

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waukesha County, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Waukesha County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Waukesha County's preparation and fair presentation of the financial statements 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 Waukesha County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, each major fund, and the aggregate remaining fund information of Waukesha County, Wisconsin, as of December 31, 2017 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 Waukesha County's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Waukesha County's basic financial statements. The "Introductory Section" and "Statistical Section" are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of Waukesha 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 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 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 Waukesha County's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
May 30, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2017

This section of Waukesha County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the County exceeded the liabilities and deferred inflows of resources at the close of 2017 by \$497.2 million (*net position*). Of this amount, \$125.3 million is classified as *unrestricted net position*, \$16.4 million is restricted for specific purposes (*restricted net position*), and \$355.5 million is net investment in capital assets.
- The County's total net position decreased by \$4.6 million. Restricted net position decreased by \$1.4 and unrestricted net position decreased by \$4.8 million. This reduction offset by an increase in net investments in capital assets of \$1.6 million.
- On December 31, 2017, the County's governmental funds reported combined fund balances of \$95 million, a decrease of \$0.1 million. Approximately \$42.4 million, or 44.6% of the combined fund balance, is unassigned and available for use within the County's designations and policies.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements are designed to provide readers with a broad overview of the County's financial statements, in a manner similar to a private-sector business.

The *statement of net position* presents information of all County assets, deferred inflows, liabilities and deferred inflows of resources with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include justice and public safety; health and human services; environment, parks, and education; public works, and general government. The business type activities of the County include radio services, golf courses, ice arenas, materials recovery facility, and airport.

The government-wide financial statements can be found on pages 33-34 of this report.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2017

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By so doing, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 10 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Debt Service and Capital Projects fund, which are considered to be major funds. Data from the other 7 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic *governmental fund* financial statements can be found on pages 37-40 of this report.

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the airport, radio services, golf courses, ice arenas, and materials recovery facility. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for risk management/self-insurance, health and dental self-insurance, vehicle replacement, central fleet maintenance, collections, and end user technology. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The Airport, Radio Services fund and Materials Recovery Facility fund are considered to be major funds of the County. The County's seven internal service funds are combined into a single aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The *proprietary funds* financial statements can be found on pages 44-49 of this report.

Fiduciary 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County maintains 12 Agency funds. Data from the Agency funds are combined into a single aggregate presentation.

The basic *agency fund* financial statement can be found on page 53 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 55-93 of this report.

Required Supplementary Information is presented for the budgetary schedules of the General fund and pension and contribution schedules.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets and deferred outflows exceed liabilities and deferred inflows of resources by \$497.2 million at the close of the most recent fiscal year.

Waukesha County
Net Position
(in \$000's)

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$252,159	\$258,979	\$14,020	\$14,917	\$266,179	\$273,896
Capital assets	389,396	387,771	41,102	41,935	430,498	429,706
Total assets	641,555	646,750	55,122	56,852	696,677	703,602
Pension related amounts	37,982	54,629	851	1,193	38,833	55,822
Total deferred outflows of resources	37,982	54,629	851	1,193	38,833	55,822
Current and other liabilities	20,880	28,624	587	694	21,467	29,318
Long-term liabilities	93,017	100,765	102	218	93,119	100,983
Total liabilities	113,897	129,389	689	912	114,586	130,301
Deferred Grant Revenue	943	913	-	-	943	913
Property taxes levied for future periods	106,830	105,194	93	123	106,923	105,317
Pension related amounts	15,508	20,659	353	459	15,861	21,118
Total deferred inflows of resources	123,281	126,766	446	582	123,727	127,348
Net Position:						
Net investment in capital assets	314,378	311,913	41,102	41,934	355,480	353,847
Restricted net position	16,406	17,831	-	-	16,406	17,831
Unrestricted net position	111,575	115,480	13,736	14,617	125,311	130,097
Total net position	\$442,359	\$445,224	\$54,838	\$56,551	\$497,197	\$501,775

The largest portion of the County's net position (71.5%) reflects its net investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment, net of accumulated depreciation/amortization, less any related debt used to acquire those assets that is still outstanding). The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position comprises 25.2% of the County's net position. These resources may be used to meet the County's ongoing obligations.

The remaining balance of the County's net position, 3.3%, represents resources that are subject to external restrictions (grant or trust terms, laws or regulations of other governments, etc.) on how they may be used.

At the end of the current fiscal year, the County reported positive balances in all three categories of net position, both for the County as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2017

As shown on the following table, the County's net position decreased by \$4.5 million during the current year. This results from total 2017 revenues of \$227 million and expenses of \$231.5 million. Overall revenues increased by \$2.1 million from the prior year, while expenses increased by \$2.4 million.

Waukesha County
Changes in Net Position
(in \$000's)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 46,327	\$ 42,219	\$ 7,897	\$ 7,639	\$ 54,224	\$ 49,858
Operating grants and contributions	50,793	53,087	1,185	1,087	51,978	54,174
Capital grants and contributions	36	1,723	-	-	36	1,723
General revenues:						
Property taxes	107,176	106,246	123	153	107,299	106,399
Intergovernmental revenues	1,783	1,725	-	-	1,783	1,725
Investment earnings	2,330	1,831	14	15	2,344	1,846
Miscellaneous	8,567	8,182	105	65	8,672	8,247
Gain on disposal/sale of capital assets	655	895	-	-	655	895
Total revenues	<u>217,667</u>	<u>215,908</u>	<u>9,324</u>	<u>8,959</u>	<u>226,991</u>	<u>224,867</u>
Expenses:						
Justice and public safety	64,390	62,631	-	-	64,390	62,631
Health and human services	77,325	78,412	-	-	77,325	78,412
Environment, parks and education	24,275	24,494	-	-	24,275	24,494
Public works	33,753	33,437	-	-	33,753	33,437
General government	18,841	17,438	-	-	18,841	17,438
Interest expense	1,483	1,453	-	-	1,483	1,453
Radio services	-	-	345	409	345	409
Golf courses	-	-	3,159	3,000	3,159	3,000
Ice arenas	-	-	1,370	1,319	1,370	1,319
Materials recovery facility	-	-	4,393	4,353	4,393	4,353
Airport	-	-	2,235	2,173	2,235	2,173
Total Expenses	<u>220,067</u>	<u>217,865</u>	<u>11,502</u>	<u>11,254</u>	<u>231,569</u>	<u>229,119</u>
Increase (decrease) before transfers	(2,400)	(1,957)	(2,178)	(2,295)	(4,578)	(4,252)
Transfers	(465)	421	465	(421)	-	-
Increase (decrease) in net position	<u>(2,865)</u>	<u>(1,536)</u>	<u>(1,713)</u>	<u>(2,716)</u>	<u>(4,578)</u>	<u>(4,252)</u>
Net position beginning of year	445,224	446,760	56,551	59,267	501,775	506,028
Net position end of year	<u>\$ 442,359</u>	<u>\$ 445,224</u>	<u>\$ 54,838</u>	<u>\$ 56,551</u>	<u>\$ 497,197</u>	<u>\$ 501,776</u>

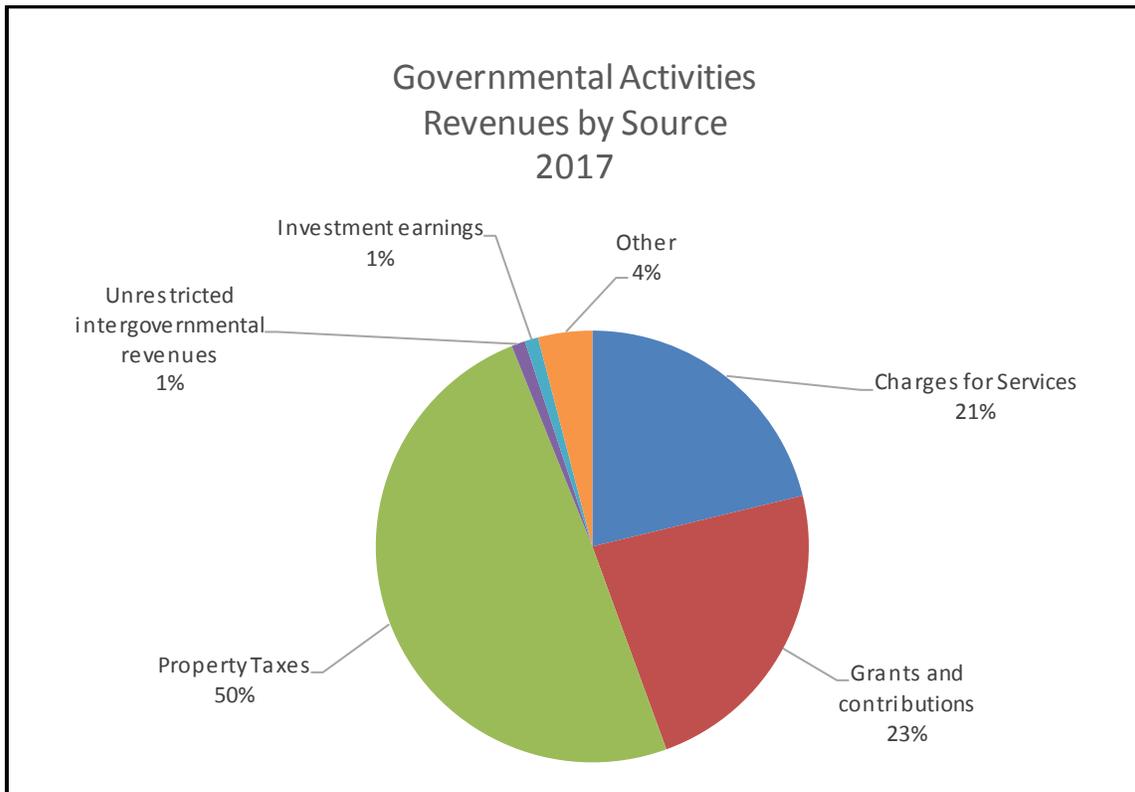
WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2017

Governmental Activities

Governmental activities decreased the County's net position by \$2.9 million, compared to \$1.5 million decrease in 2016. This included an increase in revenues of \$1.8 million, or 0.8%. Highlights include the following:

- Charges for services increased by \$4.1 million to \$46.3 million. The increased revenue is mainly due to increases in client fee revenue collected by the Human services department mostly in the Mental Health outpatient programs by \$1.2 million and the Mental Health Center by \$0.7 million. When the State began allowing for 100% treatment expense reimbursement in the Outpatient Comprehensive Community Support program, more clients have been transitioned into this program area leading to increased revenue. In the Sheriff's department, Charges for services increased by \$215,000 due to a local municipality requesting an additional shift from our patrol workers, \$127,000 due to providing services for the Erin Hills golf event, and \$140,000 from the federal government for providing mutual aid to North Dakota.
- Operating grants and contributions decreased by \$2.3 million to \$50.8 million mainly due to a reduction to Children with Long-Term Support (CLTS) revenue by \$2.1 million. This revenue is a 100% cost reimbursement for any expenditures incurred. Expenditures decreased by an equivalent amount.
- Capital grants and contributions decreased by \$1.7 million, which varies between years based on completion of highway capital projects.

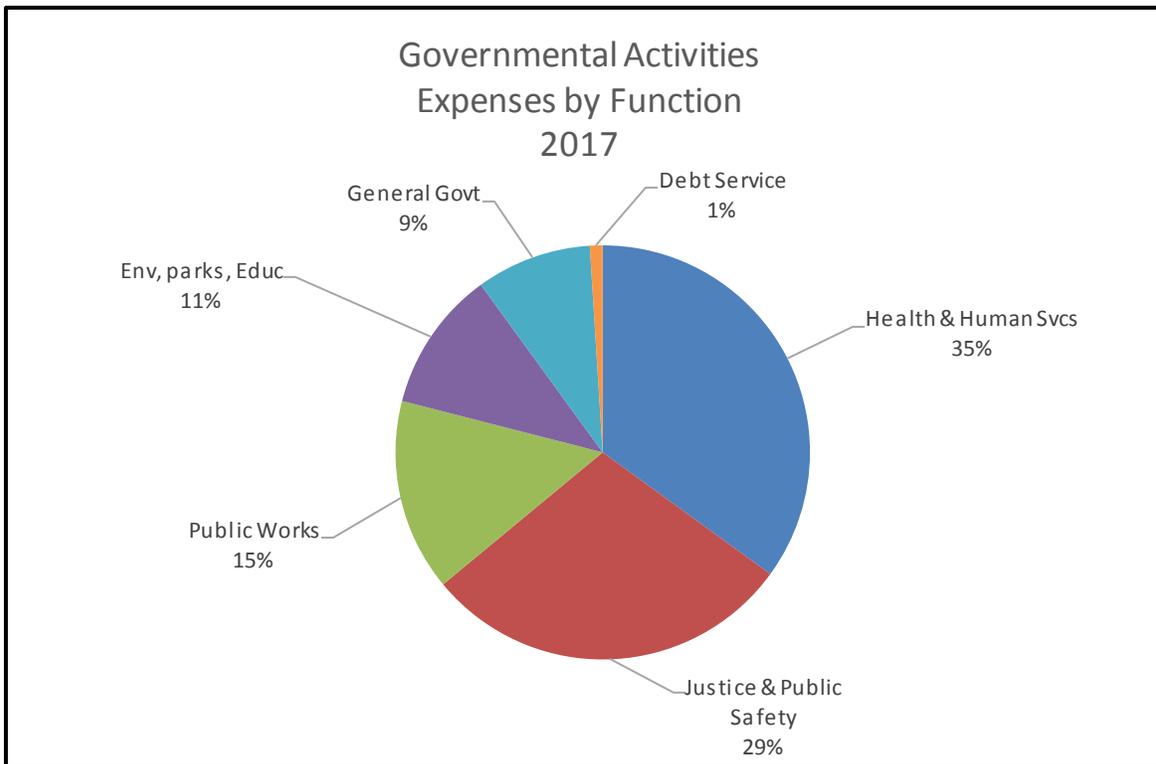
The percentage of revenues by source is shown below. The primary changes from 2016 include charges for services increased to 21% versus 20% in 2016, Property Taxes increased to 50% versus 49% in 2016, and Grants and contributions decreased to 23% versus 25% in 2016



WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2017

Expenses for governmental activities increased by \$2.2 million from 2016. Increases in costs are spread across multiple program areas.

The percentage of expenses by function is shown below.

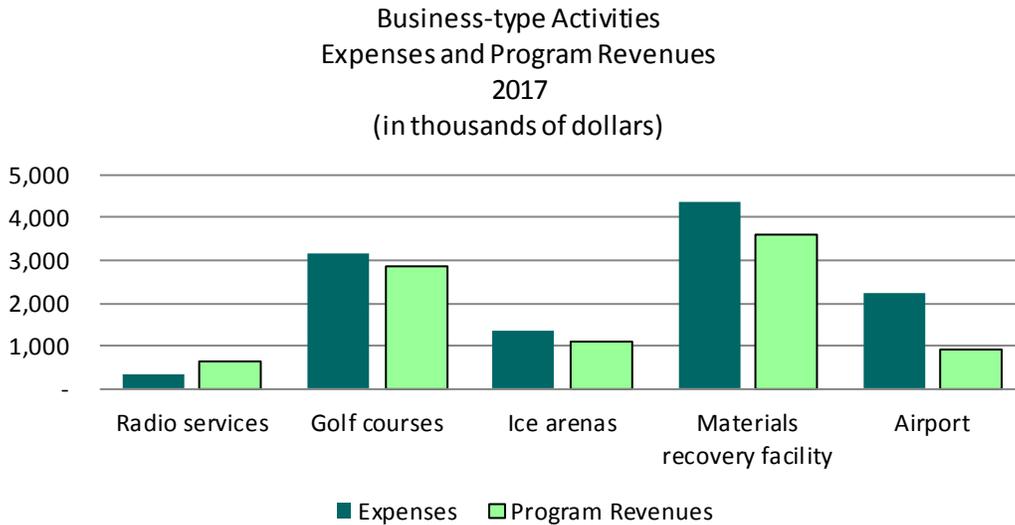


Business-type Activities

Business-type activities decreased the County's net position by approximately \$1.7 million. Program expenses exceeded Program revenues by \$2.4 million and key results include the following:

- The airport had a decrease in net position of approximately \$1.2 million, mainly related to depreciation expenses, which the operation is not expected to recoup on assets funded by State or Federal dollars. The County will not replace airport facilities funded substantially with state and federal dollars unless similar funds are available for such expenses.
- The Materials Recovery Facility (MRF) Fund had a decrease in net position of \$0.8 million. This is mostly due to planned use of fund balance to cover the additional costs that communities pay to haul recyclables directly to the Join MRF in Milwaukee, Recycling Container purchases, and Recycling incentives and dividends.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2017



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Waukesha County's governmental funds reported combined fund balances of \$95 million, an decrease of \$0.1 million from prior year. Approximately \$52.6 million or 55.4% of the combined fund balance is non-spendable, restricted, committed, or assigned for specific purposes, so is not available for new spending. This includes the following.

- Non-spendable fund balance of \$7.3 million, including \$2.6 million for long-term receivables/advances; \$0.3 million for prepaid items and inventories; and \$4.4 million for delinquent property taxes.
- Restricted fund balance of \$12.1 million, including \$5.4 million restricted for park purposes, \$1.2 million restricted for debt service, \$1.4 million restricted for capital projects and \$1.3 million restricted for Human Services purposes.
- Committed fund balance of \$23.1 million. Most of this is committed for capital projects.
- Assigned fund balance of \$10.1 million, including \$5.4 million of funds assigned in the 2018 budget and \$1.5 million of funds assigned for equipment replacement.

The remaining \$42.4 million, or 44.6%, of fund balance is unassigned, meaning it is available for spending at the government's discretion.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2017

General fund

The General fund is the chief operating fund of the County. The fund balance increased by \$1.6 million for the year, reflecting excess revenues over expenditures of \$3.6 million, transfers in of \$0.4 million, and planned transfers out of \$2.4 million.

Key factors for the \$1.6 million increase in fund balance are as follows:

- Personnel costs were about \$1.5 million (or 1.4%) less than anticipated, due to employee turnover and position vacancies.

At the end of the current fiscal year, the General fund's unassigned fund balance was \$42.4 million while total fund balance was \$60.3 million. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25.7% percent of total General fund expenditures compared to 23.8% in 2016. Total fund balance represents 36.5% percent of General fund expenditures compared to 35.6% in 2016. For unassigned fund balance cash availability, the County uses unassigned fund balance for both general and special revenue expenditures to provide liquidity to those funds.

Debt Service Fund

The debt service fund has a total fund balance of \$1.2 million, all of which is restricted for the payment of debt service. This is a decrease of nearly \$800,000 from 2016.

Capital Projects Fund

The Capital Projects fund has a total fund balance of \$24 million, of which \$22.6 million is committed for existing and future capital projects, and \$1.4 million of unspent bond proceeds is restricted for future capital projects.

Proprietary Funds

Waukesha County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a \$2.9 million increase in appropriations. Carryovers and open purchase orders accounted for 44.2% (\$1.0 million) of the increase. The balance of the increase from the original budget is mostly due to the appropriation of an additional \$800,000 of funding resulting from above budget collection from third party insurance and Medicaid for the partial reimbursement of costs of services provided at the State Mental health Institutes. An additional \$225,000 in State grant funding due for prescription drug overdose-related death prevention was appropriated. In addition, \$231,000 in over budget charges for service revenue in the Sheriff's department was appropriated for increased overtime in the sheriff's department.

Actual revenues in the General fund were slightly above final amended budget.

Actual expenditures in the General fund were \$8.1 million under budget. Of that amount, \$1.0 million was carried forward for budgeted projects which were not completed in 2017. Human Services Children with Long-Term Support (CLTS) expenditures were below budget by \$1.8 million due to Autism services now being a Medicaid card service. Public Works expenditures were \$756,000 below budget mainly due to \$317,000 in lower than budgeted utility costs related to mild weather, and under budget facility maintenance costs of \$122,000 due to fewer needed facility repairs than anticipated. General Fund personnel costs were under budget by \$1.5 million (1.4% of budget) due to vacancy and turnover. The contingency fund had \$0.9 million in unallocated expenditure authority. The balance of the budget variance was spread across several program areas.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities at December 31, 2017, amounted to \$430.5 million (net of accumulated depreciation/amortization), an increase of \$0.8 million from 2016. This investment in capital assets includes land and easements, infrastructure, structures and improvements, equipment, software, and construction in progress.

The County's infrastructure assets are recorded at estimated historical cost in the government-wide financial statements. The County has elected to use the depreciation method of reporting capital assets.

**Waukesha County's Capital Assets
(net of depreciation/amortization)
(in 000's)**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 61,126	\$ 61,126	\$ 10,289	\$ 10,289	\$ 71,415	\$ 71,415
Buildings	125,520	126,074	6,341	6,910	131,861	132,984
Land improvements	9,322	10,018	11,634	12,750	20,956	22,768
Machinery and equipment	7,121	7,418	5,268	5,993	12,389	13,411
Software	4,088	5,109	9	12	4,097	5,121
Vehicles	8,648	7,983	-	-	8,648	7,983
Infrastructure	144,746	147,847	-	-	144,746	147,847
Construction in Progress	28,825	22,196	7,561	5,981	36,386	28,177
Total	\$ 389,396	\$ 387,771	\$ 41,102	\$ 41,935	\$ 430,498	\$ 429,706

Further details of the County's capital assets can be found in Note 9 of the notes to the financial statements, pages 78-79.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2017

Long Term Debt

At December 31, 2017, the County had \$75,125,000 of general obligation promissory notes outstanding. The County maintains an Aaa rating from Moody's Investors Service and AAA from Fitch Investors Service on general obligation note issues. Under current state statutes, the County's general obligation note issuances are subject to a legal limitation based on five percent of the equalized value of taxable property in the County. As of December 31, 2017 the County's total amount applicable to debt margin (outstanding notes less debt service fund balance) is \$73.9 million, which was well below the legal limit of \$2.7 billion. The net debt per capita equaled \$192 at year-end.

During the year, the County issued \$10 million in general obligation promissory notes to finance part of the cost of capital improvements within the County.

Further details of the County's long-term debt activity can be found in Note 11, pages 82-83.

ECONOMIC FACTORS AND THE 2018 BUDGET AND RATES

Major revenue sources were decreased by about \$2.1 million in the 2018 budget as a result of the federal and state net funding decreases. Some of the key revenue changes included the following:

- Children with Special needs program includes an decrease in revenue reimbursements for payments made by a third party administrator by \$1.5 to serve children with long term support needs.
- The Human Services Mental Health Outpatient's budget included an additional \$430,000 in grant funds aimed at preventing and treating opioid and other drug abuse

In addition, budgeted other revenue increased by nearly \$3.3 million. This increased funding level includes the following items

- Health and Human Services budget increased by \$2.7 million, related to Comprehensive Community Services (CCS) revenue as recognized in the most recent Wisconsin Medical Assistance Cost Report (WIMCR) settlement.
- Additional Materials Recycling Fund (MRF) recycling revenue of nearly \$0.5 million due to improving market conditions and increased tonnage.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Administration, Accounting Services Division, 515 West Moreland Blvd., Waukesha, WI 53188. This report can be found online at <http://waukeshacounty.gov/cafr>.