

GOVERNMENT-WIDE STATEMENTS

THIS PAGE LEFT BLANK

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION
December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 116,995,697	\$ 14,129,198	\$ 131,124,895	\$ 2,323,413
Receivables:				
Property taxes - delinquent	4,348,518	-	4,348,518	-
Property taxes - levied for ensuing year's budget	109,736,765	-	109,736,765	-
Accrued interest	514,734	-	514,734	-
Accounts	1,674,508	263,849	1,938,357	8
Due from other governments	12,964,645	39,382	13,004,027	4,230
Internal balances	1,606,820	(1,606,820)	-	-
Prepaid items	553,748	705	554,453	-
Inventories	1,008,858	90,907	1,099,765	-
Advances to/from other funds	1,639,984	(1,639,984)	-	-
Restricted assets				
Restricted cash and investments	490,786	793,179	1,283,965	-
Deposit in WMMIC	2,459,264	-	2,459,264	-
Long term receivable	5,311,305	-	5,311,305	-
Capital assets:				
Land	61,565,539	10,288,747	71,854,286	-
Construction in progress	34,578,237	8,001,286	42,579,523	-
Buildings	214,125,256	19,271,674	233,396,930	-
Improvements other than buildings	25,856,591	26,451,076	52,307,667	-
Machinery and equipment	33,869,169	13,231,208	47,100,377	20,015
Software	11,133,898	15,622	11,149,520	414,136
Vehicles	19,888,249	-	19,888,249	-
Infrastructure	282,505,195	-	282,505,195	-
Accumulated depreciation/amortization	(298,728,695)	(39,166,380)	(337,895,075)	(283,382)
Total assets	\$ 644,099,071	\$ 50,163,649	\$ 694,262,720	\$ 2,478,420
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	57,952,295	1,254,254	59,206,549	287,867
Total deferred outflows of resources	\$ 57,952,295	\$ 1,254,254	\$ 59,206,549	\$ 287,867
LIABILITIES				
Accounts payable	\$ 10,778,270	\$ 459,398	\$ 11,237,668	44,218
Accrued compensation	6,290,521	113,702	6,404,223	-
Other liabilities	958,384	200,816	1,159,200	-
Due to other governments	891,671	-	891,671	5,149
Accrued interest payable	449,534	-	449,534	-
Other unearned revenue	956,570	13,202	969,772	-
Long-Term Liabilities:				
Compensated absences - current	5,932,495	-	5,932,495	39,418
Net pension liability	21,397,965	438,152	21,836,117	106,181
Claims payable - current	3,892,497	-	3,892,497	-
Claims payable - non current	3,672,638	-	3,672,638	-
Notes payable - current	12,665,000	-	12,665,000	-
Notes payable - non current	68,192,785	-	68,192,785	-
Total liabilities	\$ 136,078,330	\$ 1,225,270	\$ 137,303,600	\$ 194,966
DEFERRED INFLOWS OF RESOURCES				
Deferred grant revenue	\$ -	575	\$ 575	\$ 973,342
Property taxes levied for future periods	109,741,232	-	109,741,232	-
Pension related amounts	29,451,332	639,153	30,090,485	146,146
Total deferred inflows of resources	\$ 139,192,564	\$ 639,728	\$ 139,832,292	\$ 1,119,488
NET POSITION				
Net investment in capital assets	\$ 313,835,865	\$ 38,093,233	\$ 351,929,098	150,769
Restricted net position for:				
Park development	4,946,134	-	4,946,134	-
Debt service	1,559,752	-	1,559,752	-
Community development	6,396,681	-	6,396,681	-
Library purposes	-	-	-	1,301,064
Human services	1,319,816	-	1,319,816	-
Unrestricted net position	98,722,224	11,459,672	110,181,896	-
Total net position	\$ 426,780,472	\$ 49,552,905	\$ 476,333,377	\$ 1,451,833

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Primary Government Net (Expenses) Revenues and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
Justice and public safety	\$ 68,235,150	\$ 13,207,395	\$ 3,083,746	\$ 15,000	\$ (51,929,009)	\$ -	\$ (51,929,009)	\$ -
Health and human services	83,519,429	9,559,198	39,573,233	-	(34,386,998)	-	(34,386,998)	-
Environment, parks and education	27,428,664	9,056,746	4,307,873	555,250	(13,508,795)	-	(13,508,795)	-
Public works	36,796,894	7,819,773	5,947,302	3,778,358	(19,251,461)	-	(19,251,461)	-
General government	19,695,741	5,864,996	795,235	-	(13,035,510)	-	(13,035,510)	-
Interest expense	1,500,782	-	-	-	(1,500,782)	-	(1,500,782)	-
Total Governmental Activities	237,176,660	45,508,108	53,707,389	4,348,608	(133,612,555)	-	(133,612,555)	-
BUSINESS-TYPE ACTIVITIES								
Radio services	416,407	712,831	-	-	-	296,424	296,424	-
Golf courses	3,184,732	2,876,626	2,276	-	-	(305,830)	(305,830)	-
Ice arenas	1,261,778	1,040,530	-	-	-	(221,248)	(221,248)	-
Materials recovery facility	3,946,090	1,092,601	1,380,505	-	-	(1,472,984)	(1,472,984)	-
Airport	2,263,224	1,035,757	-	-	-	(1,227,467)	(1,227,467)	-
Total Business-type Activities	11,072,231	6,758,345	1,382,781	-	-	(2,931,105)	(2,931,105)	-
Totals	\$ 248,248,891	\$ 52,266,453	\$ 55,090,170	\$ 4,348,608	\$ (133,612,555)	\$ (2,931,105)	\$ (136,543,660)	\$ -
COMPONENT UNIT								
Bridges Library System	\$ 2,235,023	\$ 844,986	\$ 1,920,237	\$ -	\$ -	\$ -	\$ -	\$ 530,200
GENERAL REVENUES								
Property taxes					109,281,104	62,563	109,343,667	-
Grants and contributions, not restricted to specific programs					2,568,439	-	2,568,439	-
Investment earnings					6,929,919	127,250	7,057,169	21,611
Miscellaneous					7,648,129	129,474	7,777,603	54
Gain on disposal/sale of capital assets					165,386	-	165,386	-
Total General Revenues					126,592,977	319,287	126,912,264	21,665
Change in Net Position					(7,019,578)	(2,611,818)	(9,631,396)	551,865
Net Position - Beginning of Year					433,800,050	52,164,723	485,964,773	899,968
Net Position - End of Year					\$ 426,780,472	\$ 49,552,905	\$ 476,333,377	\$ 1,451,833

See notes to financial statements.

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND - The General Fund is the primary operating fund of the County. It is used to account for resources traditionally associated with governments, except those required to be accounted for in another fund.

DEBT SERVICE FUND - The debt service fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and service costs.

CAPITAL PROJECTS FUND – The capital projects fund is used to account for and report financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

THIS PAGE LEFT BLANK

WAUKESHA COUNTY, WISCONSIN

BALANCE SHEET - ALL GOVERNMENTAL FUNDS

December 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 59,237,928	\$ 2,009,287	\$ 38,219,088	\$ 4,613,835	\$ 104,080,138
Receivables:					
Property taxes - delinquent	4,348,518	-	-	-	4,348,518
Property taxes levied for ensuing year's budget	87,451,212	14,254,500	1,355,927	6,675,126	109,736,765
Accrued interest	514,734	-	-	-	514,734
Accounts	867,108	-	-	244,399	1,111,507
Due from other governments	7,268,069	-	324,162	5,326,507	12,918,738
Due from other funds	1,806,609	-	-	-	1,806,609
Prepaid items	140,520	-	-	3,509	144,029
Inventories	-	-	-	454,819	454,819
Advances to other funds	1,639,984	-	-	-	1,639,984
Long term receivable - Net	-	-	-	5,311,305	5,311,305
Total assets	\$ 163,274,682	\$ 16,263,787	\$ 39,899,177	\$ 22,629,500	\$ 242,067,146
LIABILITIES					
Accounts payable	\$ 5,976,437	\$ -	\$ 1,869,653	\$ 996,366	\$ 8,842,456
Accrued compensation	5,947,626	-	-	-	5,947,626
Other liabilities	812,484	-	-	-	812,484
Due to other governments	168,065	-	614,167	109,439	891,671
Due to other funds	-	-	-	1,806,609	1,806,609
Other unearned revenue	680,905	-	185,500	22,751	889,156
Total liabilities	\$ 13,585,517	\$ -	\$ 2,669,320	\$ 2,935,165	\$ 19,190,002
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - revolving loans	\$ -	\$ -	\$ -	\$ 5,311,305	\$ 5,311,305
Unavailable revenue - delinquent taxes	504,711	-	-	-	504,711
Unearned revenue - miscellaneous grants	67,413	-	-	-	67,413
Property taxes levied for future periods	87,455,679	14,254,500	1,355,927	6,675,126	109,741,232
Total deferred inflows of resources	\$ 88,027,803	\$ 14,254,500	\$ 1,355,927	\$ 11,986,431	\$ 115,624,661
FUND BALANCES					
Non-spendable:					
Non-current interfunds	\$ 3,446,593	\$ -	\$ -	\$ -	\$ 3,446,593
Prepaid items	140,520	-	-	1,390	141,910
Inventories	-	-	-	454,819	454,819
Delinquent taxes	3,850,347	-	-	-	3,850,347
Restricted:					
Park purposes	198,547	-	-	4,747,587	4,946,134
Debt service	-	2,009,287	-	-	2,009,287
Community development	-	-	-	1,085,376	1,085,376
Human services	-	-	-	1,319,816	1,319,816
Capital projects	-	-	9,900,213	-	9,900,213
Committed:					
Sick leave payout	500,000	-	-	-	500,000
Veterans services	13,061	-	-	-	13,061
Capital project purposes	-	-	25,973,717	-	25,973,717
Assigned:					
Jail assessment fees	442,959	-	-	-	442,959
Seized funds	228,435	-	-	-	228,435
Juror donations	30,317	-	-	-	30,317
Public Works PBM	297,025	-	-	-	297,025
Subsequent year's budget	4,678,096	-	-	98,916	4,777,012
Equipment replacement	896,076	-	-	-	896,076
Contingency fund	1,200,000	-	-	-	1,200,000
Unassigned	45,739,386	-	-	-	45,739,386
Total fund balances	\$ 61,661,362	\$ 2,009,287	\$ 35,873,930	\$ 7,707,904	\$ 107,252,483
Total liabilities, deferred inflows of resources and fund balances	\$ 163,274,682	\$ 16,263,787	\$ 39,899,177	\$ 22,629,500	\$ 242,067,146

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2019

Total Fund Balances - Governmental Funds	\$ 107,252,483
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds (excludes internal service funds). (see Note 2.A.)	368,585,238
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.)	(87,239,814)
Internal service funds are used by management to charge the costs of various services to individual funds and functional categories. The assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in governmental activities in the statement of net position.	25,778,809
Other long term assets are not available to pay for current period expenditures and, therefore are not reported in the funds. (See Note 5)	5,816,016
GASB 68 requires that the County's financial statements reflect its share of the net pension liability and related deferred inflows and outflows for the Wisconsin Retirement System (excludes internal service funds).	6,587,740
Total Net Position - Governmental Activities	<u>\$ 426,780,472</u>

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS
For The Year Ended December 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General intergovernmental assistance	\$ 585,000	\$ -	\$ 1,983,439	\$ -	\$ 2,568,439
Intergovernmental contracts/grants	40,610,924	-	1,148,493	18,523,456	60,282,873
Taxes	86,222,163	13,904,500	1,055,927	6,639,901	107,822,491
Fines and licenses	3,375,890	-	-	170,235	3,546,125
Charges for services	26,633,271	-	-	633,696	27,266,967
Interdepartmental revenues	4,153,658	-	-	717,667	4,871,325
Investment earnings	6,244,856	123,669	357,452	-	6,725,977
Miscellaneous revenues	9,781,462	22,553	423,814	1,687,673	11,915,502
Total revenues	177,607,224	14,050,722	4,969,125	28,372,628	224,999,699
EXPENDITURES					
Current:					
Justice and public safety	62,469,651	-	-	-	62,469,651
Health and human services	76,433,805	-	-	3,369,041	79,802,846
Environment, parks and education	14,077,737	-	-	9,153,543	23,231,280
Public works	8,105,700	-	-	16,181,840	24,287,540
General government	12,734,140	-	-	-	12,734,140
Capital outlay:					
Justice and public safety	152,028	-	8,704,691	-	8,856,719
Health and human services	-	-	116,908	-	116,908
Environment, parks and education	177,828	-	1,461,914	44,750	1,684,492
Public works	224,670	-	7,778,286	-	8,002,956
General government	-	-	778,868	-	778,868
Debt service:					
Principal retirement	-	12,765,000	-	-	12,765,000
Interest and fiscal charges	-	1,726,429	-	-	1,726,429
Total expenditures	174,375,559	14,491,429	18,840,667	28,749,174	236,456,829
Excess of Revenues Over (Under) Expenditures	3,231,665	(440,707)	(13,871,542)	(376,546)	(11,457,130)
OTHER FINANCING SOURCES (USES)					
General obligation notes issued	-	-	17,500,000	-	17,500,000
Premium on general obligation notes issued	-	507,907	-	-	507,907
Transfers in	767,747	760,000	2,542,238	100,000	4,169,985
Transfers out	(3,006,548)	-	(297,000)	(800,747)	(4,104,295)
Total other financing sources (uses)	(2,238,801)	1,267,907	19,745,238	(700,747)	18,073,597
Net change in fund balances	992,864	827,200	5,873,696	(1,077,293)	6,616,467
Fund Balances - January 1	60,668,498	1,182,087	30,000,234	8,785,197	100,636,016
Fund Balances - December 31	\$ 61,661,362	\$ 2,009,287	\$ 35,873,930	\$ 7,707,904	\$ 107,252,483

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2019

Net changes in fund balances - total governmental funds	6,616,467
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets and contributions exceeded depreciation in the current period. (see Note 2.B.)	3,388,396
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Position.	12,765,000
The issuance of long term debt is an other financing source in the governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.	(17,500,000)
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the Statement of Activities and are reported as interest expense. This is the amount by which the amortization of prior year balances exceeded the premium on the current year debt issuance.	(236,562)
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (see Note 2.B.)	(489,583)
Internal service funds are used by management to charge the costs of various services to individual funds and functional categories.	(3,711,812)
Governmental funds report loan repayments as revenues and the issuance of new loans as expenditures. These activities are reported as changes in loans receivable in the government-wide statements. Delinquent property taxes are also not expected to be paid during the current period and are not reported in the governmental funds.	(39,569)
GASB 68 requires that the County's financial statements reflect its share of the net pension liability/asset and related deferred inflows and outflows for the Wisconsin Retirement System.	(7,811,915)
Change in Net Position of Governmental Activities	<u>\$ (7,019,578)</u>

See notes to financial statements.

MAJOR PROPRIETARY FUNDS

AIRPORT OPERATIONS/DEVELOPMENT FUND - To account for the operation and maintenance of the County airport buildings and runways, located in Waukesha, Wisconsin.

RADIO SERVICES FUND - To account for the operation and maintenance of the County radio system, located in Waukesha, Wisconsin.

MATERIALS RECOVERY FACILITY FUND - To account for the operation and maintenance of the County recycling facility, jointly owned with the City of Milwaukee, located in Milwaukee, Wisconsin.

THIS PAGE LEFT BLANK

THIS PAGE LEFT BLANK

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION - ALL PROPRIETARY FUNDS
December 31, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Non-Major Enterprise Funds	Total	
ASSETS						
Current Assets:						
Cash and investments	\$ 3,358,522	\$ 7,064,771	\$ 3,118,370	\$ 587,535	\$ 14,129,198	\$ 12,915,559
Receivables:						
Accounts receivable	55,316	181	197,339	11,013	263,849	563,001
Total receivables	55,316	181	197,339	11,013	263,849	563,001
Due from other governments	-	33,029	3,293	3,060	39,382	45,905
Prepaid items	-	-	-	705	705	409,719
Inventories	-	-	-	90,907	90,907	554,038
Total current assets	3,413,838	7,097,981	3,319,002	693,220	14,524,041	14,488,222
Noncurrent Assets:						
Advances to other funds	-	-	-	461,609	461,609	-
Restricted assets:						
Restricted cash and investments	-	-	793,179	-	793,179	490,786
Deposit in WMMIC	-	-	-	-	-	2,459,264
Capital assets:						
Construction in progress	501,225	7,500,061	-	-	8,001,286	-
Land	8,049,032	55,000	-	2,184,715	10,288,747	-
Buildings	8,386,449	1,422,160	-	9,463,064	19,271,673	4,122,283
Improvements other than buildings	22,674,248	-	-	3,776,828	26,451,076	6,089
Machinery and equipment	1,631,933	4,421,486	6,577,440	600,348	13,231,207	14,134,684
Software	-	-	-	15,622	15,622	196,732
Vehicles	-	-	-	-	-	18,677,092
Less accumulated depreciation/amortization	(21,181,115)	(5,081,878)	(2,964,086)	(9,939,302)	(39,166,381)	(20,928,679)
Total capital assets (net of accumulated depreciation/amortization)	20,061,772	8,316,829	3,613,354	6,101,275	38,093,230	16,208,201
Total noncurrent assets	20,061,772	8,316,829	4,406,533	6,562,884	39,348,018	19,158,251
Total assets	\$ 23,475,610	\$ 15,414,810	\$ 7,725,535	\$ 7,256,104	\$ 53,872,059	\$ 33,646,473
DEFERRED OUTFLOWS OF RESOURCES						
Pension related amounts	\$ 122,286	\$ 279,709	\$ 151,675	\$ 700,584	\$ 1,254,254	\$ 2,913,762
Total deferred outflows of resources	\$ 122,286	\$ 279,709	\$ 151,675	\$ 700,584	\$ 1,254,254	\$ 2,913,762

(CONTINUED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION - ALL PROPRIETARY FUNDS

December 31, 2019

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Non-Major Enterprise Funds		
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 103,566	\$ 5,573	\$ 305,845	\$ 44,406	\$ 459,390	\$ 1,935,819
Accrued compensation	11,077	39,134	18,370	45,122	113,703	342,894
Other liabilities	171,043	-	-	29,773	200,816	145,899
Claims payable - current	-	-	-	-	-	3,892,496
Other unearned revenue	-	-	-	13,776	13,776	-
Total current liabilities	<u>285,686</u>	<u>44,707</u>	<u>324,215</u>	<u>133,077</u>	<u>787,685</u>	<u>6,317,108</u>
Long-term liabilities:						
Advances from other funds	\$ -	\$ -	\$ -	\$ 2,101,593	\$ 2,101,593	\$ -
Net pension liability	46,198	102,155	60,570	229,229	438,152	929,503
Claims payable	-	-	-	-	-	3,672,638
Total long-term liabilities	<u>46,198</u>	<u>102,155</u>	<u>60,570</u>	<u>2,330,822</u>	<u>2,539,745</u>	<u>4,602,141</u>
Total liabilities	<u>\$ 331,884</u>	<u>\$ 146,862</u>	<u>\$ 384,785</u>	<u>\$ 2,463,899</u>	<u>\$ 3,327,430</u>	<u>\$ 10,919,249</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related amounts	\$ 63,290	\$ 140,110	\$ 80,174	\$ 355,579	\$ 639,153	\$ 1,469,000
Total deferred inflows of resources	<u>\$ 63,290</u>	<u>\$ 140,110</u>	<u>\$ 80,174</u>	<u>\$ 355,579</u>	<u>\$ 639,153</u>	<u>\$ 1,469,000</u>
NET POSITION						
Net investment in capital assets	\$ 20,061,772	\$ 8,316,829	\$ 3,613,354	\$ 6,101,275	\$ 38,093,230	\$ 16,208,201
Unrestricted (deficit)	3,140,950	7,090,718	3,798,897	(964,065)	13,066,500	7,963,785
Total net position	<u>\$ 23,202,722</u>	<u>\$ 15,407,547</u>	<u>\$ 7,412,251</u>	<u>\$ 5,137,210</u>	<u>51,159,730</u>	<u>\$ 24,171,986</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(1,606,825)	
Net Position of Business-type Activities					<u>\$ 49,552,905</u>	

See notes to financial statements.

(CONCLUDED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Non-Major Enterprise Funds	Total	
OPERATING REVENUES						
Charges for services	\$ 1,035,757	\$ 711,606	\$ -	\$ 3,917,156	\$ 5,664,519	\$ 4,628,970
Interdepartmental revenues	-	546,680	-	-	546,680	32,412,762
Miscellaneous revenues	42,382	1,224	1,501,578	10,583	1,555,767	1,914,743
Total operating revenues	1,078,139	1,259,510	1,501,578	3,927,739	7,766,966	38,956,475
OPERATING EXPENSES						
Salaries	200,658	447,102	258,621	1,448,222	2,354,603	4,111,496
Benefits	91,362	181,652	120,406	474,186	867,606	1,800,037
Insurance and claims expense	-	-	-	-	-	24,467,616
Operating	527,408	126,544	2,731,007	1,141,071	4,526,030	8,123,874
Interdepartmental	161,244	148,044	166,345	942,605	1,418,238	552,830
Depreciation	1,266,954	42,520	660,260	371,363	2,341,097	4,025,014
Total operating expenses	2,247,626	945,862	3,936,639	4,377,447	11,507,574	43,080,867
Operating income (loss)	(1,169,487)	313,648	(2,435,061)	(449,708)	(3,740,608)	(4,124,392)
NON-OPERATING REVENUES						
General property taxes	62,563	-	-	-	62,563	-
Intergovernmental contracts/grants	-	-	1,050,313	-	1,050,313	-
Investment earnings	2,851	-	109,173	15,227	127,251	203,942
Gain (loss) on disposal of capital assets	-	-	-	(411)	(411)	163,399
Total non-operating revenues	65,414	-	1,159,486	14,816	1,239,716	367,341
Income (loss) before transfers	(1,104,073)	313,648	(1,275,575)	(434,892)	(2,500,892)	(3,757,051)

(CONTINUED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds					
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Non-Major Enterprise Funds	Total	Governmental Activities - Internal Service Funds
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 821,548
Transfers out	-	-	-	-	-	(887,238)
Total transfers	-	-	-	-	-	(65,690)
Change in net position	(1,104,073)	313,648	(1,275,575)	(434,892)	(2,500,892)	(3,822,741)
Net position - January 1	24,306,795	15,093,899	8,687,826	5,572,102		27,994,727
Net position - December 31	\$ 23,202,722	\$ 15,407,547	\$ 7,412,251	\$ 5,137,210		\$ 24,171,986
Adjustment to reflect the consolidation of current year internal service fund activities related to enterprise funds					(110,926)	
Change in net position of business-type activities					\$ (2,611,818)	

See notes to financial statements.

(CONCLUDED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Non-Major Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 1,069,999	\$ 765,392	\$ 1,736,779	\$ 3,968,687	\$ 7,540,857	\$ 6,942,992
Receipts from interfund services provided	-	546,680	-	-	546,680	32,412,762
Payments to suppliers	(585,629)	(144,921)	(2,766,433)	(1,098,059)	(4,595,042)	(31,311,881)
Payments to employees	(275,975)	(593,417)	(350,055)	(1,824,623)	(3,044,070)	(5,516,171)
Payments for interfund services used	(161,244)	(148,044)	(166,345)	(942,605)	(1,418,238)	(552,830)
Total cash flows from operating activities	47,151	425,690	(1,546,054)	103,400	(969,813)	1,974,872
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	-	-	-	-	821,548
Transfers to other funds	-	-	-	-	-	(887,238)
Receipts from intergovernmental contracts/grants	-	-	1,050,313	-	1,050,313	-
Receipts from general property taxes	62,563	-	-	-	62,563	-
Total cash flows from non-capital financing activities	62,563	-	1,050,313	-	1,112,876	(65,690)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(16,092)	(682,494)	-	(190,399)	(888,985)	(3,521,684)
Proceeds from sales of capital assets	-	-	-	-	-	167,021
Total cash flows from capital and related financing activities	(16,092)	(682,494)	-	(190,399)	(888,985)	(3,354,663)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	2,851	-	109,173	15,227	127,251	203,942
Total cash flows from investing activities	2,851	-	109,173	15,227	127,251	203,942
Net change in cash and cash equivalents	96,473	(256,804)	(386,568)	(71,772)	(618,671)	(1,241,539)
Cash and Cash Equivalents, Beginning of Year	3,262,049	7,321,575	4,298,117	659,307	15,541,048	14,647,884
Cash and Cash Equivalents, End of Year	\$ 3,358,522	\$ 7,064,771	\$ 3,911,549	\$ 587,535	\$ 14,922,377	\$ 13,406,345
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES						
None						

(CONTINUED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Radio Services Fund	Materials Recovery Facility Fund	Other Non-Major Enterprise Funds	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ (1,169,487)	\$ 313,648	\$ (2,435,061)	\$ (449,708)	\$ (3,740,608)	\$ (4,124,392)
Depreciation expense	1,266,954	42,520	660,260	371,363	2,341,097	4,025,014
(Increase) Decrease in accounts receivable	(8,140)	38,283	237,396	28,154	295,693	329,442
(Increase) Decrease in due from other governments	-	14,279	(2,195)	(475)	11,609	69,837
(Increase) Decrease in prepaid items	-	-	-	(120)	(120)	(288,381)
(Increase) Decrease in inventories	-	-	-	9,064	9,064	21,098
(Increase) Decrease in net pension asset/liability	85,827	179,569	112,022	428,488	805,906	1,715,999
(Increase) Decrease in deferred outflows - pension related amount	(50,661)	(133,892)	(59,840)	(326,039)	(570,432)	(1,407,143)
Increase (Decrease) in accounts payable	(58,221)	(18,377)	(35,426)	4,295	(107,729)	1,300,892
Increase (Decrease) in accrued compensation	(3,354)	2,249	3,239	3,513	5,647	13,728
Increase (Decrease) in other liabilities	-	-	-	29,773	29,773	26,976
Increase (Decrease) in unearned revenue	-	-	-	13,269	13,269	-
Increase (Decrease) in claims payable	-	-	-	-	-	219,024
Increase (Decrease) in deferred inflows - pension related amount	(15,767)	(12,589)	(26,449)	(8,177)	(62,982)	72,778
Net cash flows from operating activities	\$ 47,151	\$ 425,690	\$ (1,546,054)	\$ 103,400	\$ (969,813)	\$ 1,974,872
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION						
Cash and investments - statement of net position	\$ 3,358,522	\$ 7,064,771	\$ 3,118,370	\$ 587,535	\$ 14,129,198	\$ 12,915,559
Restricted cash and investments - statement of net position	-	-	793,179	-	793,179	490,786
Cash and cash equivalents - end of year	\$ 3,358,522	\$ 7,064,771	\$ 3,911,549	\$ 587,535	\$ 14,922,377	\$ 13,406,345

See notes to financial statements.

(CONCLUDED)

THIS PAGE LEFT BLANK

FIDUCIARY FUNDS

CUSTODIAL FUNDS

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

THIS PAGE LEFT BLANK

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS

December 31, 2019

	Custodial Funds
ASSETS	
Cash and investments	\$ 46,660,803
Accounts receivable	80,369
Due from other governments	98,534
Total assets	<u>\$ 46,839,706</u>
LIABILITIES	
Accounts payable	\$ 73,848
Other liabilities	4,034,867
Due to other governments	41,253,595
Total liabilities	<u>\$ 45,362,310</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	\$ 1,477,396
Total net position	<u>\$ 1,477,396</u>

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
CUSTODIAL FUNDS**

For The Year Ended December 31, 2019

	Custodial Funds
ADDITIONS	
Employee contributions	\$ 332,738
Property taxes collected for other governments	41,242,001
Clerk of Courts trust account deposits	17,008,683
Investment income	80,209
Miscellaneous	6,331,584
Total Additions	\$ 64,995,215
DEDUCTIONS	
Benefits paid to participants	\$ 309,811
Property taxes paid to other governments	41,242,001
Payments from Clerk of Courts trust accounts	17,756,695
Payments to individuals	5,839,912
ERAD grant payments	14,690
Administrative expense	311,953
Due to other governments	178,126
Total Deductions	\$ 65,653,188
Change in Fiduciary Net Position	(657,973)
Net Position - beginning of year (as restated)	2,135,369
Net Position - end of year	\$ 1,477,396

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN
INDEX TO NOTES TO FINANCIAL STATEMENTS
December 31, 2019

	<u>PAGE</u>
1. Summary of Significant Accounting Policies.....	59
A. Reporting Entity	59
B. Government-Wide and Fund Financial Statements	60
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	62
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	63
1. Deposits and Investments	63
2. Receivables	64
3. Inventories and Prepaid Items	65
4. Restricted Assets	65
5. Capital Assets	65
6. Deferred Outflows of Resources.....	66
7. Compensated Absences.....	66
8. Long-Term Obligations	66
9. Deferred Inflows of Resources	66
10. Equity Classifications	66
11. Pension	67
2. Reconciliation of Government-Wide and Fund Financial Statements	68
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	68
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	69
3. Stewardship, Compliance, and Accountability	69
A. Budgetary Information	69
B. Excess Expenditures Over Appropriations	71
C. Deficit Balances.....	72
D. Property Tax Levy Increase Limits	72
4. Deposits and Investments.....	72
5. Receivables.....	77
6. Due From Other Governments	79
7. Restricted Assets	79
8. Long Term Receivables	79
9. Capital Assets	80
10. Interfund Receivables/Payables/Advances and Transfers	82
11. Long-Term Obligations.....	84
12. Lease Disclosures.....	85

WAUKESHA COUNTY, WISCONSIN
INDEX TO NOTES TO FINANCIAL STATEMENTS
December 31, 2019

13. Governmental Activities Net Position	86
14. Employees' Retirement System	86
15. Risk Management/Self Insurance	93
16. Commitments and Contingencies	95
17. Subsequent Event	96
18. Related Organization	96
19. Component Unit	96
20. Effect of New Accounting Standards on Current-Period Financial Statements	98
21. Restatement of Net Position	99

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING

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 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. This report does not contain any blended component units.

Component units are reported using one of three methods, discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Unit

The government-wide financial statements include the Bridges Library System as a component unit. The Bridges Library System is a legally separate organization. The board of the Bridges Library System is appointed by the Waukesha County Executive. Wisconsin Statutes provide for circumstances whereby the County can impose its will on the Bridges Library System, and also create a potential financial benefit to or burden on the County. The Bridges Library System is part of the reporting entity of Waukesha County. The Bridges Library System does not issue separate financial statements.

The mission of the Bridges Library System is to strengthen member libraries by fostering collaboration and innovation. The Bridges Library System Board operates as a two-county federated library system encompassing 16 member libraries in Waukesha County and 8 member libraries in Jefferson County. The Bridges Library System Board appointments are proportionate to the population of the member Counties. The Waukesha County Executive appoints approximately 80% of the Bridges Library System Board, which is then approved by Waukesha County Board. Waukesha County functions as the Bridges Library System fiscal agent, providing central services support functions,

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

including but not limited to human resource, financial management, information technology management and procurement services, and therefore Bridges Library System follows Waukesha County policies and procedures.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 – *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be report. This standard was implemented January 1, 2019.

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

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

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

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

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

The County reports the following major governmental and enterprise funds:

Major Governmental Funds

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

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

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

Major Enterprise Funds

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

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

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

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

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

Aging and Disability Resource Center Contract Fund

County Library Fund

Walter Tarmann Fund

Land Information System Fund

Transportation Fund

Community Development Fund

Workforce Innovation Opportunity Act Fund

Enterprise Funds – may be used to report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Golf Course Fund

Ice Arena Fund

In addition, the County reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.

Health and Dental Insurance Fund

Vehicle Replacement Fund

Risk Management/Self Insurance Fund

Central Fleet Maintenance Fund

Collections Fund

End User Technology Fund

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

FUND FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenues are considered available if they are collected within 180 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the County is entitled to the resources and the amounts are available. Amounts owed to the County, which are not available, are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include general intergovernmental assistance, intergovernmental contracts/grants, interdepartmental revenues, property taxes, miscellaneous taxes, charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

The enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The State of Wisconsin Local Government Investment Pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The County's adopted investment policy is more restrictive than the state statutes in that it limits participation in investment pools to 10% of total pool assets and prohibits investments in 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 methods and inputs as outlined in Note 4. 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 \$702,183 of investment interest was allocated to other funds in 2019.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Statutes Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements. See Note 4 for further information.

The Wisconsin Investment Series Cooperative (WISC) Investment Class fund is managed by PMA Financial Network Inc. WISC was formed through an intergovernmental cooperation agreement, and accepts deposits from public entities within the State of Wisconsin. Participants in WISC have the right to withdraw their funds in total on a same day basis, provided they initiate the transaction prior to the deadline established in WISC's Information Statement. At December 31, 2019, the fair value of the County's share of WISC's assets was substantially equal to the amount as reported in these statements. 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 statement of fiduciary net position.

Property tax calendar – 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale – 2019 delinquent real estate taxes	October 2022

The county collects such taxes and remits them periodically. The 2019 county property tax levy is recognized as a receivable and deferred inflows in fiscal 2019, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2019, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2019 levy.

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

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

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

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, 2019 were determined by physical counts.

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

4. Restricted Assets

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

5. Capital Assets

GOVERNMENT –WIDE STATEMENTS

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest expense was capitalized in 2019. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

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

FUND FINANCIAL STATEMENTS

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

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

6. Deferred Outflows of Resources

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

7. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019 are determined on the basis of current salary rates and include salary related payments.

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

8. Long-Term Obligations

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

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

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

9. Deferred Inflows of Resources

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

10. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

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

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

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

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

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

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

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

11. Pension

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

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation states that “Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds.” The details of this are as follows:

Land	\$61,565,539
Construction in progress	34,578,237
Buildings and improvements	239,981,847
Machinery, equipment, and vehicles	53,757,418
Software	11,133,898
Infrastructure	282,505,195
Less: Accumulated depreciation/amortization	(298,728,695)
Less: Internal service fund capital assets, net of depreciation	(16,208,201)
Adjustment for Capital Assets	<u>\$368,585,238</u>

Another element of that reconciliation states that “Long-term liabilities, including bonds and notes payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.” The details of this are as follows:

Notes payable	\$79,330,000
Unamortized debt premium	1,528,931
Unamortized debt discount	(1,146)
Compensated absences	5,932,495
Accrued interest payable	449,534
Total	<u>\$87,239,814</u>

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets exceed depreciation in the current period.” The details of are as follows:

Capital outlay per fund financial statements	\$19,439,943
Some items are recorded as capital outlay in the fund financial statements, but do not meet the County's capitalization policy, and therefore are not capitalized in the government-wide statements	(\$5,538,673)
Some additions to capital assets are contributed to the County and therefore are not reported as expenditures in the fund financial statements	4,348,608
Depreciation expense (net of internal service funds)	(14,861,482)
Total	\$3,388,396

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

Compensated absences	\$ (443,885)
Accrued interest payable	(45,698)
Total	\$ (489,583)

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. Accordingly, a budget has been adopted for the general fund and all special revenue, debt service, capital project, enterprise, and internal service funds. These budgets are prepared on a basis consistent with generally accepted accounting principles. Budgets are not formally adopted for agency funds.

Expenditures cannot legally exceed appropriations at the department level, pursuant to s.65.90, Wisconsin State Statutes. However, for the general and special revenue funds, the County has chosen a more restrictive control in the form of appropriation units, defined as groups of account classes within a department, including personnel costs, operating expenses, interdepartmental charges, and capital outlay. For proprietary funds, budgetary control is at the fund level. For capital project funds, budgetary control is at the individual project level.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

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

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

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

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

Supplemental appropriations necessary for 2019 were as follows:

	Adopted Budget	Modified Budget*	Change
General	\$ 181,468,568	\$ 182,548,988	\$ 1,080,420
Special Revenue	28,251,477	30,703,308	2,451,831
Debt Service	14,790,518	14,790,518	-
Capital projects	25,005,200	25,360,200	355,000
Enterprise	11,983,344	11,746,164	(237,180)
Internal Service	43,437,776	43,437,776	-
Totals	\$ 304,936,883	\$ 308,586,954	\$ 3,650,071

*Excludes carryover project funds from prior years for general (\$1,250,531) special revenue (\$3,200,827), capital projects (\$18,985,017), enterprise (\$333,263) and internal service (\$192,387).

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 required supplementary information and supplementary information 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, 2019

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, 2019 are as follows:

Enterprise Funds	Revenues		Expenses	
	Budget	Actual	Budget	Actual **
Airport *	\$ 1,054,025	\$ 1,143,553	\$ 1,235,508	\$ 1,233,576
Golf Courses	3,305,997	2,885,272	3,333,473	3,064,634
Ice Arena *	1,219,723	1,057,283	1,219,723	1,155,626
Radio Services	1,070,915	1,259,510	1,822,435	912,774
Materials Recovery Facility	2,601,485	2,661,064	4,468,288	3,910,906
Internal Service Funds				
Health and Dental Insurance	\$ 22,502,600	\$ 22,719,915	\$ 25,144,230	\$ 24,965,652
Vehicle Replacement	3,419,031	3,399,453	3,419,031	3,367,853
Risk Mgmt/Self-Insurance	2,757,000	2,588,083	2,948,548	2,943,279
Central Fleet Maintenance	3,728,754	3,491,219	3,829,837	3,698,482
Collections	938,483	912,168	1,088,483	945,706
End User Technology Fund	6,344,829	6,212,978	7,200,034	6,778,261

*Actual expenses exclude depreciation expense for capital assets acquired by grants externally restricted for capital acquisitions and construction (Airport, \$994,651; Ice Arena, \$62,915).

**Actual expenses exclude pension expenses caused by unbudgeted GASB 68 pension net assets/liability adjustments (Airport, \$19,399; Golf Courses, \$63,798; Ice Arena, \$30,474; Radio Services, \$33,088; Materials Recovery Facility, \$25,733; Risk Mgmt/Self-Insurance, \$22,902; Central Fleet Maintenance, \$76,209; Collections, \$36,007; End User Technology Fund \$246,516)

Budgetary amounts lapse at year-end, except for unexpended appropriations for capital projects, which carry forward to the ensuing year. The County Board, by ordinance, can authorize the carry forward of prior year's unexpended appropriations to the ensuing year.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

No funds had excess expenditures over appropriations.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

C. DEFICIT BALANCES

No funds had a deficit balance at December 31, 2019.

D. PROPERTY TAX LEVY INCREASE LIMITS

Wisconsin law limits the County's future tax levies. The County is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the County's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The County is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE 4 – DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds, except Agency Funds. The deposits and investments of the Agency Funds are held separately from those of other County funds. The deposit and investment balances of the various fund types on December 31, 2019 are as follows:

General Fund	\$59,237,928
Special Revenue Funds	4,613,835
Debt Service Funds	2,009,287
Capital Projects Funds	38,219,088
Enterprise Funds	14,129,198
Enterprise Funds – Restricted	793,179
Internal Service Funds	12,915,559
Internal Service Funds – Restricted	2,950,050
Custodial Funds	46,660,803
Total - Primary Government	\$181,528,927
Component Unit	2,323,413
Grand Total	\$183,852,340

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

Investment Risk Factors

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

Credit Risk

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

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

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

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government are not considered to have credit risk.

The credit risk profile for fixed income securities at December 31, 2019 is as follows:

U.S. Government Guaranteed	
U.S. Treasury	\$26,876,225
U.S. Agencies	69,799,438
Total U.S. Government Guaranteed	\$96,675,663
Money Market Accounts	
AAAm - First American Government Obligations Fund	\$2,588,701
AAAm - Wisconsin Investment Series Cooperative	\$88,200
Unrated - Wisconsin Local Government Investment Pool	18,562,555
Total Money Market Accounts	\$21,239,456
U.S. Agencies	
AAA rated	\$4,838,348
Municipal Bonds	
AAA rated	\$1,586,697
AA rated	\$2,487,683
Total Municipal Bonds	\$4,074,380
Corporate Bonds	
AAA rated	\$202,254
AA rated	\$10,252,016
A rated	\$3,651,854
BBB rated	\$234,528
Total Corporate Bonds	\$14,340,652
Grand Total	\$141,168,499

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, 2019 the carrying amount of the County's deposits was \$38,234,494 and the bank balance was \$38,928,862. \$31,873,190 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. \$7,055,672 of the bank balance was uninsured or uncollateralized at year-end. In addition, the County maintains petty cash funds in the amount of \$245,258.

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

The County's Investment Policy requires all investment institutions acting as a depository for the County to enter into a "depository agreement" requiring the depository to pledge collateral to secure deposits over and above the \$250,000 of federal depository insurance and the \$400,000 covered by the State Deposit Guarantee. All securities serving as collateral shall be specifically pledged to the County (not as part of a pooled fund) and placed in a custodial account at a Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution, or by a letter of credit issued by a Aaa rated Federal Home Loan Bank. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution. The custodian shall send statements of pledged collateral to the Treasurer's Office on a monthly basis.

The County's Investment Policy requires all of the County's investments to be held in the County's name by a third party custodian (a bank trust company), or be part of an external investment pool. There is no custodial credit risk exposure for these investments.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification of having significant funds invested in a few individual issuers, thereby exposing the County to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

Major issuers (over five percent of total investments) in the County's portfolio as of December 31, 2019 are as follows:

Issuer	Amount	Percentage
Federal National Mortgage Association	\$29,412,578	24.5%
US Treasury	26,876,225	22.4%
Federal Home Loan Mortgage Corp.	21,481,405	17.9%
US Small Business Administration	13,610,092	11.4%
Other Issuers (none over 5%)	28,548,442	23.8%
Grand Total	\$119,928,742	100.0%

The County's Investment Policy limits participation in investment pools or money market funds to no greater than ten percent of the total funds invested in the pool, based on monthly statement ending balances. There are no restrictions relating to concentration of credit risk on investments in debt securities.

Interest Rate Risk

The maturity limits in the County's investment policy are 120 days average maturity for money markets, 270 days for commercial paper, (which the County currently does not own) and 7 years on out-of-state general obligation securities. The County does not have any overall restrictions, and instead manages risk on an individual portfolio basis.

The County's Investment Policy specifies duration as the method to manage interest rate risk for its investments. In practice, the County contracts with professional portfolio management firms for its investments. Each portfolio management firm has been assigned a widely recognized benchmark or combination of benchmarks thereof, consistent with their management strategy. PFM Asset Management has been assigned a hybrid index consisting of 70 percent of the Barclays Capital Intermediate Government Index and 30 percent of the Barclays Capital Mortgage Index as their benchmark. Dana Investment Advisors has been assigned a hybrid index consisting of 70 percent of the Citigroup 1 Year Treasury Index and 30 percent of the Barclays Capital Mortgage Backed Index as their benchmark. Galliard Capital Management has been assigned a hybrid index consisting of 70 percent of the Barclays Capital

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

Intermediate Government Index and 30 percent of the Barclays Capital Mortgage Index as their benchmark. Galliard Capital Management – Corporate Portfolio has been assigned the Barclays 1-5 Year US Corporate Index.

In addition to using the assigned benchmarks to evaluate the performance of the portfolio management firms, the firms also manage interest rate risk by maintaining the effective duration of their portfolios consistent to the duration of the assigned benchmark. The duration of the County's overall investments at December 31, 2019 is as follows (total duration includes money market accounts, which are not listed in the table):

Investment Type	Amount	Effective Duration
Federal Agency Coupon Securities	\$10,802,058	5.13 years
Federal Agency Discount Securities	608,674	3.17 years
U.S. Government Instrumentality Securities	1,001,840	0.69 years
U.S. Treasury Coupon Securities	11,525,046	3.93 years
U.S. Treasury Discount Securities	14,476,115	2.93 years
U.S. Treasury Inflation Protected Securities	875,063	5.93 years
Federal Agency Mortgage Pass Through Securities	62,025,950	3.18 years
Reverse Mortgage Securities	199,264	0.17 years
Municipal Bonds	4,074,080	3.43 years
Corporate Bonds	14,340,652	2.33 years
Grand Total	\$119,928,742	2.23 years

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, 2019 is as follows:

Fund Name	Amount	Weighted Average Maturity
Wisconsin Local Government Investment Pool	\$18,562,555	18 days
Wisconsin Investment Series Cooperative	88,200	44 days
First American Government Obligations Money Market Fund	2,588,701	27 days
Grand Total	\$21,239,456	

Foreign Currency Risk

The County's Investment Policy does not permit investments in securities of foreign issuers or in securities denominated in a currency other than the U.S. Dollar.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Market valuations for the County's investment securities are provided by its third party custodial bank, US Bank. The valuation methods used by US Bank for recurring fair value measurements are as follows:

Investment Type	Primary Vendor/Source	Update Frequency	Methodology	Secondary Vendor/Source	Hierarchy Level
Federal Agency Coupon Securities	ICE (Intercontinental Exchange)	Daily	Institutional Bond Quotes – evaluations based on various market and industry inputs	Bloomberg	2
Federal Agency Discount Securities	ICE (Intercontinental Exchange)	Daily	Institutional Bond Quotes – evaluations based on various market and industry inputs	Bloomberg	2
U.S. Treasury Coupon Securities	ICE (Intercontinental Exchange)	Daily	Institutional Bond Quotes – evaluations based on various market and industry inputs	Bloomberg	1
U.S. Treasury Discount Securities	ICE (Intercontinental Exchange)	Daily	Institutional Bond Quotes – evaluations based on various market and industry inputs	Bloomberg	2
U.S. Treasury Inflation Protected Securities	ICE (Intercontinental Exchange)	Daily	Institutional Bond Quotes – evaluations based on various market and industry inputs	Bloomberg	2
Federal Agency Mortgage Pass Through Securities	ICE (Intercontinental Exchange)	Daily	Mortgage-Backed Securities Pricing – evaluations based on various market and industry inputs	Bloomberg	2
Reverse Mortgage Securities	ICE (Intercontinental Exchange)	Daily	Mortgage-Backed Securities Pricing – evaluations based on various market and industry inputs	Bloomberg	2
Municipal Bonds	Standard & Poors	Daily	Evaluations based on various market and industry inputs	ICE (Intercontinental Exchange), Bloomberg	2
Corporate Bonds	ICE (Intercontinental Exchange)	Daily	Institutional Bond Quotes – evaluations based on various market and industry inputs	Bloomberg	2

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

The breakdown of the County's investments by the fair value hierarchy is as follows:

Investment Type	Level 1	Level 2	Total
Federal Agency Coupon Securities		\$10,802,058	\$10,802,058
Federal Agency Discount Securities		\$608,674	\$608,674
U.S. Government Instrumentality Securities		\$1,001,840	\$1,001,840
U.S. Treasury Coupon Securities	\$11,525,046		\$11,525,046
U.S. Treasury Discount Securities		\$14,476,115	\$14,476,115
U.S. Treasury Inflation Protected Securities		\$875,063	\$875,063
Federal Agency Mortgage Pass Through Securities		\$62,025,950	\$62,025,950
Reverse Mortgage Securities		\$199,264	\$199,264
Municipal Bonds		\$4,074,080	\$4,074,080
Corporate Bonds		\$14,340,652	\$14,340,652
Grand Total	\$11,525,046	\$108,403,696	\$119,928,742

The County does not have any Level 3 investments.

NOTE 5 – RECEIVABLES

Property Taxes

The County's property taxes are levied on or before December 31 on the equalized valuation as of the prior January 1 for all general property located in the County. The taxes are due and payable in the following year. Such amounts are recorded as property taxes receivable and deferred inflows in the accompanying financial statements. The aggregate levy of \$109,741,232 will be recognized as revenue during 2020.

Property taxes are recognized in the appropriate fund as revenues in the succeeding year when they are collected and available to finance services. If not collected by July 31st the delinquent property taxes are recorded as receivables and deferred inflows in the general fund. Delinquent property taxes are recognized as revenue when collected. Simple interest and penalty of 1 1/2 percent per month on delinquent property taxes are assessed by the County and recognized as revenue when received.

The County purchases uncollected property taxes from other taxing authorities at the unpaid amount to facilitate the collection of the taxes. The purchases are a financing arrangement and are not included in property tax revenues.

Local treasurers collect property taxes levied, typically through the last day of January in each year.

At this time, a settlement process between the county treasurer and local treasurers determines the amount due to the various taxing districts. Tax collection becomes the responsibility of the County and taxes receivable represent unpaid taxes levied for all taxing entities within the County. The exceptions to this process are the Cities of Muskego, New Berlin, Oconomowoc and Waukesha and the Villages of Mukwonago and Sussex, wherein the settlement process does not occur until August of each year. Periodic advances from these taxing districts to the County are made prior to August of each year.

On August 31, the tax lien date, all unpaid taxes are reflected as tax certificates. No allowance for losses on delinquent taxes has been provided because of the County's demonstrated ability to recover any losses through the sale of the property.

Delinquent property taxes purchased from other taxing authorities are reflected as nonspendable fund balance at year-end. Delinquent property taxes levied by the County are shown as unavailable revenue and are excluded from the fund balance until collected.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 - RECEIVABLES (CONT'D)

At December 31, 2019, delinquent property taxes by year levied consisted of the following:

Tax Certificates	Total	County Levied	County Purchased
2018	\$2,375,089	\$272,660	\$2,102,429
2017	1,144,681	131,409	1,013,272
2016	529,655	60,380	469,275
2015	37,188	4,266	32,922
2014	26,923	3,126	23,797
2013	13,198	1,456	11,742
2012 and prior	11,737	1,308	10,429
Tax Deeds	210,047	23,565	186,482
Total Delinquent Property Taxes Receivable	\$4,348,518	\$498,170	\$3,850,348

Noncurrent Receivables

The amount of receivables not expected to be collected within one year includes an estimated \$3.2 million of property taxes and \$4.8 million of CDBG loans.

Unearned and Unavailable Revenue

Governmental funds report unearned and unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable for subsequent year	\$0	\$109,741,232
Delinquent property taxes receivable	504,711	0
CDBG loans receivable	5,311,305	0
Other unearned revenue	0	889,156
Total unavailable/unearned revenue for governmental funds	\$5,816,016	\$110,630,388
Unearned property tax revenue for internal service funds		0
Total unearned revenue for governmental activities		\$110,630,388

Unearned revenue included in liabilities	\$889,156
Unearned revenue included in deferred inflows	109,741,232
Total unearned revenue for governmental activities	<u>\$110,630,388</u>

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 6– DUE FROM OTHER GOVERNMENTS

At December 31, 2019, amounts due from other governments consisted of the following:

Federal:	
CDBG Grants	\$ 1,743,890
Health and Human Services Aid	3,809,299
Other Federal	442,368
State:	
WIOA Grants	545,824
Health and Human Services Aid	3,056,107
Dept of Transportation	1,321,631
Other State	1,377,767
County and Municipal	707,141
Total per Statement of Net Position	\$ 13,004,027

NOTE 7– RESTRICTED ASSETS

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

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Materials Recovery Facility Fund	Equipment Replacement Fund held by Milwaukee	\$ 793,179
Risk Management/Self Insurance	SIR deposit held by WMMIC	490,786
Risk Management/Self Insurance	Deposit with WMMIC	2,459,264
Total Restricted Assets per Statement of Net Position		<u>\$ 3,743,229</u>

NOTE 8– LONG TERM RECEIVABLES

Community Development Programs. As of December 31, 2019, \$5,311,305 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, 2019

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

Governmental Activities	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital assets not being depreciated:				
Land	\$ 61,151,914	\$ 600,000	\$ 186,375	\$ 61,565,539
Construction in progress	\$ 22,113,240	\$ 14,456,943	\$ 1,991,946	\$ 34,578,237
Other Capital Assets				
Buildings	\$ 213,992,689	\$ 171,754	\$ 39,187	\$ 214,125,256
Land improvements	25,745,020	177,828	66,257	25,856,591
Machinery and equipment	33,676,555	1,333,666	1,141,052	33,869,169
Software	13,566,740	68,917	2,501,759	11,133,898
Vehicles	19,396,531	2,394,000	1,902,282	19,888,249
Infrastructure	279,016,280	7,756,111	4,267,196	282,505,195
Total other capital assets at historical cost	<u>\$ 585,393,815</u>	<u>\$ 11,902,276</u>	<u>\$ 9,917,733</u>	<u>\$ 587,378,358</u>
Less: Accumulated Depreciation/Amortization for:				
Buildings	\$ 87,101,629	\$ 5,551,430	\$ 21,450	\$ 92,631,609
Land improvements	18,847,787	1,124,137	61,532	19,910,392
Machinery and equipment	26,824,179	1,815,482	1,135,431	27,504,230
Software	6,883,698	1,356,411	2,501,759	5,738,350
Vehicles	10,708,141	2,478,187	1,902,283	11,284,045
Infrastructure	136,365,245	6,560,849	1,266,025	141,660,069
Total Accumulated Depreciation/Amortization	<u>\$ 286,730,679</u>	<u>\$ 18,886,496</u>	<u>\$ 6,888,480</u>	<u>\$ 298,728,695</u>
Net Other Capital Assets	<u>\$ 298,663,136</u>	<u>\$ (6,984,220)</u>	<u>\$ 3,029,253</u>	<u>\$ 288,649,663</u>
Total Governmental Activities Capital Assets	<u>\$ 381,928,290</u>	<u>\$ 8,072,723</u>	<u>\$ 5,207,574</u>	<u>\$ 384,793,439</u>

Depreciation/amortization expense was charged to functions as follows:

Justice and Public Safety	\$1,987,930
Health & Human Services	1,528,906
Environment, Parks, and Education	1,991,884
Public Works (includes roads, bridges, signals, buildings)	8,485,439
General Government	867,323
Vehicle Replacement Fund	3,259,635
Central Fleet	157,355
Collections	5,265
End User Technology Fund	602,759
Total Governmental Activities Depreciation/Amortization Expense	<u>\$18,886,496</u>

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 9 – CAPITAL ASSETS (CONT'D)

Business-Type Activities	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital assets not being depreciated:				
Land	\$ 10,288,747	\$ -	\$ -	\$ 10,288,747
Construction in progress	\$ 7,500,658	\$ 698,585	\$ 197,957	\$ 8,001,286
Other Capital Assets				
Buildings	\$ 18,892,121	\$ 388,358	\$ 8,806	\$ 19,271,673
Land improvements	26,489,091	-	38,015	26,451,076
Machinery and equipment	13,673,976	-	442,769	13,231,207
Software	15,622	-	-	15,622
Total other capital assets at historical cost	<u>\$ 59,070,810</u>	<u>\$ 388,358</u>	<u>\$ 489,590</u>	<u>\$ 58,969,578</u>
Less: Accumulated Depreciation/Amortization				
Buildings	\$ 13,051,260	\$ 507,220	\$ 8,393	\$ 13,550,087
Land improvements	15,153,835	1,109,288	38,015	16,225,108
Machinery and equipment	9,098,963	721,109	442,769	9,377,303
Software	10,403	3,480	-	13,883
Total Accumulated Depreciation/Amortization	<u>\$ 37,314,461</u>	<u>\$ 2,341,097</u>	<u>\$ 489,177</u>	<u>\$ 39,166,381</u>
Net Other Capital Assets	<u>\$ 21,756,349</u>	<u>\$ (1,952,739)</u>	<u>\$ 413</u>	<u>\$ 19,803,197</u>
Total Business-Type Activities Capital Assets	<u>\$ 39,545,754</u>	<u>\$ (1,254,154)</u>	<u>\$ 198,370</u>	<u>\$ 38,093,230</u>

Depreciation/Amortization expense was charged to functions as follows:

Radio Services	\$ 42,520
Golf Courses	188,589
Ice Arenas	182,774
Materials Recovery Facility	660,260
Airport Operations/Development	1,266,954
Total Business-type Activities Depreciation/Amortization Expense	<u>\$ 2,341,097</u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 10 – INTERFUND RECEIVABLES/PAYABLES/ADVANCES AND TRANSFERS

Individual fund interfund receivable and payable balances for overdrafts on pooled cash accounts at December 31, 2019 were as follows:

Receivable Fund	Payables Fund	Amount	Amount Not Due Within One Year
General Fund	ADRC Fund	\$241,649	\$241,649
General Fund	Transportation Fund	\$481,480	\$481,480
General Fund	CDBG Fund	\$638,439	
General Fund	WIOA Fund	\$445,041	\$445,041
Less fund eliminations		(1,806,609)	
Governmental Activities – internal services allocations	Business-type Activities – internal services allocations	1,606,820	
Total - Government-wide statement of Net Position		\$1,606,820	

Individual balances for interfund advances at December 31, 2019 are shown below. The principal purpose of these interfunds is to provide funding for capital projects through internal borrowing.

Receivable Fund	Payables Fund	Amount	Amount Not Due Within One Year	Purpose
General Fund	Ice Arena Fund	\$1,639,984	\$1,639,984	Building Construction
Golf Course Fund	Ice Arena Fund	461,609	461,609	Building Construction
Subtotal - Fund financial statements		\$2,101,593	2,101,593	
Less fund eliminations		(461,609)		
Total – Government-wide statement of net position		1,639,984		

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 10 - INTERFUND RECEIVABLES/PAYABLES/ADVANCES AND TRANSFERS (CONT'D)

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The following is a schedule of interfund transfers:

Fund Transferred From	Fund Transferred To	Amount	Principal Purpose
Transportation Fund	General Fund	\$689,649	Surplus Funds
General Fund	Transportation Fund	100,000	Operating budget support
General Fund	End User Techonolgy Fund	350,000	Operating budget support
General Fund	Debt Service Fund	760,000	Debt retirement & Jail Assessment
General Fund	Risk Management Fund	191,548	Operating budget support
General Fund	Capital Projects Fund	1,605,000	Capital project support
Tarmann Fund	Capital Projects Fund	50,000	Capital project support
Land Information Services Fund	General Fund	61,098	Closeout fund
Capital Projects Fund	General Fund	17,000	Return of unspent funds
Capital Projects Fund	Collections Fund	280,000	Repay Remaining Project Support Funding
Sub-total		\$4,104,295	
Proprietary:			
End User Technology Fund	Capital Projects Fund	887,238	Capital project support
Sub-total		\$ 887,238	
Subtotal Fund Financial Statements		\$4,991,533	
Less: Fund Eliminations		(4,991,533)	
Grand Total - Statement of Activities		\$0	

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, 2019

NOTE 11 – LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt	\$74,595,000	\$17,500,000	(\$12,765,000)	\$79,330,000	\$12,665,000
Unamortized debt premium (discount)	1,291,223	507,907	(271,345)	1,527,785	-
Compensated Absences (Note 1.D.7)	5,488,610	5,932,495	(5,488,610)	5,932,495	5,932,495
Total Governmental Activities	\$81,374,833	\$23,940,402	(\$18,524,955)	\$86,790,280	\$18,597,495

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, 2019, based on an equalized value of \$59,540,912,600 was \$2,977,045,630. Total general obligation debt outstanding at year-end was \$79,330,000.

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance
Governmental Activities					
2010A TGOPN (RZEDB)	06/08/10	04/01/20	0.85%-4.05%	\$9,000,000	\$715,000
2011A GOPN	07/19/11	04/01/21	1.25%-2.75%	19,490,000	1,500,000
2012B GOPN	06/12/12	04/01/22	2.00%-2.125%	20,000,000	6,200,000
2013B GOPN	05/14/13	04/01/23	2.00%-2.25%	17,000,000	8,650,000
2014B GOPN	06/17/14	04/01/24	2.00%-2.25%	10,000,000	6,400,000
2015A GOPN	05/28/15	04/01/25	1.00%-2.00%	10,000,000	8,100,000
2016A GOPN	07/27/16	04/01/26	2.00%-3.00%	11,500,000	9,215,000
2017A GOPN	05/25/17	04/01/27	1.90%-2.15%	10,000,000	9,150,000
2018A GOPN	06/20/18	04/01/28	2.00%-3.00%	12,500,000	11,900,000
2019A GOPN	05/22/19	04/01/29	2.125%-4.00%	17,500,000	17,500,000
Total					\$79,330,000

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

Debt service requirements to maturity are as follows:

Governmental Activities General Obligation Debt		
Years	Principal	Interest
2020	\$12,665,000	\$1,754,779
2021	11,960,000	1,474,525
2022	11,135,000	1,203,413
2023	10,260,000	953,225
2024	8,895,000	723,675
2025-2029	24,415,000	1,147,063
Total	\$79,330,000	\$7,256,680

As of December 31, 2019, \$2,009,287 is available in the governmental funds to service the general obligation debt.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

NOTE 12– LEASE DISCLOSURES

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

Operating Leases

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 2020 through 2049. Operating leases at December 31, 2019 provide for the following future minimum lease payments receivable by the County:

Year	Amount
2020	\$ 453,129
2021	447,644
2022	435,574
2023	435,574
2024	435,574
2025 - 2029	2,163,150
2030 - 2034	1,908,775
2035 - 2039	1,414,133
2040 - 2044	1,260,528
2045 - 2049	571,344
Total	\$ 9,525,425

The leased facilities have a cost of \$3,224,107, accumulated depreciation of \$2,748,095, and a net book value of \$476,012.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 13 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government wide statement of net position at December 31, 2019 includes the following:

Net investment in capital assets:	
Land	\$61,565,539
Construction in progress	34,578,237
Other capital assets, net of accumulated depreciation/amortization	288,649,663
Less: related long-term debt outstanding (net of unspent proceeds of debt)	(70,957,574)
	<hr/>
Total net investment in capital assets	<u>\$313,835,865</u>

NOTE 14– EMPLOYEES’ RETIREMENT SYSTEM

General Information About the Pension Plan

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings, and creditable service.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

Final average earnings is the average of the participant’s three highest years’ earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee’s contributions plus matching employer’s contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupation employees) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

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

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarial determined contribution rate for General category employees and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$6,344,265 in contributions from the County and \$31,137 from the Bridges Library System.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

Contribution rates for the plan year reported as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the County reported a liability of \$21,836,117 and the Bridges Library System reported an liability of \$106,181 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The county’s proportion of the net pension liability was based on the county’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the county and Bridges Library systems proportionate share are as follows:

	<u>Proportionate Share</u>	<u>Change from prior year</u>
Waukesha County	0.613772948%	0.004317824%
Bridges Library System	0.002984552%	0.000020996%

For the year ended December 31, 2019, the county recognized pension expense of \$14,758,766 and the Bridges Library System recognized pension expense of \$72,435. Contributions to the plan are different than pension expense. Pension expense includes actuarial determined amounts for service cost, interest, changes in benefit terms, plan administrative costs, projected earnings on plan investments, and amortization of deferred outflows of resources and deferred inflows of resources.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

At December 31, 2019, the following reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Waukesha County</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$17,006,948	\$ 30,062,482
Changes in assumptions	3,680,753	-
Net differences between projected and actual earnings on pension plan investments	31,890,316	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	140,785	28,003
Employer contributions subsequent to the measurement date	6,487,747	-
Totals	\$59,206,549	\$ 30,090,485
<u>Bridges Library System</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,780	\$ 146,010
Changes in assumptions	17,916	-
Net differences between projected and actual earnings on pension plan investments	154,907	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	685	136
Employer contributions subsequent to the measurement date	31,579	-
Totals	\$287,867	\$ 146,146

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

The \$6,487,747 for the county and \$31,579 for the Bridges Library System reported as deferred outflows related to pension resulting from the WRS Employer’s contributions subsequent to the measurement date of the net pension asset but before the end of the employer’s reporting period will be recognized as a reduction of the net pension asset in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	County Net Deferred Outflows/(Inflows)	Bridges Library System Net Deferred Outflows/(Inflows)
2020	\$ 8,220,757	\$ 40,014
2021	2,093,285	10,189
2022	3,581,988	17,435
2023	8,732,287	42,504

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Senior/Merit	0.1% – 5.5%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

**No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

Sensitivity of the county’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the county’s proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the county’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
County’s proportionate share of the net pension liability (asset)	\$86,779,018	\$21,836,117	\$(26,453,966)
Bridges Library System’s proportionate share of the net pension liability (asset)	421,974	106,181	(128,636)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>

At December 31, 2019, the county reported a payable to the pension plan of \$1,458,957 and the Bridges Library system reported a payable to the pension plan of \$7,160, which represents contractually required contributions outstanding as of the end of the year.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 15 – RISK MANAGEMENT/SELF INSURANCE

The County is exposed to various risks of loss related to theft of, damage to, or destruction of assets; liabilities from torts, errors and omissions; and workers compensation. The County purchases commercial insurance to provide coverage for losses from theft of, damages to, or destruction of assets. The County also participates in a public entity risk pool called the Wisconsin Municipal Mutual Insurance Company (WMMIC) to provide coverage for losses from torts, errors and omission, and workers compensation. Such risks are accounted for and financed by the County in an internal service fund – the risk management fund.

Public Entity Risk Pool

Wisconsin Municipal Mutual Insurance Company (WMMIC) was organized in 1987 by municipal members in the State of Wisconsin under Wisconsin Insurance Laws as a non-assessable municipal mutual insurance company. WMMIC writes general, auto and other liability insurance, and workers compensation insurance for participating members in the State of Wisconsin. Responsibility for the operations and management of WMMIC is vested in its executive director and Board of Directors, which is comprised of various municipal officials. At December 31, 2019 WMMIC was owned by twenty members.

WMMIC limits the maximum net loss that can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels of risks with other insurers or reinsurers. Ceded reinsurance is treated as the risk and liability of the assuming companies. Such reinsurance includes all lines of insurance.

WMMIC had a general, automobile and other liability reinsurance contract in force for the year ended December 31, 2019. This is a quota share reinsurance agreement with General Reinsurance Corporation (66.7%) and Governmental Entities Mutual (GEM) Insurance Company (33.3%) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention for each member) which exceed \$1,000,000 per occurrence up to the maximum loss of \$10,000,000 per occurrence. WMMIC retains the first \$1,000,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$10,000,000 per occurrence or greater than \$30,000,000 of annual aggregate losses.

WMMIC has contracted with Safety National to provide 100% reinsurance coverage for workers compensation insurance in excess of the members' self-insured retention limits, which are \$550,000 for all but one member that has a retention of \$650,000.

The County's investment in WMMIC is reported on the risk management fund balance sheet as a deposit. The amount reported is the initial investment of \$2,459,264

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

WMMIC requires that the County maintain a minimum reserve amount for the payment of liability claims equal to the expected present value of unpaid losses as determined by the company's actuary consultant. At December 31, 2019, the county's minimum reserve amount required by WMMIC is \$2,077,171.

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 \$550,000 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, 2019, the expected present value of unpaid losses, as determined by the County's actuary consultant, is \$2,583,168.

<u>Liability and Workers Compensation Claims</u>	<u>2018</u>	<u>2019</u>
Unpaid claims, including incurred but not reported -		
Beginning of Year	\$4,570,949	\$5,051,495
Estimated future claims expense	1,166,845	958,315
Current year claim payment and changes in estimates	<u>(686,299)</u>	<u>(696,292)</u>
Unpaid claims - End of Year	<u>\$5,051,495</u>	<u>\$5,313,518</u>
Amount not due within one year		<u>\$3,560,057</u>
In addition, net position can be analyzed as follows:		
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>(1,084,820)</u>
Total Net Position		<u>\$1,374,444</u>

Claims Liability

The liability for both risk management and worker's compensation is accounted for in the same fund on a combined basis. At December 31, 2019, the County's liability and worker's compensation combined claims reserve totals \$5,313,518, which approximates an expected confidence around 70%.

Self-Insurance - Health Coverage

The County has established a self-insurance program for health claims. Claims are accounted for in an internal service fund, the health and dental insurance fund. Claims are processed by a third party claims administrator. The uninsured risk of loss is \$400,000 per individual claimant per year. The County has purchased commercial stop-loss insurance for claims in excess of the \$400,000 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 health and dental insurance fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The County does not allocate overhead costs or other non-incremental costs to the claims liability.

<u>Insurance Claims Liability</u>	<u>2018</u>	<u>2019</u>
Unpaid claims – Beginning of Year	\$2,042,616	\$2,294,616
Current year claims and changes in estimates	21,456,374	18,341,515
Claim payments	<u>(21,204,374)</u>	<u>(18,384,515)</u>
Unpaid claims - End of Year	<u>\$2,294,616</u>	<u>\$2,251,616</u>
Amount not due within one year		<u>\$ 112,581</u>

NOTE 16– COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

From time to time, the County is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and corporation counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The County has active construction projects as of December 31, 2019. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The County has the following encumbrances as of December 31, 2019:

<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Radio Services Fund</u>	<u>Materials Recovery Facility Fund</u>	<u>Other Enterprise Funds</u>	<u>Internal Service Funds</u>
\$ 863,670	\$ 12,596,334	\$ 3,934,043	\$ 285,308	\$ 8,722	\$ 22,544	\$ 527,607

The County has entered into a multi-year intergovernmental agreement with the City of Milwaukee to operate a Material Recycling Facility located in the City of Milwaukee.

The County has entered into a multi-year intergovernmental agreement to operate an On-Site Health Clinic with the City of Waukesha and the School District of Waukesha.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 17 – SUBSEQUENT EVENT

On May 26, 2020 the County Board approved the issuance of \$18,000,000 General Obligation Promissory Notes to fund 2020 capital projects. The General Obligation Promissory Notes are planned to be issued on June 16, 2020.

NOTE 18 – RELATED ORGANIZATION

Housing Authority

The county executive is responsible for appointing the board members of the Waukesha County Housing Authority, but the County's accountability for this organization does not extend beyond making the appointments.

NOTE 19 – COMPONENT UNIT

Bridges Library System

This report contains the Bridges Library System, which is included as a component unit of Waukesha County. Financial information is presented as a discrete column in the statement of net position and statement of activities. The Bridges Library System is a legally separate governmental organization that was formed on January 1, 2016. The mission of the Bridges Library System is to strengthen member libraries by fostering collaboration and innovation. The Bridges Library System Board operates as a two-county federated library system encompassing 16 member libraries in Waukesha County and 8 member libraries in Jefferson County. The Bridges Library System Board appointments are proportionate to the population of the member Counties. The Waukesha County Executive appoints approximately 80% of the Bridges Library System Board, which is then approved by Waukesha County Board. Waukesha County functions as the Bridges Library System fiscal agent, providing central services support functions, including but not limited to human resource, financial management, information technology management and procurement services, and therefore Bridges Library System follows Waukesha County policies and procedures.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Bridges Library System considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental 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.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 19 – COMPONENT UNIT (CONT'D)

Intergovernmental aids and grants are recognized as revenues in the period the Bridges Library System is entitled to the resources and the amounts are available. Amounts owed to the Bridges Library System, which are not available, are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include general intergovernmental assistance, intergovernmental contracts/grants, interdepartmental revenues, property taxes, miscellaneous taxes, charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting mentioned above.

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. The budget is prepared on a basis consistent with generally accepted accounting principles.

Expenditures cannot legally exceed appropriations at the department level, pursuant to s.65.90, Wisconsin State Statutes. However, the Bridges Library System, following County policies, 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.

	Adopted Budget	Modified Budget*	Change
Bridges Library System	\$ 2,331,751	\$ 2,331,751	\$ -

*Excludes carryover project funds from prior years (\$685).

Deposits and Investments

Bridges Library System cash and investments are pooled with Waukesha County balances. See Note 4.

Unearned and Unavailable Revenue

The Bridges Library System reports unearned and unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The Bridges Library System also defers revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the Bridges Library System reported unearned revenue of \$973,342.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 19 – COMPONENT UNIT (CONT'D)

Capital Assets

Governmental Activities	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Machinery and equipment	\$ 23,946	\$ -	\$ 3,931	\$ 20,015
Software	414,136	-	-	414,136
Total other capital assets at historical cost	<u>\$ 438,082</u>	<u>\$ -</u>	<u>\$ 3,931</u>	<u>\$ 434,151</u>
Less: Accumulated Depreciation/Amortization for:				
Machinery and equipment	\$ 15,403	\$ 2,862	\$ 2,124	\$ 16,141
Software	225,827	41,413	\$ -	267,240
Total Accumulated Depreciation/Amortization	<u>\$ 241,230</u>	<u>\$ 44,275</u>	<u>\$ 2,124</u>	<u>\$ 283,381</u>
Net Other Capital Assets	<u>\$ 196,852</u>	<u>\$ (44,275)</u>	<u>\$ 1,807</u>	<u>\$ 150,770</u>

Compensated Absences

Governmental Activities	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Compensated Absences	\$ 36,216	\$ 39,418	\$ 36,216	\$ 39,418

Employee Retirement System

All eligible Bridges Library System employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple employer, defined benefit, public employee retirement system, as part of the primary government's plan. See Note 14.

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

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The statement listed above through Statement No. 93 had their required effective dates postponed by one year with issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

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

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 21 – RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 84 – *Fiduciary Activities*. This statement requires the net position of Fiduciary Funds to be reported in the financial statements. The details of this restatement are as follows:

	Net Position - December 31, 2018 (as reported)	Net Position - January 1, 2019 (as restated)
Dog License Fund	\$ -	\$ -
Unclaimed Property Fund	-	57,792
Flexible Spending Account	-	51,971
Workforce Development Center Fund	-	355,178
District Attorney NSF Fund	-	28,269
Representative Payee Fund	-	-
Sheriff Processing Fee	-	-
Deferred Compensation Administration	-	211,093
DA ERAD Fund	-	-
Main Jail Fund	-	-
Municipal Property Tax Collections	-	-
Clerk of Court Fund	-	1,431,066
Total Custodial Funds	\$ -	\$ 2,135,369

THIS PAGE LEFT BLANK