

**Paul F. Farrow**  
County Executive



**WAUKESHA COUNTY**  
**OFFICE OF THE COUNTY EXECUTIVE**

June 9, 2023

The Honorable Chairperson of the County Board and  
Members of the County Board of Supervisors and  
Citizens of the County of Waukesha  
County of Waukesha  
Waukesha, Wisconsin

Ladies and Gentlemen:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the County of Waukesha, Wisconsin for the fiscal year ended December 31, 2022. Waukesha County management is responsible for all information presented in the Annual Comprehensive Financial Report and to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The ACFR represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all funds of the County and its financial transactions. It is organized into three sections: Introductory, financial, and statistical.

- The introductory section includes this transmittal letter, the County's organizational chart and a list of principal officials.
- The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), the audited basic financial statements, disclosure notes, required supplementary information, and supporting statements and schedules necessary to fairly present the financial position and the results of operations of the County in conformity with generally accepted accounting principles. The MD&A is prepared by management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.
- The statistical section includes selected financial and demographic information, typically presented on a multi-year basis.

County policy, in accordance with state and federal requirements, is to provide for an annual audit of the financial records of the government by a competent certified public accountant. In addition to meeting the requirements set forth above, the audit was also designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. The independent auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in a separately issued single audit report.

## PROFILE OF THE GOVERNMENT

Waukesha County was incorporated in 1846 under the General Laws of the State of Wisconsin. Since 1991, the County has operated under a County Executive form of government. The County Executive is responsible for the administrative functions of county government. A Board of Supervisors is the governing body of the County and is responsible for the legislative control of the County. The County provides a full range of services, which include justice and public safety; health and human services; environment, parks and education; public works; and general government services.

The County is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Information related to the single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, is available as a separate document.

## FACTORS AFFECTING FINANCIAL CONDITION

### Local Economy

Waukesha County is located in southeastern Wisconsin, directly west of Milwaukee County and 100 miles northwest of Chicago. The County has the third highest equalized property tax base and is the State's third most populous county. The County is second in the State for per capita income. The County covers an area of 576 square miles and consists of 8 cities, 21 villages and 9 towns. The City of Milwaukee (one of the eight cities) has one parcel, a manufacturing plant, in Waukesha County on property annexed to allow access to Milwaukee sewer and water. The County's 2022 population is 410,769.

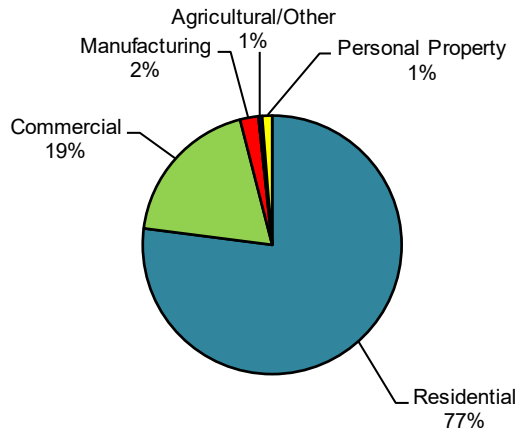
The County's history of sound financial management, a diverse and growing tax base, low unemployment, and a low debt burden suggest why Moody's Investors Service and Fitch, Inc. have enough confidence in the County to issue the highest rating of Aaa/AAA respectively on the County's long-term debt.

The County's equalized property value increased by 13.1% from the 2021 valuation. In 2022, the County experienced the ninth consecutive tax base valuation increase since the 2008 Great Recession. Prior to 2009, the County had not experienced a tax base reduction in over 30 years. Annual changes are shown in the table below.

<u>Year</u>	<u>Equalized Value (including TID's)</u>	<u>% Change</u>
2022	\$75,406,493,900	13.1%
2021	\$66,686,337,700	6.5%
2020	\$62,620,157,900	5.2%
2019	\$59,540,912,600	5.3%
2018	\$56,536,637,800	4.4%
2017	\$54,158,131,600	4.3%

The chart on the following page shows the change in the equalized value of property by classification over the past five years. Residential classifications had the largest increase in value from the 2021 valuation, with an increase of \$7.1 billion, or 13.9% which was mostly inflation.

**WAUKESHA COUNTY, WISCONSIN**  
**Equalized Value by Classification**  
**(Includes Tax Incremental District Value)**  
**2022**



**Mix of Equalized Value by Class of Property**  
**(Millions of Dollars)**

<u>Real Estate</u>	<u>2022</u>	<u>2017</u>	<u>% Change</u>
Residential	58,083	40,729	42.6%
Commercial	14,312	10,484	36.5%
Manufacturing	1,719	1,494	15.1%
Agricultural/Other	367	282	30.1%
<b>Total Real Estate</b>	<b>74,481</b>	<b>52,989</b>	<b>40.6%</b>
Personal Property	925	809	14.3%
<b>Grand Total</b>	<b>75,406</b>	<b>53,798</b>	<b>40.2%</b>

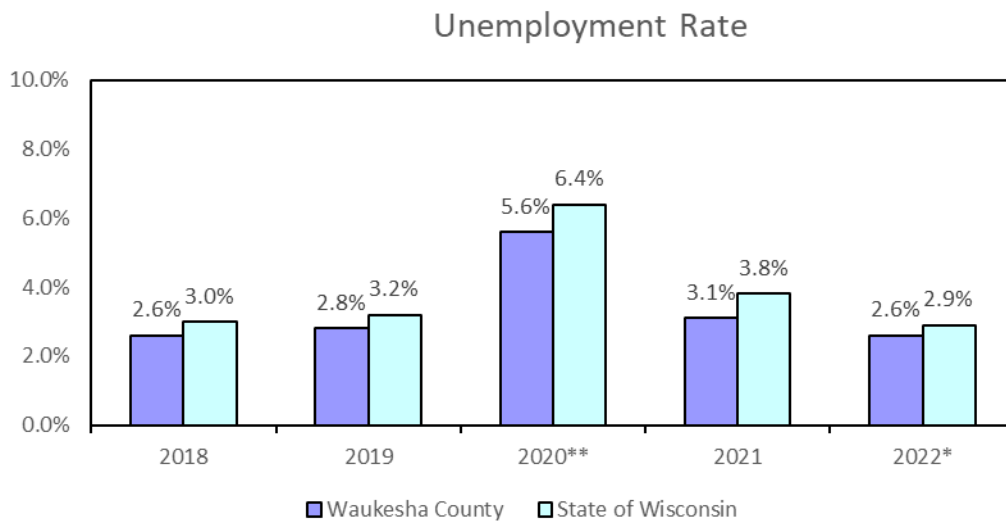
Source: Wisconsin Department of Revenue

Residential property accounts for approximately 77% of the County’s total tax base, so the value of residential building permits has been a good indicator of future year tax base increases.

<b>Waukesha County Residential Permits</b>		
<u>Year</u>	<u>Value in Thousands</u>	<u>Number</u>
2022*	\$433,531	824
2021	599,050	1,124
2020	393,312	868
2019	354,686	879
2018	437,265	1,061

Source: U.S. Department. of Commerce  
\*Preliminary

As the chart below shows, the County unemployment rate has remained consistently lower than the State of Wisconsin.



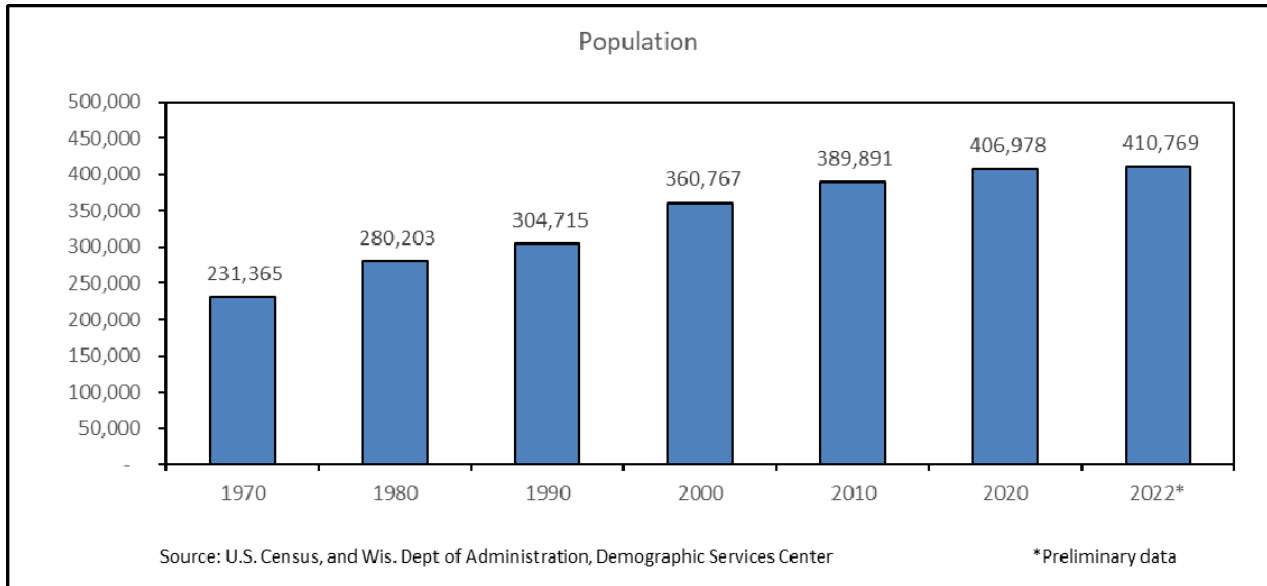
\*Preliminary.

\*\*Figures reflect employment impact as a result of COVID-19.

Note: Prior-year figures may be revised according to the Bureau of Labor Statistics.

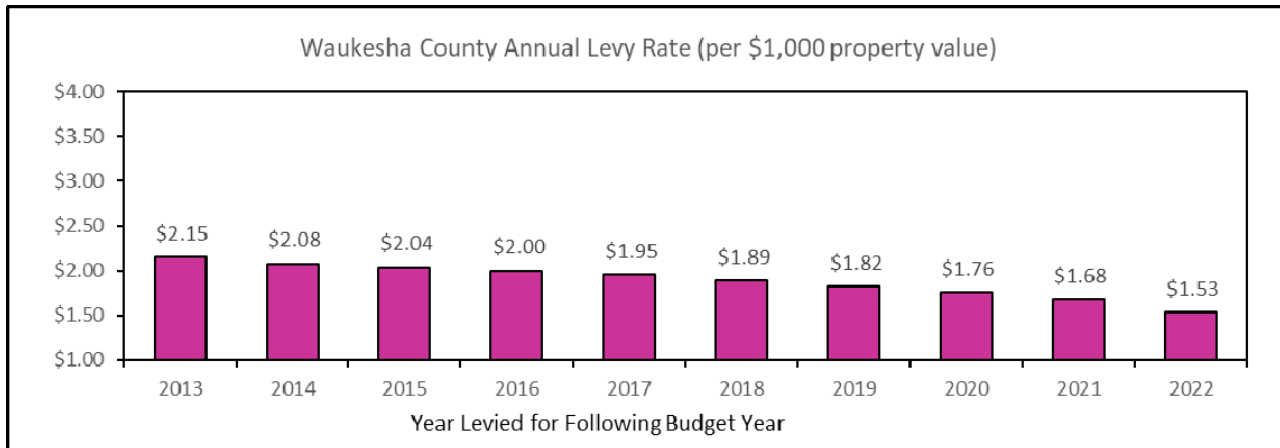
Source: U.S. Department of Labor – Bureau of Labor Statistics

Population has continued to increase. The 2022 population is estimated at 410,769, an increase of 1% from the 2020 census.



### Property Tax Levy Rate

The County’s tax levy rate, which had decreased for 20 consecutive years--from tax year 1989 to tax year 2007—increased in the six-year period from 2008-2013 and decreased in 2014-2022 due to an increase in property values and a small tax levy change.



The County also has available an unlevied 0.5% local option sales tax, with an annual estimated value in excess of \$38 million.

### Tax Levy Limits

Wisconsin law limits local tax levy increases to the County’s increase in its total property tax levy by the percentage change in the County growth in equalized value based on the net new construction value between the previous year and the current year. The 2022 Waukesha County Budget meets the tax levy limit.

See note 3 for further information.

## **Long Term Financial Planning**

To plan for the future, the County engages in a strategic planning process which focuses on long term planning and the desire to be a mission driven organization continuously improving its services and operations. The County develops a five-year capital projects and debt financing plan. In addition, a five-year operating budget plan is developed which incorporates key assumptions, significant strategic budget initiatives and budget drivers. The County has processes to identify and plan for recurring operational needs for the following: building and grounds maintenance; vehicle and equipment replacements; technology and transportation infrastructure, jail equipment replacement and highway pavement maintenance.

## **Major Initiatives**

The 2023-2027 Capital Projects Plan is estimated to cost \$148.1 million for a total of 44 projects. This includes the \$81.6 million (\$98.8 million after 2023 enrolled ordinance 178-8) for the second phase of the courthouse project (2022-2026). The second phase includes renovation of the existing courthouse in order to replace aging mechanical systems, enhance business operations through an efficient office layout, and improve public access. This also includes \$1.1 million for window replacements at the Law Enforcement Center. The plan includes \$6.1 million dedicated to existing park roadways maintenance and \$2.3 million to construct box tunnel entrances/exits for the State Trunk parking lot. Another \$45.3 million of planned 2023-2027 capital spending is dedicated to highway and road improvements. This will be combined with \$6.9 million of Federal funds. Federal funding for those types of projects is not included in the County Budget since it is managed and accounted for by the State Department of Transportation with the County paying its share directly to the state. The plan also includes \$1.1 million to upgrade fuel tank systems and replace tanks as needed (project began in 2018 and continues until 2028).

## **Financial Information**

Management of the County is responsible for establishing and maintaining a system of internal controls designed to ensure that the assets of the County are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The system of internal controls is designed to provide reasonable but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

## **Budgeting Controls**

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. Accordingly, the County has a budget 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 custodial 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. 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. 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.

## AWARDS AND ACKNOWLEDGEMENTS

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its annual comprehensive financial reports for the fiscal year ended December 31, 2021. This was the thirty-fifth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA's Award for Distinguished Budget Presentation for thirty-six of the past thirty-seven fiscal years beginning 1987 through 2023 (the 1996 Budget was not submitted). In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning, organization and communication.

### Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Department of Administration's Accounting staff. We would like to express our appreciation to all members of our staff, including Accounting Services Manager, Danielle Igielski; Principal Financial Analyst, Robert Ries; Principal Financial Analyst, Kayla Kaboskey; Senior Financial Analyst, Marisa Schlichting; and Fiscal Specialist, Nadine McMillian, who assisted and contributed to the preparation of this report.

Appreciation is also expressed for the excellent assistance received from our independent auditors, CliftonLarsonAllen LLP. We would also like to thank the County Board and Finance Committee Chairpersons, the County Board of Supervisors, and the Finance Committee for their interest and support in planning and conducting financial operations of the County in a responsible and forward thinking manner.

Respectfully submitted,



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Paul F. Farrow  
County Executive



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Andrew V. Thelke  
Director of Administration

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Waukesha County  
Wisconsin**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morill*

Executive Director/CEO

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WAUKESHA COUNTY  
 Department Heads  
 as of December 31, 2022

Administration .....	Andrew V. Thelke
Bridges Library System .....	Karol Kennedy
* Chief Judge .....	Jennifer R. Dorow
* Clerk of Courts .....	Monica Paz
Corporation Counsel .....	Erik G. Weidig
* County Board Chairperson .....	Paul L. Decker
* County Clerk .....	Margaret T. Wartman
* County Executive .....	Paul Farrow
* District Attorney .....	Susan L. Opper
Emergency Preparedness .....	Gary Bell
Health & Human Services .....	Elizabeth Aldred
Medical Examiner .....	Lynda M. Biedrzycki
Parks & Land Use .....	Dale R. Shaver
Public Works .....	Allison M. Bussler
* Register of Deeds .....	James R. Behrend
* Sheriff .....	Eric J. Severson
* Treasurer .....	Pamela F. Reeves
University of Wisconsin-Extension .....	Jerry Braatz
* Elected Position	

**OFFICIALS OF WAUKESHA COUNTY  
COUNTY BOARD OF SUPERVISORS  
BOARD YEAR #177 (2022)  
(Term Expires April, 2024)**

Chairperson ..... Paul L. Decker  
First Vice Chairperson ..... Keith Hammitt  
Second Vice Chairperson ..... James A. Heinrich

EXECUTIVE COMMITTEE

Paul L. Decker, Chairperson	Jacob LaFontain
Keith Hammitt	Larry Nelson
James A. Heinrich	Thomas A. Michalski
Peter M. Wolff	

FINANCE COMMITTEE

James A. Heinrich, Chairperson	Jim Batzko
Tyler J. Foti	Darryl J. Enriquez
Joel R. Gaughan	Richard Morris
Larry Bangs	

HEALTH AND HUMAN SERVICES COMMITTEE

Peter M. Wolff, Chairperson	Jennifer Grant
Jeremy Walz	Thomas J. Schellinger
Matthew E. Weil	Gary J. Szpara
Larry Bangs	

HUMAN RESOURCES COMMITTEE

Larry Nelson, Chairperson	Brian Meier
Michael A. Crowley	Chris Mommaerts
Jeremy Walz	Terry Theime
Darlene M. Johnson	

JUDICIARY AND LAW ENFORCEMENT COMMITTEE

Jacob LaFontain, Chairperson  
Tyler J. Foti  
Terry Thieme  
Michael A. Crowley

Robert L. Kolb  
Thomas J. Schellinger  
Matthew E. Weil

LAND USE, PARKS, AND ENVIRONMENT COMMITTEE

Thomas A. Michalski, Chairperson  
Jennifer Grant  
Chris Mommaerts  
Christine M. Howard

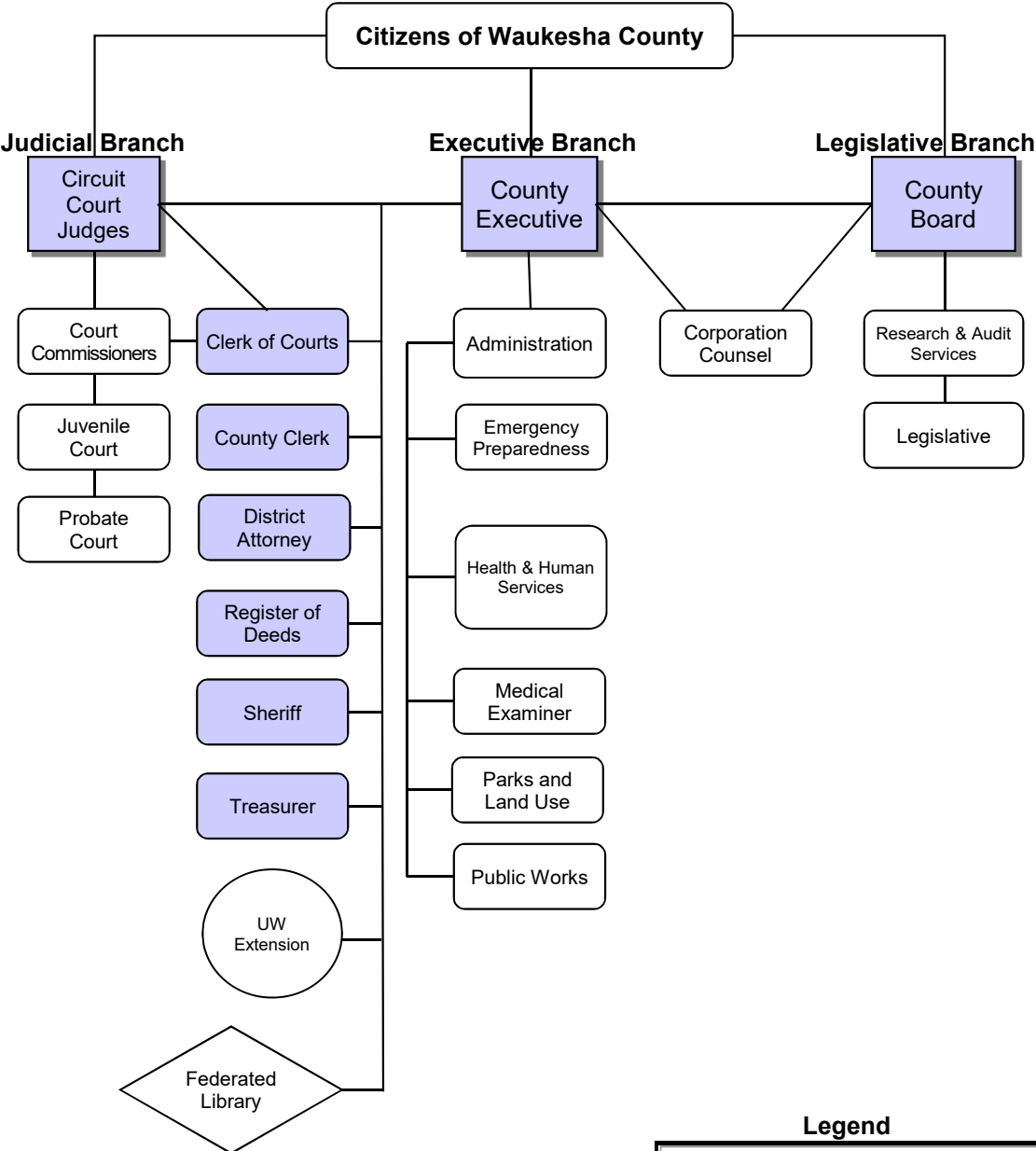
Robert L. Kolb  
Brian Meier  
Gary J. Szpara

PUBLIC WORKS COMMITTEE

Keith Hammitt, Chairperson  
Richard Morris  
Christine M. Howard  
Jim Batzko

Darryl J. Enriquez  
Joel R. Gaughan  
Darlene M. Johnson

# Waukesha County Organizational Chart



**Legend**

	Elected Officials
	County and State Shared Governance
	Board or Commission Governance



## INDEPENDENT AUDITORS' REPORT

Tot the Honorable Board of County Supervisors  
Waukesha County, Wisconsin  
Waukesha, Wisconsin

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Waukesha County, Wisconsin (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis-of-Matter – Implementation of New Standard**

As discussed in Note 1 to the financial statements, effective January 1, 2022, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The guidance requires lessors to recognize a lease receivable and a corresponding deferred inflow of resources and lessee to recognize an intangible right-to-use asset and corresponding lease liability for all leases with noncancellable lease terms greater than twelve months. The implementation had no impact on the County's previously reported fund balance or net position. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The accompanying supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section, as identified in the table of contents, but does not include the basic financial statements and our auditors’ report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2023, on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
June 9, 2023