2,638,767	12,935,336	15,574,103	9,598,547
<b>Total net assets</b>	<b>\$ 22,641,244</b>	<b>\$ 24,858,413</b>	<b>\$ 47,499,657</b>	<b>\$ 25,071,804</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(570,642)	
<b>Net Assets of Business-type Activities</b>			<b>\$ 46,929,015</b>	

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS - ALL PROPRIETARY FUNDS  
For The Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Other Enterprise Funds	Total	
<b>OPERATING REVENUES</b>				
Charges for services				
Lease revenue	\$ 244,920	\$ 159,570	\$ 404,490	\$ -
County park fees	-	4,023,985	4,023,985	-
Office and building rent	317,053	-	317,053	40,850
Other	105,223	456,403	561,626	245,127
Interdepartmental revenues	-	457,601	457,601	10,874,270
Miscellaneous revenues				
Recycling sales	-	1,384,011	1,384,011	-
Recoveries	23,071	271	23,342	248,574
Other	-	19,575	19,575	434,285
<b>Total operating revenues</b>	<b>690,267</b>	<b>6,501,416</b>	<b>7,191,683</b>	<b>11,843,106</b>
<b>OPERATING EXPENSES</b>				
Salaries	169,198	1,548,771	1,717,969	3,528,287
Benefits	66,129	502,449	568,578	1,385,366
Estimated future claims expense	-	-	-	529,890
Operating	115,206	1,449,655	1,564,861	4,405,533
Purchased services				
Contracted	6,287	552,823	559,110	700,301
Transportation	6,390	50,138	56,528	-
Insurance	-	-	-	1,189,285
Payments to municipalities	-	734,572	734,572	-
Other	280,197	187,324	467,521	89,278
Interdepartmental	54,505	1,327,692	1,382,197	598,972
Depreciation	974,079	1,155,984	2,130,063	2,825,277
<b>Total operating expenses</b>	<b>1,671,991</b>	<b>7,509,408</b>	<b>9,181,399</b>	<b>15,252,189</b>
<b>Operating (loss)</b>	<b>(981,724)</b>	<b>(1,007,992)</b>	<b>(1,989,716)</b>	<b>(3,409,083)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
General property taxes	559,953	-	559,953	1,705,398
Intergovernmental contracts/grants				
State aid - recycling	-	1,070,438	1,070,438	-
Investment earnings	2,347	71,326	73,673	451,519
Interest expense and fiscal charges	-	(70,903)	(70,903)	(9,735)
Gain (loss) on disposal of capital assets	6,228	(67,812)	(61,584)	(512,183)
<b>Total non-operating revenues (expenses)</b>	<b>568,528</b>	<b>1,003,049</b>	<b>1,571,577</b>	<b>1,634,999</b>
<b>Income (loss) before transfers and contributions</b>	<b>(413,196)</b>	<b>(4,943)</b>	<b>(418,139)</b>	<b>(1,774,084)</b>
Transfers out	-	(275,000)	(275,000)	(95,000)
<b>Total transfers</b>	<b>-</b>	<b>(275,000)</b>	<b>(275,000)</b>	<b>(95,000)</b>
<b>Income (loss) before contributions</b>	<b>(413,196)</b>	<b>(279,943)</b>	<b>(693,139)</b>	<b>(1,869,084)</b>
Capital contributions	28,512	-	28,512	58,948
<b>Increase (decrease) in net assets</b>	<b>(384,684)</b>	<b>(279,943)</b>	<b>(664,627)</b>	<b>(1,810,136)</b>
Net assets - January 1	23,025,928	25,138,356		26,881,940
<b>Net assets - December 31</b>	<b>\$ 22,641,244</b>	<b>\$ 24,858,413</b>		<b>\$ 25,071,804</b>
Adjustment to reflect the consolidation of current year internal service fund activities related to enterprise funds			(93,123)	
<b>Change in net assets of business-type activities</b>			<b>\$ (757,750)</b>	

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

COMBINING STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS  
For The Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Other Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 690,267	\$ 6,019,754	\$ 6,710,021	\$ 952,169
Receipts from interfund services provided	-	457,601	457,601	10,666,802
Payments to suppliers	(402,278)	(2,332,813)	(2,735,091)	(7,005,747)
Payments to employees	(236,164)	(2,048,028)	(2,284,192)	(4,847,594)
Payments to municipalities	-	(734,572)	(734,572)	-
Payments for interfund services used	(54,505)	(1,327,692)	(1,382,197)	(598,972)
<b>Total cash flows from operating activities</b>	<b>(2,680)</b>	<b>34,250</b>	<b>31,570</b>	<b>(833,342)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Advances to other funds	-	(2,000,000)	(2,000,000)	-
Transfers to other funds	-	(275,000)	(275,000)	(95,000)
Receipts from intergovernmental contracts/grants	-	1,174,871	1,174,871	-
Receipts from general property taxes	559,953	-	559,953	1,705,398
<b>Total cash flows from non-capital financing activities</b>	<b>559,953</b>	<b>(1,100,129)</b>	<b>(540,176)</b>	<b>1,610,398</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(62,772)	(357,518)	(420,290)	(3,433,049)
Proceeds from sales of capital assets	6,228	-	6,228	488,996
Capital contributions	28,512	-	28,512	-
Long term receivable from municipalities	-	601,707	601,707	-
Principal paid on capital related interfund advance	-	(590,604)	(590,604)	(134,312)
Interest paid on capital related interfund advance	-	(70,903)	(70,903)	(9,735)
<b>Total cash flows from capital and related financing activities</b>	<b>(28,032)</b>	<b>(417,318)</b>	<b>(445,350)</b>	<b>(3,088,100)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	2,347	71,326	73,673	451,519
<b>Total cash flows from investing activities</b>	<b>2,347</b>	<b>71,326</b>	<b>73,673</b>	<b>451,519</b>
Cash and Cash Equivalents, Beginning of Year	2,197,021	13,134,194	15,331,215	13,941,203
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,728,609</b>	<b>\$ 11,722,323</b>	<b>\$ 14,450,932</b>	<b>\$ 12,081,678</b>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
None				
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>				
Operating (loss)	\$ (981,724)	\$ (1,007,992)	\$ (1,989,716)	\$ (3,409,083)
Depreciation expense	974,079	1,155,987	2,130,066	2,825,277
(Increase) Decrease in accounts receivable	-	(67,712)	(67,712)	(208,686)
(Increase) Decrease in due from other governments	-	53,720	53,720	18,543
(Increase) Decrease in prepaid items	-	79,895	79,895	88,018
(Increase) Decrease in inventories	-	(32,603)	(32,603)	(26,171)
Increase (Decrease) in accounts payable	5,802	(123,393)	(117,591)	(11,250)
Increase (Decrease) in accrued compensation	(837)	3,192	2,355	66,059
Increase (Decrease) in other liabilities	-	(16,322)	(16,322)	(18,384)
Increase (Decrease) in other unearned revenue	-	(10,522)	(10,522)	(33,995)
Increase (Decrease) in claims payable	-	-	-	(123,670)
<b>Net cash provided by operating activities</b>	<b>\$ (2,680)</b>	<b>\$ 34,250</b>	<b>\$ 31,570</b>	<b>\$ (833,342)</b>

(CONTINUED)

**WAUKESHA COUNTY, WISCONSIN**

COMBINING STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS  
For The Year Ended December 31, 2007

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Airport Operations/ Development Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET ASSETS</b>				
Cash and investments - statement of net assets	\$ 2,728,609	\$ 11,722,323	\$ 14,450,932	\$ 11,594,227
Restricted cash and investments - statement of net assets	-	-	-	487,451
<b>Cash and cash equivalents - end of year</b>	<b><u>\$ 2,728,609</u></b>	<b><u>\$ 11,722,323</u></b>	<b><u>\$ 14,450,932</u></b>	<b><u>\$ 12,081,678</u></b>

See notes to financial statements.

(CONCLUDED)

## **FIDUCIARY FUNDS**

### **AGENCY FUNDS**

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

**WAUKESHA COUNTY, WISCONSIN**

**STATEMENT OF NET ASSETS - FIDUCIARY FUNDS**

December 31, 2007

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and investments	\$ 30,882,924
<b>Total assets</b>	<b><u>\$ 30,882,924</u></b>
<b>LIABILITIES</b>	
Other liabilities	\$ 4,068,361
Due to other governments	26,814,563
<b>Total liabilities</b>	<b><u>\$ 30,882,924</u></b>

See notes to financial statements.

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

This report includes all of the funds of Waukesha County. The reporting entity for the County consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents, (2) the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the separate organization (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to or has the ability to otherwise access, are significant to the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Included within the reporting entity is the following Discretely Presented Component Unit:

**WAUKESHA COUNTY HOUSING AUTHORITY**

The government-wide financial statements include the Waukesha County Housing Authority ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The county executive appoints the board of the Housing Authority. Wisconsin Statutes provide for circumstances whereby the County can impose their will on the Housing Authority, and also create a potential financial benefit to or burden on the County. See Note 13. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended September 30, 2007. Separately issued financial statements of the Waukesha County Housing Authority may be obtained from the Housing Authority's office at 120 Corrina Blvd., Waukesha, Wisconsin, 53186.

**B. Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements**

The statement of net assets 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

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

---

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 reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

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

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

- a. Total assets, liabilities, 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:

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

---

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.

Human Services Special Revenue Fund – To account for funds provided for income maintenance, counseling, alcohol and drug abuse programs, children’s center services, services to the developmentally disabled, chronically mentally ill, elderly and administrative support services.

Long Term Care Special Revenue Fund – Accounts for federal and state funds that provide services to eligible persons who are elderly, developmentally disabled, physically disabled or have a long-term mental illness.

General Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than proprietary fund debt.

Major Enterprise Funds

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

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

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Nutrition Fund  
Walter Tarmann Fund  
Land Information System Fund  
Child Support Fund  
Community Development Block Grant Fund  
Mental Health Center Fund  
Transportation Fund  
Smith Park Fund  
Reuss Trust Fund  
Federated Library Fund

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

1998 through 2008 Capital Projects funds

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.

Radio Services Fund  
Golf Course Fund  
Ice Arena Fund  
Materials Recovery Facility Fund

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

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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.

Risk Management/Self Insurance Fund  
Vehicle Replacement 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	Homemaker Fund
Burial Fund	Sheriff Processing Fee
Unclaimed Property Fund	Main Jail Fund
Flexible Spending Account	Municipal Property Tax Collections
Huber Law Fund	Clerk of Courts Fund
District Attorney NSF Fund	

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide statement of net assets 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 revenue. 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.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

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

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

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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. Human service fund, long term care fund, mental health center fund, and certain 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 revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the County is entitled the resources and the amounts are available. Amounts owed to the County, which are not available, are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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.

The County reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year that are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the County has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) 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 enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

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

**D. ASSETS, LIABILITIES, AND NET ASSETS 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, or by the University of Wisconsin Hospitals and Clinics Authority
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The State of Wisconsin Local Government Investment Pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment earnings. Investment earnings on commingled investments of various County funds is allocated based on average balances, in accordance with adopted policies. A total of \$1,743,808 of investment interest was allocated to other funds in 2007. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

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

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

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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, 2007, 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 fiduciary net assets.

Property tax calendar – 2007 tax roll:

Lien date and levy date	December 2007
Tax bills mailed	December 2007
Payment in full, or	January 31, 2008
First installment due	January 31, 2008
Second installment due	July 31, 2008
Personal property taxes in full	January 31, 2008
Tax sale – 2007 delinquent real estate taxes	October 2010

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 assets. 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 fund balance reserve account, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

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, 2007 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.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

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4. Restricted Assets

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

5. Capital Assets

**GOVERNMENT –WIDE STATEMENTS**

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

Prior to January 2002, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units were required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets was encouraged but not required until January 1, 2006, when GASB 34 required the County to retroactively report all major general infrastructure assets acquired since January 1, 1980. The County has retroactively reported all network infrastructure acquired by its governmental funds.

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 2007. 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 of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-40 Years
Land Improvements	20 Years
Machinery and Equipment	2-15 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, 2007

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

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6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

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, 2007 are determined on the basis of current salary rates and include salary related payments.

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

8. Long-Term Obligations/Conduit Debt

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.

The County does not engage in conduit debt transactions.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. 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.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

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10. Equity Classifications

**GOVERNMENT-WIDE STATEMENTS**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

**FUND STATEMENTS**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

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, 2007

**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 ASSETS

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets.

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	\$	42,051,260
Construction in progress		7,076,885
Buildings and improvements		164,159,951
Machinery, equipment, and vehicles		42,975,927
Infrastructure		189,955,572
Less: Accumulated depreciation		(154,807,995)
Less: Internal service fund capital assets, net of depreciation		(13,013,993)
Adjustment for Capital Assets	\$	<u>278,397,607</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	\$	78,250,000
Compensated absences		4,282,564
Accrued interest		677,773
Unamortized debt premium		162,733
Unamortized debt discount		(47,122)
Unamortized debt issuance costs		(137,552)
Total	\$	<u>83,188,396</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets 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 this are as follows:

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2007

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

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Capital outlay per fund financial statements	\$	14,916,130
Some items are recorded as capital outlay in the fund financial statements, but do not meet the County capitalization policy, and therefore are not capitalized in the government-wide statements		(4,820,456)
Depreciation expense (net of internal service funds)		(9,684,432)
Total	\$	411,242

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

Compensated absences	\$	(115,314)
Accrued interest		35,085
Debt issuance costs		24,818
	\$	(55,411)

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**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, 2007

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

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

1. A transfer of funds from one appropriation unit to another within the department budget.
2. A transfer of funds from the contingency fund, not to cumulatively exceed 10% of the funds originally appropriated for a department in a fiscal year.

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

Supplemental appropriations necessary for 2007 were as follows:

	Adopted Budget	Modified Budget*	Increase/Decrease
General	\$ 91,364,268	\$ 92,198,045	\$ 833,777
Special Revenue	106,570,301	108,715,727	2,145,426
Debt Service	13,257,476	14,757,476	1,500,000
Capital Projects	17,572,400	17,572,400	0
Enterprise	9,086,851	9,082,851	(4,000)
Internal Service	16,318,100	16,318,100	0
<b>Totals</b>	<b>\$ 254,169,396</b>	<b>\$ 258,644,597</b>	<b>\$ 4,475,201</b>

\*Excludes carryover project funds from prior years for general (\$1,902,249) special revenue (\$4,321,919), capital projects (\$14,044,283), enterprise (\$863,605) and internal service (\$1,531,900).

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, 2007

**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, 2007 are as follows:

Enterprise Funds	Revenues		Expenses	
	Budget	Actual	Budget	Actual
Radio Services*	\$ 989,284	\$ 1,152,189	\$ 1,153,939	\$ 1,131,438
Golf Courses	3,348,000	3,071,237	3,312,963	3,162,404
Ice Arenas*	941,900	964,284	1,065,086	1,029,107
Materials Recovery Facility	1,880,000	2,387,658	2,224,280	1,962,164
Airport*	934,387	902,295	1,078,216	1,060,373
<b>Internal Service Funds</b>				
Risk Mgmt/Self-Insurance	\$ 1,635,920	\$ 1,791,984	\$ 2,086,623	\$ 2,086,566
Vehicle Equipment Replacement	2,328,956	2,290,544	2,266,432	2,033,876
Central Fleet Maintenance	3,133,020	3,197,502	3,233,964	3,185,400
Communications	820,600	771,828	830,596	775,619
Collections	727,901	785,487	748,780	683,381
End User Technology Fund	5,648,946	4,650,495	6,929,424	6,325,644

\*Actual expenses exclude depreciation expense for capital assets acquired by grants externally restricted for capital acquisitions and construction (Radio Services, \$210,564; Ice Arena, \$84,634; Airport, \$611,618).

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 AND OTHER FINANCING SOURCES OVER APPROPRIATIONS**

No funds had excess expenditures and other financing sources over appropriations.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

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**C. DEFICIT BALANCES**

No funds had a deficit balance at December 31, 2007.

**D. LIMITATIONS ON THE COUNTY'S TAX LEVY RATE AND ITS ABILITY TO ISSUE NEW DEBT**

As part of Wisconsin's 1993 State Budget Bill (Act 16), legislation was passed (s.55.605, Wisconsin statutes) that limits the County's future tax levy rates. Generally, the County is limited to its 1992 tax levy rate for a five-year period, based upon current legislation. However, this limitation does not affect debt authorized prior to August 12, 1993 or refunding bonds.

The County may also exceed the limitation by holding a referendum (s.55.605 (3)(a)(1)) authorizing the County Board to approve a higher rate. The County may also exceed the rate if it increases the services it provides due to a transfer of these services from another governmental unit.

State statutes (s.55.605 and 67.045) also impose restrictions on the county's ability to issue new debt. Generally, referendum approval is required to issue unlimited tax general obligation debt, with the following exceptions:

- Refunding debt issues
- 75% approval by the County Board
- A reasonable expectation that the new debt can be accommodated within the existing tax rate
- Other exceptions as listed in State Statutes Section 67.045

The County is in compliance with the limitation.

**Tax Levy Limits**

Section 66.0602 of the Wisconsin Statutes imposes a limit on property tax levies by cities, villages, towns and counties for levy years 2007 and 2008. For levy year 2007, no city, village, town or county may increase its tax levy by a percentage that exceeds the greater of its valuation factor (which is defined as a percentage equal to the greater of two percent or the percentage change in the municipality's January 1 equalized value due to new construction less improvements removed) or 3.86 percent times the municipality's levy for the previous year. For levy year 2008, the tax levy may not be increased by a percentage in excess of the valuation factor. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

Special provisions are made with respect to debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the municipality's percentage growth due to the district's termination.

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2007

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

With respect to general obligation debt service, the following provisions are made: For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact municipalities that experience a reduction in offsetting revenues. The levy limits do not apply to debt service on general obligation debt authorized on or after July 1, 2005.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

The County maintains a cash and investment pool that is available for use by all funds. The deposit and investment balances of the various fund types on December 31, 2007 are as follows:

General Fund	\$ 53,972,438
Special Revenue Funds	11,452,296
Debt Service Funds	3,241,981
Capital Projects Funds	31,436,933
Enterprise Funds	14,450,932
Internal Service Funds	11,594,227
Internal Service Funds – Restricted	487,451
Agency Funds	30,882,924
<b>Total</b>	<b>\$ 157,519,182</b>

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

**Investment Risk Factors**

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

**Credit Risk**

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

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

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

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, 2007 is as follows:

<b>U.S. Government Guaranteed</b>	
U.S. Treasury	\$20,267,560
U.S. Agencies	8,200,373
<b>Total U.S. Government Guaranteed</b>	<b>\$28,467,933</b>
<b>Money Market Accounts</b>	
AAAm	\$5,539,488
Unrated – Wisconsin Local Government Investment Pool	21,551,492
<b>Total Money Market Accounts</b>	<b>\$27,090,980</b>
<b>U.S. Agencies</b>	
AAA rated	\$73,285,874
<b>Municipal Bonds</b>	
AAA rated	\$6,489,202
AA rated	3,427,873
<b>Total Municipal Bonds</b>	<b>\$9,917,075</b>
<b>Grand Total</b>	<b>\$138,761,862</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, 2007, the carrying amount of the County's deposits was \$18,708,573 and the bank balance was \$13,330,146. \$13,330,146 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 \$48,747.

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 \$100,000 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. 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.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

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, 2007 are as follows:

Issuer	Amount	Percentage
Federal National Mortgage Association	\$44,376,835	39.8%
US Treasury	20,267,560	18.1%
Federal Home Loan Mortgage Corp.	18,571,906	16.6%
Small Business Administration	6,446,154	5.8%
Federal Home Loan Bank	5,963,738	5.3%
Other Issuers (none over 5%)	16,044,689	14.4%
<b>Grand Total</b>	<b>\$111,670,882</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 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. J.P. Morgan Asset Management has been assigned the Lehman Intermediate Government Index as their benchmark. Dana Investment Advisors has been assigned the 100% Donoghue Taxable Index as their benchmark. Galliard Capital Management has been assigned a hybrid index consisting of 70 percent of the Lehman Intermediate Government Index and 30 percent of the Lehman Mortgage Index as their benchmark.

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, 2007 is as follows (total duration includes money market accounts, which are not listed in the table):

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

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

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Investment Type	Amount	Effective Duration
Federal Agency Coupon Securities	17,679,396	4.43 years
Federal Agency Discount Securities	1,162,320	28.19 years
U.S. Treasury Coupon Securities	17,334,409	3.83 years
U.S. Treasury Discount Securities	2,220,415	7.35 years
U.S. Treasury Inflation Protected Securities	712,735	0.00 years
Federal Agency Mortgage Pass Through Securities	62,644,532	2.81 years
Municipal Bonds	9,917,075	2.60 years
<b>Grand Total</b>	<b>\$111,670,882</b>	<b>2.86 years</b>

For money market fund investments and the Wisconsin Local Government Investment Pool, weighted average maturity is used to measure interest rate risk. The weighted average maturity of all of the County's money market investments at December 31, 2007 is as follows:

Fund Name	Amount	Weighted Average Maturity
Wisconsin Local Government Investment Pool	\$21,551,492	56 days
AIM Short Term Investment Trust – Government and Agency Portfolio	808,530	34 days
Federated Government Obligations Fund	830,611	31 days
JP Morgan US Treasury Money Market Fund	647	48 days
JP Morgan Government Money Market Fund	3,899,700	38 days
<b>Grand Total</b>	<b>\$27,090,980</b>	

**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.

**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 revenues in the accompanying financial statements. The aggregate levy of \$93,174,339 will be recognized as revenue during 2008.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**NOTE 5 – RECEIVABLES (CONT'D)**

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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 revenues 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 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 shown as reservations of fund balance at year-end. Delinquent property taxes levied by the County are shown as deferred revenue and are excluded from the fund balance until collected.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**NOTE 5 – RECEIVABLES (CONT'D)**

At December 31, 2007, delinquent property taxes by year levied consisted of the following:

<b>Tax Certificates</b>	<b>Total</b>	<b>County Levied</b>	<b>County Purchased</b>
2006	\$ 5,216,610	\$ 588,434	\$ 4,628,176
2005	1,411,149	164,541	1,246,608
2004	443,538	51,140	392,398
2003	7,862	887	6,975
2002	10,129	1,148	8,981
2001	6,150	698	5,452
2000 and prior	18,454	2,200	16,254
Tax Deeds	53,184	6,192	46,992
Total Delinquent Property Taxes Receivable	\$ 7,167,076	\$ 815,240	\$ 6,351,836

**Noncurrent Receivables**

The amount of receivables not expected to be collected within one year include an estimated \$4.5 million of property taxes, \$3.1 million of CDBG loans, and \$355,820 of municipal loans.

**Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of current period. They have been levied with the intention to finance the following year's activities. 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 deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<b>Unavailable</b>	<b>Unearned</b>	<b>Total</b>
Property taxes receivable for subsequent year	\$ -	\$91,421,531	\$91,421,531
Delinquent property taxes receivable	-	814,693	814,693
CDBG loans receivable	3,822,491	-	3,822,491
Municipal loans receivable	536,511	-	536,511
Grant draw downs prior to meeting all eligibility requirements	-	1,405,975	1,405,975
Total deferred/unearned revenue for governmental funds	\$4,359,002	\$93,642,199	\$98,001,201
Deferred/unearned revenue for internal service funds		1,550,245	
Total deferred/unearned revenue for governmental activities		\$95,192,444	

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2007

**NOTE 6– DUE FROM OTHER GOVERNMENTS**

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At December 31, 2007, amounts due from other governments consisted of the following:

Federal:	
CDBG Grants	\$ 618,711
Dept of Aging Grants	527,546
Dept of Justice/U.S. Marshall	198,655
Other Federal	127,479
State:	
Health and Human Services Aid	7,594,843
Dept of Transportation	2,226,810
Other State	2,242,118
County and Municipal	356,957
Total per Statement of Net Assets	\$ 13,893,119

**NOTE 7– LONG TERM RECEIVABLES**

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Trunked Radio. As part of a countywide radio upgrade capital project, the County entered into 50/50 cost-share agreements with municipalities to finance the project's infrastructure costs. As part of the agreement, the County is providing interest-free financing to initial charter member municipalities over a nine-year period for infrastructure. The County is also providing interest bearing financing to municipalities for radio equipment purchases at the County's cost of capital of 4.2%. In 2000, the County recorded a long-term receivable from municipalities of \$1,784,458 in the radio services enterprise fund for infrastructure. Annual repayments began in 2000. In 2001, the County recorded an additional long term receivable from municipalities of \$3,891,900 for equipment. Annual repayments for equipment began in 2001. The balance of the long-term receivable at December 31, 2007 is \$1,073,471.

Communications Center. The 2003 capital budget included the appropriation of general fund balance as loans to municipalities to help them finance their half of infrastructure costs for a Waukesha County Communications Center. During 2002, the County received commitments from 29 municipalities, in the form of promissory notes to Waukesha County, to pay their estimated share of the capital costs. These notes totaled \$1,423,526, and were recorded as long-term receivables from municipalities in 2003, when construction began on the communications center. As of December 31, 2007, \$536,511 was outstanding on the notes.

Community Development Programs. As of December 31, 2007, \$3,822,491 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, 2007

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2007 was as follows:

<b>Governmental Activities</b>	Balance 1/1/2007	Additions	Deletions	Balance 12/31/2007
Capital assets not being depreciated:				
Land	\$39,038,637	\$3,012,623	\$0	\$42,051,260
Construction in progress	\$14,142,276	\$9,352,869	\$16,418,260	\$7,076,885
Other Capital Assets				
Buildings	\$147,500,854	\$2,016,248	\$0	\$149,517,102
Land improvements	14,018,523	624,326	-	14,642,849
Machinery and equipment	33,065,077	2,210,462	2,687,550	32,587,989
Vehicles	10,163,992	1,596,036	1,372,090	10,387,938
Infrastructure	179,664,863	11,395,844	1,105,135	189,955,572
Total other capital assets at historical cost	\$384,413,309	\$17,842,916	\$5,164,775	\$397,091,450
Less: Accumulated Depreciation for:				
Buildings	\$34,669,854	\$3,597,869	\$0	\$38,267,723
Land improvements	6,628,271	637,791	-	7,266,062
Machinery and equipment	20,665,125	2,892,161	1,730,567	21,826,719
Vehicles	4,917,522	1,305,240	1,300,961	4,921,801
Infrastructure	79,377,613	4,076,648	928,571	82,525,690
Total Accumulated Depreciation	\$146,258,385	\$12,509,709	\$3,960,099	\$154,807,995
Net Other Capital Assets	\$238,154,924	\$5,333,207	\$1,204,676	\$242,283,455

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**NOTE 8 – CAPITAL ASSETS (CONT'D)**

Depreciation expense was charged to functions as follows:

Justice and Law Enforcement	\$	168,790
Health & Human Services		7,725
Public Works (includes roads, bridges, signals, buildings)		7,521,603
Environment, Parks, and Education		899,309
General Government		1,087,005
Risk Management		212
Vehicle Replacement Fund		1,939,817
Central Fleet		136,649
Communications		4,544
Collections		5,459
End User Technology Fund		738,596
Total Governmental Activities Depreciation Expense	\$	<u>12,509,709</u>

<b>Business-Type Activities</b>	Balance 1/1/2007	Additions	Deletions	Balance 12/31/2007
Capital assets not being depreciated:				
Land	<u>\$10,288,747</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,288,747</u>
Construction in progress	<u>\$0</u>	<u>\$883</u>	<u>\$0</u>	<u>\$883</u>
Other Capital Assets				
Buildings	\$16,661,505	\$85,626	\$0	\$16,747,131
Land improvements	18,040,178	33,229	-	18,073,407
Machinery and equipment	<u>8,296,354</u>	<u>307,441</u>	<u>215,606</u>	<u>8,388,189</u>
Total other capital assets at historical cost	<u>\$42,998,037</u>	<u>\$426,296</u>	<u>\$215,606</u>	<u>\$43,208,727</u>
Less: Accumulated depreciation for:				
Buildings	\$6,368,294	\$514,689	\$0	\$6,882,983
Land improvements	8,490,837	895,331	-	9,386,168
Machinery and equipment	<u>4,724,511</u>	<u>720,043</u>	<u>140,902</u>	<u>5,303,652</u>
Total Accumulated Depreciation	<u>\$19,583,642</u>	<u>\$2,130,063</u>	<u>140,902</u>	<u>21,572,803</u>
Net Other Capital Assets	<u>\$23,414,395</u>	<u>(\$1,703,767)</u>	<u>\$74,704</u>	<u>\$21,635,924</u>

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**NOTE 8 – CAPITAL ASSETS (CONT'D)**

Depreciation expense was charged to functions as follows:

Radio Services	\$	514,040
Golf Courses		205,924
Ice Arenas		223,686
Materials Recovery Facility		212,334
Airport		974,079
Total Business-Type Activities Depreciation Expense	<u>\$</u>	<u>2,130,063</u>

**NOTE 9. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

Individual fund interfund receivable and payable balances for overdrafts on pooled cash accounts at December 31, 2007 were as follows:

Receivable Fund	Payables Fund	Amount	Amount Not Due Within One Year
General Fund	Long Term Care	\$1,642,107	\$ -
General Fund	Transportation	63,145	-
Subtotal - Fund financial statements		1,705,252	-
Less: Fund eliminations		(1,702,252)	-
Add: Balances created with internal service fund eliminations		570,642	-
Total – Government-wide statement of Net Assets		\$570,642	\$ -

Individual balances for interfund advances at December 31, 2007 were as follows:

Receivable Fund	Payables Fund	Amount	Amount Not Due Within One Year	Purpose
General Fund	2003 Capital Projects	\$1,441,805	\$1,263,865	Loans to Municipalities
General Fund	Ice Arena Fund	1,639,984	1,639,984	Building Construction
General Fund	Radio Services	1,680,282	1,073,031	Building Construction
Subtotal – General Fund		\$4,762,071	\$3,976,880	
Golf Course Fund	Ice Arena Fund	461,609	461,609	Building Construction
Materials Recovery Facility	2006 Capital Projects	2,000,000	2,000,000	Capital Project Funding
Materials Recovery Facility	2007 Capital Projects	2,000,000	2,000,000	Capital Project Funding
Subtotal - Fund financial statements		9,223,680	8,438,489	
Less fund eliminations		(8,543,946)		
Total – Government-wide statement of net assets		\$679,734		

The principal purpose of these interfunds is to provide funding for capital projects through internal borrowing.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**NOTE 9. INTERFUND RECEIVABLES/PAYABLES 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.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

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>
General Fund	Debt Service	\$ 2,150,000	Debt Retirement
General Fund	Tarmann Fund	187,572	Land acquisition
General Fund	Human Services Fund	63,000	Operating budget support
General Fund	Nutrition	6,000	Operating budget support
Subtotal General Fund		\$ 2,406,572	
<b>Other Governmental:</b>			
Human Services Fund	Mental Health Center	91,503	Operating budget support
Total Governmental		\$ 2,498,075	
<b>Proprietary:</b>			
Materials Recovery Facility	General Fund	\$ 275,000	Operating budget support
Collections Fund	General Fund	95,000	Repay start-up costs
Total Proprietary		\$ 370,000	
Subtotal Fund Financial Statements		\$ 2,868,075	
Less: Fund Eliminations		(2,593,075)	
<b>Grand Total - Statement of Activities</b>		<b>\$ 275,000</b>	

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, 2007

**NOTE 10- LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
General Obligation Debt	\$79,525,000	\$10,000,000	(\$11,275,000)	\$78,250,000	\$9,930,000
Compensated Absences (Note 1.D.7)	4,397,878	4,282,564	(4,397,878)	4,282,564	4,282,564
Total Governmental Activities	\$83,922,878	\$14,282,564	(\$15,672,878)	\$82,532,564	\$14,212,564

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, 2007, based on an equalized value of \$51,988,144,000 was \$2,599,407,200. Total general obligation debt outstanding at year-end was \$78,250,000.

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/07
<b>Governmental Activities</b>					
1999A GOPN	05/01/99	12/01/08	3.50%-4.30%	9,900,000	1,900,000
2000A GOPN	07/01/00	12/01/08	5.00%	9,900,000	1,500,000
2001B GOPN	05/01/01	12/01/10	4.50%	9,900,000	5,600,000
2002A GOPN	04/01/02	04/01/12	3.75%-4.40%	14,600,000	10,650,000
2003A GOPN	04/01/03	04/01/13	2.00%-3.875%	13,500,000	11,450,000
2004A GOPN	04/01/04	04/01/14	2.00%-3.20%	14,000,000	11,200,000
2005A GOPN	05/01/05	04/01/15	3.50%-4.00%	14,400,000	14,150,000
2006A GOPN	05/01/06	04/01/16	4.00%-4.15%	12,000,000	11,800,000
2007A GOPN	05/15/07	04/01/17	3.75%-3.875%	10,000,000	10,000,000
Total					78,250,000

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2007

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

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Debt service requirements to maturity are as follows:

Governmental Activities General Obligation Debt		
Years	Principal	Interest
2008	9,930,000	2,918,306
2009	9,740,000	2,456,813
2010	10,275,000	2,060,680
2011	11,170,000	1,626,301
2012	11,080,000	1,208,006
2013-2017	26,055,000	1,645,407
Total	\$ 78,250,000	\$ 11,915,513

As of December 31, 2007, \$3,241,981 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 and human services funds.

**NOTE 11– LEASE DISCLOSURES**

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

Operating Leases

1. The County has a master lease agreement with the WCTC Foundation for the rental of space in a building known as the Workforce Development Center. The initial lease covered a ten-year period beginning January 1, 1995 with one ten-year renewal option. In August, 2004 an extension was negotiated for a period of five years commencing on January 1, 2005. The extension included reduced footage (4,271 square feet) and an annual payment composed of a base rent (for 2005 only) and an additional amount for payment of operating costs and capital improvements/major maintenance (sinking fund). The annual rate for operating costs continues the 1995 initial rate of \$4.00 per square foot with an annual adjustment based on the Consumer Price Index. The resulting actual 2007 lease costs are detailed below.

Operating costs	22,895
Sinking fund: Capital improvements/major maintenance	2,349
Total	\$ 25,244

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2007

**NOTE 11– LEASE DISCLOSURES (CONT'D)**

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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 2008 through 2037. Operating leases at December 31, 2007 provide for the following future minimum lease payments:

Year	Amount
2008	\$ 251,578
2009	251,578
2010	230,638
2011	226,462
2012	225,331
2013-17	849,566
2018-22	655,883
2023-27	577,748
2028-32	499,777
2033-37	156,581
Total	\$ 3,925,142

The leased facilities have a cost of \$2,947,806, accumulated depreciation of \$1,647,895, and a net book value of \$1,299,912.

**NOTE 12 –GOVERNMENTAL ACTIVITIES NET ASSETS**

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Governmental activities net assets reported on the government wide statement of net assets at December 31, 2007 includes the following:

Invested in capital assets, net of related debt	
Land	\$42,051,260
Construction in progress	7,076,885
Other capital assets, net of accumulated depreciation	242,283,455
Less: related long-term debt outstanding (net of unspent proceeds of debt)	(72,988,401)
Total invested in capital assets	<u>\$218,423,199</u>

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**NOTE 13– COMPONENT UNIT**

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This report contains the Waukesha County Housing Authority (Authority), which is included as a component unit. Financial information is presented as a discrete column in the statement of net assets and statement of activities. The footnote below is re-produced from the Authority's report.

NOTE I – Summary of Significant Accounting Policies

The accounting policies of the Waukesha County Housing Authority, Wisconsin conform to generally accepted accounting principles as applicable to enterprise funds of 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 contains the financial information of the Waukesha County Housing Authority (the "Authority"), which is a component unit of Waukesha County.

The Authority is a legally separate organization. The board of commissioners of the Authority is appointed by the county executive and board of supervisors of Waukesha County. Wisconsin Statutes provide for circumstances whereby Waukesha County can impose their will on the Authority, and also create a potential financial benefit to or burden on Waukesha County.

The reporting entity for the Authority consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

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

The Authority was established for the purpose of engaging in the development, acquisition, and administrative activities of low-income housing programs and other programs with similar objectives. The United States Department of Housing and Urban Development (HUD) has direct

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**NOTE 13– COMPONENT UNIT (CONT'D)**

---

responsibility for administering the low-income housing programs under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make loans to assist the local housing authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to local housing authorities for the purpose of maintaining the low-rent character of the local housing programs.

**B. Financial Statements**

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net assets (i.e., total assets net of total liabilities) are segregated into “invested in capital assets, net of related debt”; “restricted”; and “unrestricted” components.

The Authority follows all pronouncements of the Governmental Accounting Standards Board, and has elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The Authority distinguishes *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 Authority currently does not have any operating revenues. Operating expenses for the Authority include administrative expenses, tenant expenses, maintenance and operation and housing assistance payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

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

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**NOTE 13– COMPONENT UNIT (CONT'D)**

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Investment of Authority funds is restricted by Wisconsin state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. 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, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The Authority's investment policy follows the state statute for allowable investments. The Authority does not have a policy that pertains to custodial credit risk.

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 income. The difference between the book balance and carrying value is due to outstanding checks and/or deposits in transit.

See NOTE III.A. for further information.

**2. Receivables**

Accounts receivable have been shown net of an allowance for uncollectible accounts of \$0.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

**4. Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by external parties. Current liabilities payable from these restricted assets are so classified.

**5. Capital Assets**

Capital assets used by the Authority are those assets owned by the Housing Authority of the City of Waukesha. Consequently, the Authority does not report any capital assets.

**6. Compensated Absences**

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

All vested vacation and sick leave pay is accrued when incurred.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**NOTE 13– COMPONENT UNIT (CONT'D)**

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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 September 30, 2007 are determined on the basis of current salary rates and include salary related payments.

**7. Conduit Debt**

The Authority has issued multifamily housing refunding revenue bonds for the benefit of private enterprises. The bonds are secured by revenue agreements on the associated projects and do not constitute indebtedness of the Authority. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of bonds outstanding at the end of the year is \$30,720,000, made up of five issues.

**8. Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments are recorded as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

**9. Equity Classifications**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- b. Restricted net assets – Consists of net assets with constraints placed on the 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

**NOTE II – Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for funds receiving federal expenditure awards. All budgets are prepared on a basis prescribed by HUD which is materially consistent with generally accepted accounting principles. All annual appropriations lapse at year-end.

WAUKESHA COUNTY, WISCONSIN  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2007

**NOTE 13– COMPONENT UNIT (CONT'D)**

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NOTE III – Detailed Notes on All Funds

A. Deposits and Investments

The Authority's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 234,559	\$ 234,559	Custodial credit risk
Certificates of deposit	718,345	718,345	Custodial credit risk
Total Cash and Investments	<u>\$ 952,904</u>	<u>\$ 952,904</u>	

Reconciliation to financial statements

Per statement of net assets	
Unrestricted	\$ 465,523
Restricted	487,381
Total Cash and Investments	<u>\$ 952,904</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual entities.

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned to the Authority.

As of September 30, 2007, \$852,904 of the Authority's total bank balances was exposed to custodial credit risk by being uninsured and uncollateralized.

B. Receivables

All of the Authority's receivables are expected to be collected within one year.

C. Restricted Assets

The following represent the balances of the restricted assets:

*Tenant Deposits*

The Authority holds certain assets under the Family Self Sufficiency Program which are for the purpose of assisting tenants with accumulating funds. This amounted to \$31,476 at year end.

*Housing Assistance Payments*

The Authority has received Housing Assistance Payments in advance of the actual disbursement to the recipients. This amounted to \$455,905 at year end.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007

**NOTE 13– COMPONENT UNIT (CONT'D)**

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NOTE IV – Other Information

A. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

B. Commitments and Contingencies

From time to time, the Authority 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 the Authority's Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Authority's financial position or results of operations.

The Authority has received federal 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.

C. Economic Dependency

The Authority is economically dependent on annual contributions and grants from the U.S. Department of Housing and Urban Development (HUD). The Authority operates at a loss prior to receiving contributions and grants from HUD.

**NOTE 14– EMPLOYEES' RETIREMENT SYSTEM**

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All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the system for the year ended December 31, 2007 was \$71,118,746; the employer's total payroll was \$72,923,278. The total required contribution for the year

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

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ended December 31, 2007 was \$8,120,785 or 11.4 percent of covered payroll. Of this amount, the employer contributed 98 percent for the current year. Total contributions for the years ending December 31, 2006 and 2005 were \$7,774,122 and \$7,331,655, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee’s three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

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

There was no pension-related debt for the County as of December 31, 2007.

**NOTE 15 – 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**

During 1987, the County, together with certain other units of government within the State of Wisconsin, created the Wisconsin Municipal Mutual Insurance Company (WMMIC), a nonassessable mutual company which provides liability insurance and risk management services to its members. The County became a member of WMMIC in 1987 by issuing a general obligation note for \$2,459,264 and investing the proceeds in WMMIC. The scope of insurance protection provided by WMMIC is broad, covering automobile liability, general liability, law enforcement liability, public official’s errors and omissions, civil rights, incidental medical malpractice, personal injury, equal rights, and Americans with Disabilities Act at policy limits of \$5,000,000 per occurrence with a \$10,000,000 aggregate for general and automobile liability claims and a \$15,000,000 aggregate for errors or omissions claims. The County’s self-insured retention limit is \$250,000 for each occurrence and \$1,150,000 annual aggregate. At this time, settled claims have not exceeded the commercial coverage in any of the past three years. WMMIC’s exposure in its layer of insurance is limited to \$1,000,000 per occurrence in that the company purchases \$4,000,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage.

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

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WMMIC is governed by one entity-one vote. Member entities include Waukesha County and the counties of Brown, Chippewa, Dane, Dodge, Eau Claire, Kenosha, LaCrosse, Manitowoc, Marathon, Outagamie, Rock, St. Croix, and Walworth and the cities of Eau Claire and Madison. All member entities participate in the governing of the company. Its Board of Directors is made up of at least five representatives of the participating entities and the company's Charter allows for the appointment of two at large members to the Board of Directors. The participants elect the board members at the annual meeting. The board has the authority to adopt its own budget, set policy matters and control the financial affairs of the company.

The actuary for WMMIC determines the insurance premiums for each member based upon the relevant rating exposure bases as well as the historical loss experience by member. WMMIC's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company. The County's share in the operation of WMMIC as of December 31, 2007 is 10.83%.

The County's investment in WMMIC is reported on the risk management fund balance sheet as a deposit. The amount reported is the original capitalization of \$2,459,264. According to its bylaws, WMMIC allocates equity to members based on the percentage of participation. GASB pronouncements do not allow the current value of the County's account at WMMIC to be recorded as an asset. However, the amount is \$3,540,610. A list of other members and their share of participation is in the WMMIC report. Separate financial statements can be obtained from WMMIC at their address of 4785 Hayes Road, Madison, Wisconsin, 53704-73614.

WMMIC requires that the County maintain a minimum reserve amount for the payment of claims equal to the expected present value of unpaid losses as determined by the company's actuary consultant. At December 31, 2007, the county's minimum reserve amount required by WMMIC is \$867,591. Risk management's liability and worker's compensation reserves are accounted for in the same fund on a combined basis. The County has established a combined liability in the amount of \$2,725,740, compared to a combined expected present value of loss amount (at a 50% confidence level) of \$1,982,539.

**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 \$300,000 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, 2007, the expected present value of unpaid losses, as determined by the County's actuary consultant, is \$1,114,948. The liability for both risk management and worker's compensation is accounted for in the same fund on a combined basis. The County has established a combined liability in the amount of \$2,725,740, compared to a combined expected present value of loss amount (at a 50% confidence level) of \$1,982,539.

**Claims Liability**

The County's objective is to provide a reserve confidence level between 75% and 95% for liability and worker's compensation claims on a combined basis as a reflection of the County's risk tolerance. At December 31, 2007, the County's liability and worker's compensation combined claims reserve totals \$2,725,740, which is slightly above a 75% confidence level.

WAUKESHA COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 15– RISK MANAGEMENT/SELF INSURANCE (CONT'D)**

<u>Liability and Workers Compensation Claims</u>	<u>2006</u>	<u>2007</u>
Unpaid claims, including incurred but not reported - Beginning of Year	\$ 2,878,327	\$ 2,849,410
Current year claims and changes in estimates	645,478	529,890
Claim payments	<u>(674,395)</u>	<u>(653,560)</u>
Unpaid claims - End of Year	<u>\$ 2,849,410</u>	<u>\$ 2,725,740</u>
Amount not due within one year		\$ 2,186,000
In addition, net assets can be analyzed as follows:		
Invested in capital assets		\$ 1,957
WMMIC deposit		2,459,264
Reserves for losses not captured within actuary analysis (e.g., pollution liability, employment litigation back wages, etc.) and for catastrophic losses		<u>464,850</u>
Total Net Assets		<u>\$ 2,926,071</u>

Self-Insurance - Health Coverage

The County has established a self-insurance program for health claims. Claims are accounted for in the general fund, and are processed by a third party claims administrator. The uninsured risk of loss is \$250,000 per individual claimant per year. The County has purchased commercial stop-loss insurance for claims in excess of the \$250,000 retention. In 2007, there were no claims that exceeded the \$250,000 specific stop loss retention.

The County also has a self-funded dental plan. The insurance claim payments shown below include both self-funded health and dental.

All funds of the County participate in the health and dental insurance programs. Amounts payable to the general 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.

Claims Liability	<u>2006</u>	<u>2007</u>
Unpaid claims – Beginning of Year	\$1,966,360	\$2,020,125
Current year claims and changes in estimates	12,998,857	14,491,611
Claim payments	<u>(12,945,092)</u>	<u>(14,082,836)</u>
Unpaid claims - End of Year	<u>\$2,020,125</u>	<u>\$2,428,900</u>
Amount not due within one year		<u>\$121,000</u>

WAUKESHA COUNTY, WISCONSIN  
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**NOTE 16– COMMITMENTS AND CONTINGENCIES**

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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.

During 2007, the County borrowed \$10,000,000 for the purpose of making various capital improvements. This money, as well as revenue from other sources, is reflected in the 2007 capital projects fund. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable. The balance of contract amounts plus open purchase orders of \$2,661,608 at year end will be paid out of the reserved fund balance in the capital projects funds.

Funding for the operating budget of the County comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the County. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the County.

**NOTE 17– SUBSEQUENT EVENTS**

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On February 12, 2008, the County Board authorized the creation of an internal service fund for health and dental self-insurance funds beginning in 2009.

On February 26, 2008, the County Board authorized the use of \$2,000,000 General Fund undesignated fund balance to reduce debt borrowing in the 2008 Capital budget from \$12,000,000 to \$10,000,000.

On May 1, 2008, the County issued \$10,000,000 of General Obligation Promissory Notes, which mature on April 1, 2009 through 2018, to finance part of the cost of capital improvements within the County.

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