

## 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Waukesha County, Wisconsin, as of and for the year ended December 31, 2019, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Waukesha County, Wisconsin, as of December 31, 2019 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.

## **Emphasis of Matter**

As discussed in Note I, Waukesha County adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

## **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" as listed in the table of contents 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 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 Waukesha 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 Waukesha County's internal control over financial reporting and compliance.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
June 12, 2020

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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, 2019

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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, 2019. 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**

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- The assets and deferred outflows of the County exceeded the liabilities and deferred inflows of resources at the close of 2019 by \$476.3 million (*net position*). Of this amount, \$110.2 million is classified as *unrestricted net position*, \$14.2 million is restricted for specific purposes (*restricted net position*), and \$351.9 million is net investment in capital assets.
- The County's total net position decreased by \$9.6 million. Restricted net position decreased by \$18.3 million, unrestricted net position increased by \$8.1 million, and net investments in capital assets increased by \$0.5 million.
- On December 31, 2019, the County's governmental funds reported combined fund balances of \$107.3 million, an increase of \$6.6 million. Approximately \$45.7 million, or 42.6% of the combined fund balance, is unassigned and available for use within the County's designations and policies.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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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.

WAUKESHA COUNTY, WISCONSIN  
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The government-wide financial statements include not only Waukesha County itself (known as the *primary government*) but also a legally separate Bridges Library System for which Waukesha County is accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 35-36 of this report.

**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 39-42 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 six 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 46-51 of this report.

WAUKESHA COUNTY, WISCONSIN  
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*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.

*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. Custodial funds account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The County maintains 12 custodial funds. Data from the custodial funds are combined into a single aggregate presentation.

The basic *custodial fund* financial statements can be found on page 55-56 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 59-99 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)  
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**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 \$476.3 million at the close of the most recent fiscal year.

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

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$259,306	\$269,200	\$12,070	\$13,547	\$271,376	\$282,747
Capital assets	384,792	381,929	38,094	39,546	422,886	421,475
Total assets	644,098	651,129	50,164	53,093	694,262	704,222
Pension related amounts	57,952	32,502	1,254	684	59,206	33,186
Total deferred outflows of resources	57,952	32,502	1,254	684	59,206	33,186
Current and other liabilities	20,325	18,352	787	847	21,112	19,199
Long-term liabilities	115,753	88,721	438	-	116,191	88,721
Total liabilities	136,078	107,073	1,225	847	137,303	107,920
Property taxes levied for future periods	109,741	107,824	-	63	109,741	107,887
Pension related amounts	29,451	34,934	639	702	30,090	35,636
Total deferred inflows of resources	139,192	142,758	640	765	139,832	143,523
Net Position:						
Net investment in capital assets	313,836	311,809	38,093	39,546	351,929	351,355
Restricted net position	14,222	32,134	-	368	14,222	32,502
Unrestricted net position	98,722	89,857	11,460	12,251	110,182	102,108
Total net position	\$426,780	\$433,800	\$49,553	\$52,165	\$476,333	\$485,965

The largest portion of the County's net position (73.9%) 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 23.1% 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%, 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  
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As shown on the following table, the County's net position decreased by \$9.6 million during the current year. This results from total 2019 revenues of \$238.6 million and expenses of \$248.2 million. Overall revenues increased by \$6.4 million from the prior year, while expenses increased by \$5.7 million.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 45,508	\$ 46,053	\$ 6,758	\$ 7,251	\$ 52,266	\$ 53,304
Operating grants and contributions	53,707	51,770	1,383	1,121	55,090	52,891
Capital grants and contributions	4,350	2,362	-	-	4,350	2,362
General revenues:						
Property taxes	109,281	108,461	63	93	109,344	108,554
Intergovernmental revenues	2,568	1,799	-	-	2,568	1,799
Investment earnings	6,930	2,633	127	15	7,057	2,648
Miscellaneous	7,648	10,053	129	69	7,777	10,122
Gain on disposal/sale of capital assets	165	531	-	-	165	531
Total revenues	<u>230,157</u>	<u>223,662</u>	<u>8,460</u>	<u>8,549</u>	<u>238,617</u>	<u>232,211</u>
Expenses:						
Justice and public safety	68,235	64,383	-	-	68,235	64,383
Health and human services	83,519	78,812	-	-	83,519	78,812
Environment, parks and education	27,429	26,983	-	-	27,429	26,983
Public works	36,797	37,671	-	-	36,797	37,671
General government	19,696	21,849	-	-	19,696	21,849
Interest expense	1,501	1,381	-	-	1,501	1,381
Radio services	-	-	416	402	416	402
Golf courses	-	-	3,185	3,158	3,185	3,158
Ice arenas	-	-	1,262	1,294	1,262	1,294
Materials recovery facility	-	-	3,946	4,438	3,946	4,438
Airport	-	-	2,263	2,207	2,263	2,207
Total Expenses	<u>237,177</u>	<u>231,079</u>	<u>11,072</u>	<u>11,499</u>	<u>248,249</u>	<u>242,578</u>
Increase (decrease) before transfers	(7,020)	(7,417)	(2,612)	(2,950)	(9,632)	(10,367)
Transfers	-	(277)	-	277	-	-
Increase (decrease) in net position	<u>(7,020)</u>	<u>(7,694)</u>	<u>(2,612)</u>	<u>(2,673)</u>	<u>(9,632)</u>	<u>(10,367)</u>
Net position beginning of year	433,800	441,494	52,165	54,838	485,965	496,332
Net position end of year	<u>\$ 426,780</u>	<u>\$ 433,800</u>	<u>\$ 49,553</u>	<u>\$ 52,165</u>	<u>\$ 476,333</u>	<u>\$ 485,965</u>

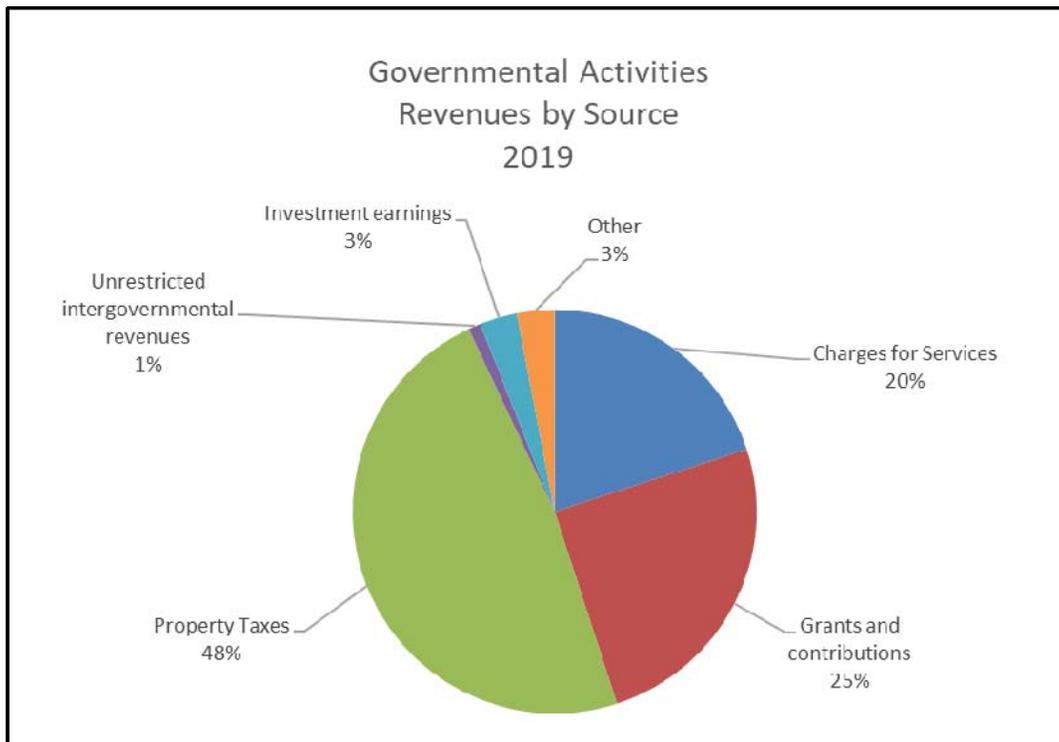
WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
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**Governmental Activities**

Governmental activities decreased the County's net position by \$7 million, compared to \$7.7 million decrease in 2018. This included an increase in revenues of \$6.5 million, or 2.9%. Highlights include the following:

- Capital grants and contributions increased by \$2 million to \$4.4 million, which varies between years based on completion of highway capital projects and assistance in parks land purchases. This year completed projects included CTH I, CTH ES to CTH O Rehab and CTH V V, CTH E Intersection.
- Operating grants and contributions increased by \$1.9 million to \$53.7 million mainly due to an increase in Human Services by \$1.7 million. This is predominately related Children with Special Needs Program revenue reimbursements for Children's Long Term Support (CLTS) due to state mandate to eliminate wait lists and an increase in contracted staff and waiver clients served and for Substance Abuse and Mental Health treatment services. Additionally, the Workforce Fund increased \$1.3 million in grant funding to provide contracted assistance to adults, youth, and dislocated workers to access employment and other support services to gain employment. This was partially offset by a decrease in Public Works funding of \$1.4 million relating to the West Bypass capital project.
- Investment earnings increased by \$4.3 million to \$6.9 million mainly due to market value adjustments.
- Miscellaneous revenue decreased by \$2.4 million to \$7.6 million. The decreased revenue is mainly due to the lower intake of recoveries revenue in the Health and Dental fund.

The percentage of revenues by source is shown below. The primary changes from 2018 include Investment Earnings increased to 3% versus 1% in 2018, Grants and Contributions increased to 25% versus 24% in 2018, Other decreased to 3% versus 5% in 2018, and Charges for Services decreased to 20% versus 21% in 2018.

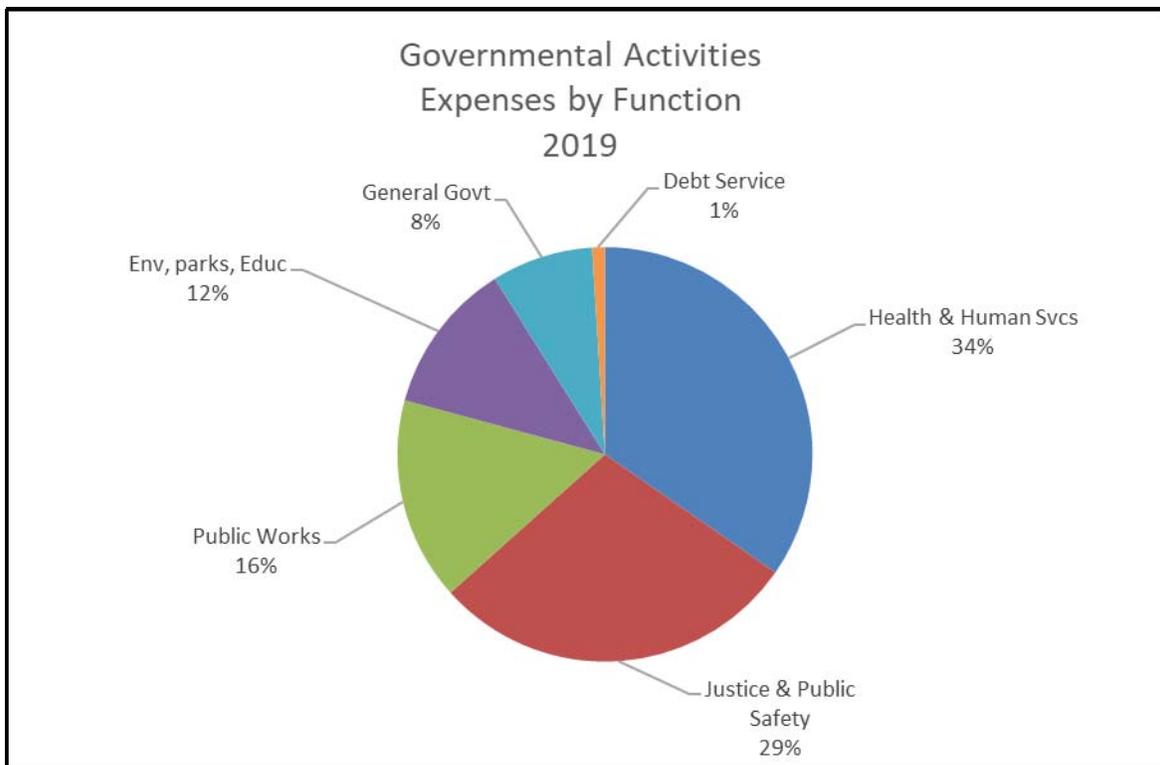


WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
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Expenses for governmental activities increased by \$6.1 million from 2018. Increases in costs are spread across multiple program areas. Highlights include the following:

- Salaries increased approximately \$3.5 million with a large portion of increases associated to the departments of Human Services (\$1.4 million) and Sheriff (\$1.6 million). Human Services received additional funding for Children's Long Term Support (CLTS) programs, which allowed some staffing flexibility to address an increase in vacancies in the Economic Support program. The Sheriff department also received Anti-Heroin Task Force funding, which was appropriated for increased overtime and creation of a new deputy position.
- Contracted Services increased \$2 million with \$1 million from the creation of the new Workforce Fund previously mentioned above.

The percentage of expenses by function is shown below.

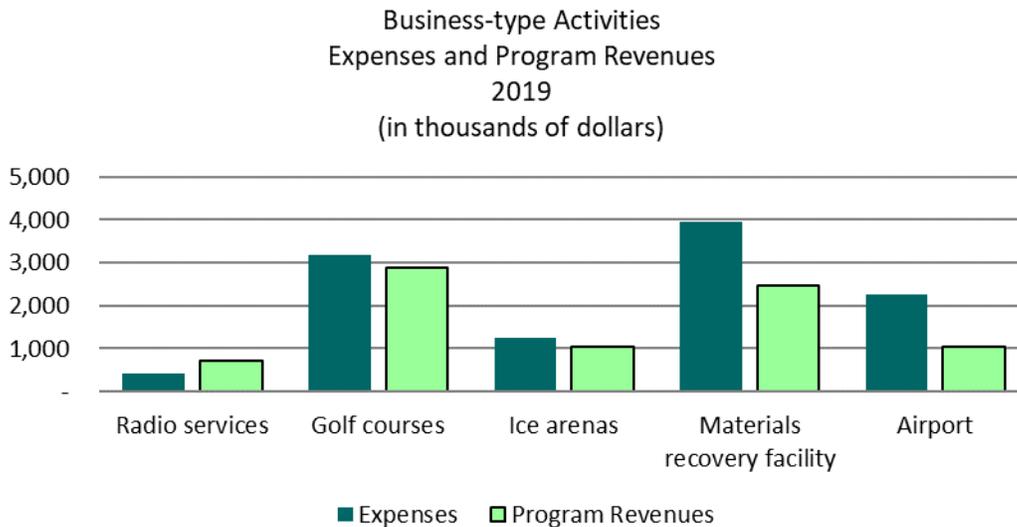


WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
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**Business-type Activities**

Business-type activities decreased the County's net position by approximately \$2.6 million. Program expenses exceeded program revenues by \$2.9 million and key results include the following:

- The Materials Recovery Facility (MRF) Fund had a decrease in net position of \$1.3 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 Joint MRF in Milwaukee, Recycling Container purchases, and Recycling incentives and dividends. Material sales revenue decreased \$0.7 million from the prior year reflecting a significant decrease in commercial recycling markets with average revenue per ton sold decreasing.
- The Airport Fund had a decrease in net position of approximately \$1.1 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.



WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2019

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## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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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 \$107.3 million, an increase of \$6.6 million from prior year. Approximately \$61.5 million or 57.4% of the combined fund balance is non-spendable, restricted, committed, or assigned for specific purposes, so it is not available for new spending. This includes the following.

- Non-spendable fund balance of \$7.9 million, including \$3.4 million for long-term receivables/advances; \$0.6 million for prepaid items and inventories; and \$3.9 million for delinquent property taxes.
- Restricted fund balance of \$19.3 million, including \$9.9 million restricted for capital projects, \$5 million restricted for park purposes, \$1.3 million restricted for Human Services purposes, \$2 million restricted for debt service, and \$1.1 million restricted for Community development.
- Committed fund balance of \$26.5 million. Most of this is committed for capital projects.
- Assigned fund balance of \$7.9 million, including \$4.8 million of funds assigned in the 2019 budget, \$0.9 million assigned for equipment replacement, and \$1.2 million of funds assigned to the contingency fund.

The remaining \$45.7 million, or 42.6%, of fund balance is unassigned, meaning it is available for spending at the government's discretion.

### **General fund**

The General fund is the chief operating fund of the County. The fund balance increased by \$0.9 million for the year, reflecting excess revenues over expenditures of \$3.2 million, transfers in of \$0.7 million, and transfers out of \$3 million.

The main factor for the \$0.9 million increase in fund balance is due to personnel costs being about \$1.6 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 \$45.7 million while total fund balance was \$61.7 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 26.2% percent of total General fund expenditures compared to 25.1% in 2018. Total fund balance represents 35.4% percent of General fund expenditures compared to 36% in 2018. 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 \$2 million, all of which is restricted for the payment of debt service. This increased \$0.8 million from 2018.

WAUKESHA COUNTY, WISCONSIN  
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**Capital Projects Fund**

The Capital Projects fund has a total fund balance of \$35.9 million, of which \$26 million is committed for existing and future capital projects, and \$9.9 million of unspent bond proceeds is restricted for incomplete capital projects, which will be spent by May of 2022.

**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**

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Differences between the original budget and the final amended budget resulted in a \$2.3 million increase in appropriations. Carryovers and open purchase orders accounted for 56.5% (\$1.3 million) of the increase. The balance of the increase from the original budget is mostly due to the appropriation of an additional \$402,000 in Human Services for the unanticipated increase in the State Income Maintenance allocation that addresses Children's Long Term Support (CLTS) waitlists expected to be eliminated and allows some staffing flexibility to address an increase in vacancies in the Economic Support program. An additional \$355,000 of funding for Human Services for one-time startup and facility remodeling cost of a new medical monitored and transitional residential care facility and \$150,000 for Substance Abuse programs. Additionally, \$102,000 in over budget charges for service revenue along with Anti-Heroin Task Force funding was appropriated for increased overtime in the Sheriff's department and creation of a new deputy position. An additional \$45,000 in seized funds revenues for expenditures to enhance law enforcement as required by federal seized asset guidelines by the Sheriff's department.

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

Actual expenditures in the General fund were \$9.4 million under budget. Of that amount, \$1.1 million was carried forward for budgeted projects which were not completed in 2019. Human Services Children with Long-Term Support (CLTS) expenditures were below budget by \$3.5 million primarily due to Autism services now being a Medicaid card service. General Fund personnel costs were under budget by \$1.6 million (1.4% of budget) due to vacancy and turnover. The contingency fund had \$1 million in unallocated expenditure authority. The balance of the budget variance was spread across several program areas.

WAUKESHA COUNTY, WISCONSIN  
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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The County's investment in capital assets for its governmental and business-type activities at December 31, 2019, amounted to \$422.9 million (net of accumulated depreciation/amortization), an increase of \$1.4 million from 2018. 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 61,566	\$ 61,152	\$ 10,289	\$ 10,289	\$ 71,855	\$ 71,441
Buildings	121,492	126,891	5,722	5,841	127,214	132,732
Land improvements	5,946	6,897	10,226	11,335	16,172	18,232
Machinery and equipment	6,365	6,854	3,854	4,575	10,219	11,429
Software	5,396	6,683	2	5	5,398	6,688
Vehicles	8,604	8,688	-	-	8,604	8,688
Infrastructure	140,845	142,651	-	-	140,845	142,651
Construction in Progress	34,578	22,113	8,001	7,501	42,579	29,614
Total	\$ 384,792	\$ 381,929	\$ 38,094	\$ 39,546	\$ 422,886	\$ 421,475

Further details of the County's capital assets can be found in Note 9 of the notes to the financial statements, pages 80-81.

**Long Term Debt**

At December 31, 2019, the County had \$79,330,000 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, 2019 the County's total amount applicable to debt margin (outstanding notes less debt service fund balance) is \$77.3 million, which was well below the legal limit of \$2.8 billion. The net debt per capita equaled \$190 at year-end.

During the year, the County issued \$17.5 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 84-85.

WAUKESHA COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)  
December 31, 2019

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**ECONOMIC FACTORS AND THE 2020 BUDGET AND RATES**

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Revenue increased by \$13 million in the 2020 budget, largely due to increases in intergovernmental contracts and grant revenues of \$5.4 million. Some of the key revenue changes included the following:

- The Health and Human Services budget includes an increase of \$3.1 million in pass-through reimbursements for Children's Long Term Support (CLTS) in the Children with Special Needs Program due to state mandate to eliminate wait lists and an increase in contracted staff and waiver clients served; another \$0.5 million for case management and \$0.6 million to support growing child protective and juvenile justice cases.
- Health and Human Services also increased \$0.5 million for substance use recovery and abuse disorder programs.
- Transportation Funds budget increased \$0.6 due to an increase in Wisconsin Department of Transportation reimbursements for state highway maintenance work and additional state General Transportation Aid.

Charges for services increased by \$1.3 million, this includes the following key changes:

- Health and Human Services Clinical inpatient and outpatient services increased by \$0.3 million for a psychological and social rehabilitation.
- Sheriff Patrol Contract revenues increased \$0.4 million reflecting the cost to continue to provide services and a 1.00 FTE Deputy Sheriff for a sunset Deputy Sheriff.

Interdepartmental charges increased by \$1.2 million mainly due to increases in Non-Departmental-Health and Dental Insurance Fund premiums charged to county departments, reflecting a 5% premium rate based on trends.

Debt borrowing to fund capital project expenditures increased \$0.5 million.

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization declared the outbreak to constitute a "Public Health Emergency of International Concern." The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

**REQUEST FOR INFORMATION**

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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 <https://waukeshacounty.gov/adminstration/accounting> under the Comprehensive Annual Financial Reports section.