

GOVERNMENT-WIDE STATEMENTS

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION
December 31, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 113,664,399	\$ 21,344,313	\$ 135,008,712
Receivables:			
Property taxes - delinquent	8,586,969	-	8,586,969
Property taxes - levied for subsequent years budget	102,267,733	192,563	102,460,296
Taxes levied for other governments	8,013,070	-	8,013,070
Accrued interest	523,346	-	523,346
Accounts	2,096,007	2,221	2,098,228
Due from other governments	9,760,230	64,029	9,824,259
Internal balances	1,064,520	(1,064,520)	-
Prepaid items	339,653	-	339,653
Inventories	648,324	123,513	771,837
Advances to/from other funds	(2,360,016)	2,360,016	-
Restricted cash and investments	411,583	-	411,583
Deposit in WMMIC	2,459,264	-	2,459,264
Long term receivable	5,822,420	-	5,822,420
Capital assets:			
Land	52,881,764	10,288,747	63,170,511
Construction in progress	29,677,971	192,655	29,870,626
Buildings	195,452,224	19,473,777	214,926,001
Improvements other than buildings	20,414,658	19,287,367	39,702,025
Machinery and equipment	30,926,858	9,359,846	40,286,704
Software	7,863,867	-	7,863,867
Vehicles	15,447,003	-	15,447,003
Infrastructure	239,971,746	-	239,971,746
Accumulated depreciation	(218,169,839)	(32,774,184)	(250,944,023)
Total assets	<u>\$ 627,763,754</u>	<u>\$ 48,850,343</u>	<u>\$ 676,614,097</u>
LIABILITIES			
Accounts payable	\$ 10,123,681	\$ 254,294	\$ 10,377,975
Accrued compensation	5,045,566	68,730	5,114,296
Other liabilities	1,045,209	51,043	1,096,252
Due to other governments	8,770,515	-	8,770,515
Claims payable - current	3,489,384	-	3,489,384
Accrued interest payable	461,489	-	461,489
Other unearned revenue	476,321	-	476,321
Long-Term Liabilities:			
Compensated absences - current	4,780,195	-	4,780,195
Claims payable - non current	2,713,375	-	2,713,375
Notes payable - current	12,220,000	-	12,220,000
Notes payable - non current	73,114,730	-	73,114,730
Total liabilities	<u>\$ 122,240,465</u>	<u>\$ 374,067</u>	<u>\$ 122,614,532</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - library grant	\$ 718,977	\$ -	\$ 718,977
Unearned revenue - municipal infrastructure	-	1,649,691	1,649,691
Unearned revenue - miscellaneous grants	21,235	-	21,235
Unearned revenue - property tax	102,275,915	192,563	102,468,478
Total deferred inflows of resources	<u>\$ 103,016,127</u>	<u>\$ 1,842,254</u>	<u>\$ 104,858,381</u>
NET POSITION			
Net investment in capital assets	\$ 289,131,520	\$ 25,828,208	\$ 314,959,728
Restricted net position for:			
Park development	7,090,185	-	7,090,185
Debt service	3,023,524	-	3,023,524
Community development	7,081,846	-	7,081,846
Library purposes	852,647	-	852,647
Human services	1,292,712	-	1,292,712
Deposit in WMMIC	2,459,264	-	2,459,264
Unrestricted net position	91,575,464	20,805,814	112,381,278
Total net position	<u>\$ 402,507,162</u>	<u>\$ 46,634,022</u>	<u>\$ 449,141,184</u>

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2013

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
Justice and public safety	\$ 57,865,553	\$ 11,509,340	\$ 2,484,817	\$ -	\$ (43,871,396)	\$ -	\$ (43,871,396)
Health and human services	71,005,269	8,949,650	32,455,618	-	(29,600,001)	-	(29,600,001)
Environment, parks and education	26,277,129	8,667,204	6,758,958	-	(10,850,967)	-	(10,850,967)
Public works	28,519,158	5,940,593	4,449,344	6,248,796	(11,880,425)	-	(11,880,425)
General government	15,849,099	4,827,900	2,757,796	-	(8,263,403)	-	(8,263,403)
Interest expense	2,038,738	-	-	-	(2,038,738)	-	(2,038,738)
Total Governmental Activities	201,554,946	39,894,687	48,906,533	6,248,796	(106,504,930)	-	(106,504,930)
BUSINESS-TYPE ACTIVITIES							
Radio services	398,840	471,885	-	-	-	73,045	73,045
Golf courses	3,153,650	2,680,873	-	-	-	(472,777)	(472,777)
Ice arenas	1,207,977	1,039,349	-	-	-	(168,628)	(168,628)
Materials recovery facility	2,357,619	1,189,428	948,963	-	-	(219,228)	(219,228)
Airport	1,808,523	747,358	-	1,330,518	-	269,353	269,353
Total Business-type Activities	8,926,609	6,128,893	948,963	1,330,518	-	(518,235)	(518,235)
Totals	\$ 210,481,555	\$ 46,023,580	\$ 49,855,496	\$ 7,579,314	\$ (106,504,930)	\$ (518,235)	\$ (107,023,165)
GENERAL REVENUES							
Property taxes					104,327,330	192,563	104,519,893
Grants and contributions, not restricted to specific programs					1,773,883	-	1,773,883
Investment earnings (loss)					(1,124,081)	20,643	(1,103,438)
Miscellaneous					6,932,258	373,311	7,305,569
Gain on disposal/sale of capital assets					407,419	-	407,419
Total General Revenues					112,316,809	586,517	112,903,326
Transfers					(142,500)	142,500	-
Change in Net Position					5,669,379	210,782	5,880,161
Net Position - Beginning of Year					396,837,783	46,423,240	443,261,023
Net Position - End of Year					\$ 402,507,162	\$ 46,634,022	\$ 449,141,184

See notes to financial statements.

MAJOR GOVERNMENTAL FUNDS

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

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

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

WAUKESHA COUNTY, WISCONSIN

BALANCE SHEET - ALL GOVERNMENTAL FUNDS
December 31, 2013

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 54,766,277	\$ 3,485,011	\$ 24,629,215	\$ 10,201,344	\$ 93,081,847
Receivables:					
Property taxes - delinquent	8,586,969	-	-	-	8,586,969
Property taxes levied for ensuing year's budget	79,592,706	13,210,000	1,950,000	5,924,603	100,677,309
Taxes levied for other governments	8,013,070	-	-	-	8,013,070
Accrued interest	523,346	-	-	-	523,346
Accounts	1,651,673	-	115,000	26,266	1,792,939
Due from other governments	6,685,448	-	404,274	2,665,557	9,755,279
Due from other funds	413,318	-	-	-	413,318
Prepaid items	109,889	-	-	-	109,889
Inventories	-	-	-	120,310	120,310
Advances to other funds	1,639,984	-	-	-	1,639,984
Long term receivable	-	-	-	5,822,420	5,822,420
Total assets	\$ 161,982,680	\$ 16,695,011	\$ 27,098,489	\$ 24,760,500	\$ 230,536,680
LIABILITIES					
Accounts payable	\$ 4,725,971	\$ -	\$ 2,951,926	\$ 1,197,317	\$ 8,875,214
Accrued compensation	4,811,571	-	-	59	4,811,630
Other liabilities	936,468	-	-	410	936,878
Due to other governments	8,563,116	-	-	207,399	8,770,515
Due to other funds	-	-	-	413,318	413,318
Other unearned revenue	453,570	-	-	22,751	476,321
Advances from other funds	-	-	4,000,000	-	4,000,000
Total liabilities	\$ 19,490,696	\$ -	\$ 6,951,926	\$ 1,841,254	\$ 28,283,876
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue - library grant	\$ -	\$ -	\$ -	\$ 718,977	\$ 718,977
Unavailable revenue - revolving loans	-	-	-	5,822,420	5,822,420
Unearned revenue - miscellaneous grants	21,235	-	-	-	21,235
Unavailable revenue - delinquent taxes	953,333	-	-	-	953,333
Unearned revenue - property tax	79,600,888	13,210,000	1,950,000	5,924,603	100,685,491
Total deferred inflows of resources	\$ 80,575,456	\$ 13,210,000	\$ 1,950,000	\$ 12,466,000	\$ 108,201,456
FUND BALANCES					
Non-spendable:					
Non-current interfunds	\$ 2,053,302	\$ -	\$ -	\$ -	\$ 2,053,302
Prepaid items	109,889	-	-	-	109,889
Inventories	-	-	-	120,310	120,310
Delinquent taxes	7,633,636	-	-	-	7,633,636
Restricted:					
Park purposes	189,992	-	-	6,900,193	7,090,185
Debt service	-	3,485,011	-	-	3,485,011
Community development	-	-	-	1,259,426	1,259,426
Library purposes	-	-	-	852,647	852,647
Human services	-	-	-	1,292,712	1,292,712
Committed:					
Sick leave payout	500,000	-	-	-	500,000
Interfund loan payment	4,000,000	-	-	-	4,000,000
Capital project purposes	-	-	18,196,563	-	18,196,563
Assigned:					
Jail assessment fees	1,094,538	-	-	-	1,094,538
Seized funds	485,968	-	-	-	485,968
Juror donations	2,681	-	-	-	2,681
Subsequent year's budget	4,087,132	-	-	27,958	4,115,090
Equipment replacement	1,248,400	-	-	-	1,248,400
Contingency fund	1,200,000	-	-	-	1,200,000
Capital project purposes	5,028,100	-	-	-	5,028,100
Unassigned	34,282,890	-	-	-	34,282,890
Total fund balances	\$ 61,916,528	\$ 3,485,011	\$ 18,196,563	\$ 10,453,246	\$ 94,051,348
Total liabilities, deferred inflows of resources and fund balances	\$ 161,982,680	\$ 16,695,011	\$ 27,098,489	\$ 24,760,500	\$ 230,536,680

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2013

Total Fund Balances - Governmental Funds	\$ 94,051,348
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds (excludes internal service funds). (see Note 2.A.)	359,599,037
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 2.A.)	(90,576,414)
Internal service funds are used by management to charge the costs of various services to individual funds and functional categories. The assets, liabilities and deferred inflows of the internal service funds are included in governmental activities in the statement of net position.	32,657,438
Other long term assets are not available to pay for current period expenditures and, therefore are not reported in the funds. (See Note 5)	6,775,753
Total Net Position - Governmental Activities	<u>\$ 402,507,162</u>

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUNDS
For The Year Ended December 31, 2013

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
General intergovernmental assistance	\$ 1,223,383	\$ -	\$ 550,500	\$ -	\$ 1,773,883
Intergovernmental contracts/grants	36,275,938	-	-	17,650,074	53,926,012
Taxes	79,480,305	13,355,000	2,000,000	5,134,276	99,969,581
Fines and licenses	3,383,551	-	-	-	3,383,551
Charges for services	22,922,497	-	-	1,828,686	24,751,183
Interdepartmental revenues	3,340,617	-	-	557,286	3,897,903
Investment earnings (loss)	(1,894,146)	121,779	223,998	90,219	(1,458,150)
Miscellaneous revenues	8,419,568	117,864	1,995,258	1,317,253	11,849,943
Total revenues	153,151,713	13,594,643	4,769,756	26,577,794	198,093,906
EXPENDITURES					
Current:					
Justice and public safety	56,078,311	-	-	-	56,078,311
Health and human services	67,131,378	-	-	2,786,194	69,917,572
Environment, parks and education	13,052,879	-	-	10,704,421	23,757,300
Public works	9,552,780	-	-	12,710,914	22,263,694
General government	10,406,087	-	-	-	10,406,087
Capital outlay:					
Justice and public safety	222,402	-	223,485	-	445,887
Health and human services	18,572	-	14,165,818	-	14,184,390
Environment, parks and education	312,628	-	2,819,107	430,340	3,562,075
Public works	124,807	-	9,007,218	41,031	9,173,056
General government	-	-	1,263,540	-	1,263,540
Debt service:					
Principal retirement	-	16,980,000	-	-	16,980,000
Interest and fiscal charges	-	2,040,889	-	-	2,040,889
Total expenditures	156,899,844	19,020,889	27,479,168	26,672,900	230,072,801
Excess of Revenues Over (Under) Expenditures	(3,748,131)	(5,426,246)	(22,709,412)	(95,106)	(31,978,895)
OTHER FINANCING SOURCES (USES)					
General obligation notes issued	-	4,550,000	17,000,000	-	21,550,000
Premium on general obligation notes issued	-	-	455,878	-	455,878
Transfers in	417,207	500,000	1,398,000	347,000	2,662,207
Transfers out	(3,150,654)	-	-	(297,207)	(3,447,861)
Total other financing sources (uses)	(2,733,447)	5,050,000	18,853,878	49,793	21,220,224
Net change in fund balances	(6,481,578)	(376,246)	(3,855,534)	(45,313)	(10,758,671)
Fund Balances - January 1	68,398,106	3,861,257	22,052,097	10,498,559	104,810,019
Fund Balances - December 31	\$ 61,916,528	\$ 3,485,011	\$ 18,196,563	\$ 10,453,246	\$ 94,051,348

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
December 31, 2013

Net changes in fund balances - total governmental funds	\$ (10,758,671)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets and contributions exceeded depreciation in the current period (see Note 2.B.)	20,916,979
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Position.	16,980,000
The issuance of long term debt is an other financing source in the governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.	(21,550,000)
Some expenses reported in the Statement of Activities, such as compensated absences and interest payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (see Note 2.B.)	(523,076)
Internal service funds are used by management to charge the costs of various services to individual funds and functional categories.	691,413
Governmental funds report loan repayments as revenues and the issuance of new loans as expenditures. These activities are reported as changes in loans receivable in the government-wide statements. Delinquent property taxes are also not expected to be paid during the current period and are not reported in the governmental funds.	(87,265)
Change in Net Position of Governmental Activities	<u>\$ 5,669,379</u>

See notes to financial statements.

MAJOR PROPRIETARY FUNDS

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

MATERIALS RECOVERY FACILITY FUND - To account for the operation and maintenance of the County recycling facility, located in Waukesha, Wisconsin.

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF NET POSITION - ALL PROPRIETARY FUNDS
December 31, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Materials Recovery Facility Fund	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 3,834,047	\$ 9,423,520	\$ 8,086,746	\$ 21,344,313	\$ 20,582,552
Receivables:					
Property taxes levied for ensuing year's budget	192,563	-	-	192,563	1,590,424
Accounts	-	-	2,221	2,221	303,068
Total receivables	192,563	-	2,221	194,784	1,893,492
Due from other governments	-	-	64,029	64,029	4,951
Prepaid items	-	-	-	-	229,764
Inventories	-	-	123,513	123,513	528,014
Total current assets	4,026,610	9,423,520	8,276,509	21,726,639	23,238,773
Noncurrent assets:					
Advances to other funds	-	4,000,000	461,609	4,461,609	-
Restricted cash and investments	-	-	-	-	411,583
Deposit in WMMIC	-	-	-	-	2,459,264
Capital assets:					
Construction in progress	54,450	-	138,205	192,655	1,439,586
Land	8,049,032	-	2,239,715	10,288,747	-
Buildings	7,368,219	2,001,179	10,104,379	19,473,777	4,122,283
Improvements other than buildings	16,277,852	-	3,009,515	19,287,367	22,089
Machinery and equipment	976,178	2,202,390	6,181,278	9,359,846	12,261,187
Software	-	-	-	-	46,343
Vehicles	-	-	-	-	14,338,790
Less accumulated depreciation	(16,049,907)	(3,464,424)	(13,259,853)	(32,774,184)	(17,363,063)
Total capital assets (net of accumulated depreciation)	16,675,824	739,145	8,413,239	25,828,208	14,867,215
Total noncurrent assets	16,675,824	4,739,145	8,874,848	30,289,817	17,738,062
Total assets	\$ 20,702,434	\$ 14,162,665	\$ 17,151,357	\$ 52,016,456	\$ 40,976,835
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 79,052	\$ 115,937	\$ 59,305	\$ 254,294	\$ 1,248,467
Accrued compensation	10,931	-	57,799	68,730	233,936
Other liabilities	51,043	-	-	51,043	108,331
Claims payable - current	-	-	-	-	3,489,384
Total current liabilities	141,026	115,937	117,104	374,067	5,080,118
Noncurrent liabilities:					
Advances from other funds	-	-	2,101,593	2,101,593	-
Claims payable	-	-	-	-	2,713,375
Total noncurrent liabilities	-	-	2,101,593	2,101,593	2,713,375
Total liabilities	\$ 141,026	\$ 115,937	\$ 2,218,697	\$ 2,475,660	\$ 7,793,493
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue - property tax	\$ 192,563	\$ -	\$ -	\$ 192,563	\$ 1,590,424
Unearned revenue - municipal infrastructure	-	-	1,649,691	1,649,691	-
Total deferred inflows of resources	\$ 192,563	\$ -	\$ 1,649,691	\$ 1,842,254	\$ 1,590,424
NET POSITION					
Net investment in capital assets	\$ 16,675,824	\$ 739,145	\$ 8,413,239	\$ 25,828,208	\$ 14,867,215
Restricted for deposit in WMMIC	-	-	-	-	2,459,264
Unrestricted	3,693,021	13,307,583	4,869,730	21,870,334	14,266,439
Total net position	\$ 20,368,845	\$ 14,046,728	\$ 13,282,969	47,698,542	\$ 31,592,918
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(1,064,520)	
Net Position of Business-type Activities				\$ 46,634,022	

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Materials Recovery Facility Fund	Other Enterprise Funds		
OPERATING REVENUES					
Charges for services					
County park fees	\$ -	\$ -	\$ 3,720,222	\$ 3,720,222	\$ -
Other	747,358	104,567	471,885	1,323,810	3,526,689
Interdepartmental revenues	-	-	570,434	570,434	31,756,854
Miscellaneous revenues					
Recoveries	31,983	-	-	31,983	1,325,576
Other	-	1,084,861	341,328	1,426,189	41,054
Total operating revenues	779,341	1,189,428	5,103,869	7,072,638	36,650,173
OPERATING EXPENSES					
Salaries	171,273	231,689	1,705,188	2,108,150	4,433,687
Benefits	52,165	90,981	555,662	698,808	1,583,323
Insurance and claims expense	-	-	-	-	21,921,274
Operating	455,260	1,653,568	1,404,403	3,513,231	7,284,684
Interdepartmental	146,016	209,521	1,012,940	1,368,477	810,674
Depreciation	968,324	166,872	596,948	1,732,144	3,004,742
Total operating expenses	1,793,038	2,352,631	5,275,141	9,420,810	39,038,384
Operating loss	(1,013,697)	(1,163,203)	(171,272)	(2,348,172)	(2,388,211)
NON-OPERATING REVENUES					
General property taxes	192,563	-	-	192,563	1,621,424
Intergovernmental contracts/grants					
State aid - recycling	-	948,963	-	948,963	-
Investment earnings	606	-	20,037	20,643	334,068
Gain on disposal of capital assets	-	-	-	-	404,745
Total non-operating revenues	193,169	948,963	20,037	1,162,169	2,360,237
Loss before transfers and contributions	(820,528)	(214,240)	(151,235)	(1,186,003)	(27,974)
Transfers in	-	-	142,500	142,500	763,154
Transfers out	-	-	-	-	(120,000)
Total transfers	-	-	142,500	142,500	643,154
Income (loss) before contributions	(820,528)	(214,240)	(8,735)	(1,043,503)	615,180
Capital contributions	1,330,518	-	-	1,330,518	-
Change in net position	509,990	(214,240)	(8,735)	287,015	615,180
Net position - January 1	19,858,855	14,260,968	13,291,704		30,977,738
Net position - December 31	\$ 20,368,845	\$ 14,046,728	\$ 13,282,969		\$ 31,592,918
Adjustment to reflect the consolidation of current year internal service fund activities related to enterprise funds				(76,233)	
Change in net position of business-type activities				\$ 210,782	

See notes to financial statements.

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Materials Recovery Facility Fund	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 779,341	\$ 1,206,535	\$ 4,930,311	\$ 6,916,187	\$ 5,112,741
Receipts from interfund services provided	-	-	570,434	570,434	31,756,655
Payments to suppliers	(394,221)	(1,572,939)	(1,544,234)	(3,511,394)	(27,769,235)
Payments to employees	(219,515)	(322,670)	(2,254,632)	(2,796,817)	(6,014,527)
Payments for interfund services used	(146,016)	(209,521)	(1,012,940)	(1,368,477)	(810,674)
Total cash flows from operating activities	19,589	(898,595)	688,939	(190,067)	2,274,960
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers to other funds	-	-	-	-	(120,000)
Transfers from other funds	-	-	142,500	142,500	763,154
Receipts from intergovernmental contracts/grants	-	948,963	-	948,963	-
Receipts from general property taxes	192,563	-	-	192,563	1,621,424
Total cash flows from non-capital financing activities	192,563	948,963	142,500	1,284,026	2,264,578
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	(117,298)	(203,126)	(320,424)	(3,391,648)
Proceeds from sales of capital assets	-	-	-	-	433,784
Capital contributions	17,499	-	-	17,499	-
Total cash flows from capital and related financing activities	17,499	(117,298)	(203,126)	(302,925)	(2,957,864)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	606	-	20,037	20,643	334,068
Total cash flows from investing activities	606	-	20,037	20,643	334,068
Net change in cash and cash equivalents	230,257	(66,930)	648,350	811,677	1,915,742
Cash and Cash Equivalents, Beginning of Year	3,603,790	9,490,450	7,438,396	20,532,636	19,078,393
Cash and Cash Equivalents, End of Year	\$ 3,834,047	\$ 9,423,520	\$ 8,086,746	\$ 21,344,313	\$ 20,994,135
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital asset contributions	\$ 1,330,518	\$ -	\$ -	\$ -	\$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating loss	\$ (1,013,697)	\$ (1,163,203)	\$ (171,272)	\$ (2,348,172)	\$ (2,388,211)
Depreciation expense	968,324	166,872	596,948	1,732,144	3,004,742
(Increase) Decrease in accounts receivable	-	17,107	2,979	20,086	223,082
(Increase) Decrease in due from other governments	-	-	(24,233)	(24,233)	(3,647)
(Increase) Decrease in prepaid items	-	-	1,080	1,080	(119,654)
(Increase) Decrease in inventories	-	-	11,838	11,838	(44,249)
Increase (Decrease) in accounts payable	61,039	80,629	(149,671)	(8,003)	291,816
Increase (Decrease) in accrued compensation	3,923	-	6,218	10,141	2,483
Increase (Decrease) in other liabilities	-	-	(3,078)	(3,078)	(2,662)
Increase (Decrease) in unearned revenue	-	-	418,130	418,130	-
Increase (Decrease) in claims payable	-	-	-	-	1,311,260
Net cash flows from operating activities	\$ 19,589	\$ (898,595)	\$ 688,939	\$ (190,067)	\$ 2,274,960

(CONTINUED)

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
For The Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Airport Operations/ Development Fund	Materials Recovery Facility Fund	Other Enterprise Funds		
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED STATEMENT OF NET POSITION					
Cash and investments - statement of net position	\$ 3,834,047	\$ 9,423,520	\$ 8,086,746	\$ 21,344,313	\$ 20,582,552
Restricted cash and investments - statement of net position	-	-	-	-	411,583
Cash and cash equivalents - end of year	\$ 3,834,047	\$ 9,423,520	\$ 8,086,746	\$ 21,344,313	\$ 20,994,135

See notes to financial statements.

(CONCLUDED)

FIDUCIARY FUNDS

AGENCY FUNDS

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

WAUKESHA COUNTY, WISCONSIN

STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUNDS

December 31, 2013

	Agency Funds
ASSETS	
Cash and investments	\$ 32,959,649
Total assets	<u>\$ 32,959,649</u>
LIABILITIES	
Other liabilities	\$ 3,701,550
Due to other governments	29,258,099
Total liabilities	<u>\$ 32,959,649</u>

See notes to financial statements.

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WAUKESHA COUNTY, WISCONSIN
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December 31, 2013

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WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

This report includes all of the funds of Waukesha County. The reporting entity for the County consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The county has not identified any organizations that meet this criteria.

B. Government-Wide and Fund Financial Statements

In November 2010, the GASB issued statement No. 61 – *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This standard was implemented effective January 1, 2013. Under this statement, the Waukesha County Housing Authority is no longer considered a component unit of the County. The Housing Authority is a related organization.

In March 2012, the GASB issued statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

The County reports the following major governmental and enterprise funds:

Major Governmental Funds

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

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

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

Major Enterprise Funds

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

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

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

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

Aging and Disability Resource Center Grant Fund
Federated Library Fund
Café Shared Automation Fund
Walter Tarmann Fund
Land Information System Fund
Transportation Fund
Community Development Fund

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

Golf Course Fund
Ice Arena Fund
Radio Services Fund

In addition, the County reports the following fund types:

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

Health and Dental Insurance Fund
Vehicle Replacement Fund
Risk Management/Self Insurance Fund
Central Fleet Maintenance Fund
Communications Fund
Collections Fund
End User Technology Fund

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

Agency funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Dog License Fund	Homemaker Fund
Burial Fund	Representative Payee Fund
Unclaimed Property Fund	Sheriff Processing Fee
Flexible Spending Account	Deferred Compensation Administration
Huber Law Fund	Main Jail Fund
Workforce Development Center Fund	Municipal Property Tax Collections
District Attorney NSF Fund	Clerk of Courts Fund

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

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

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

Revenues susceptible to accrual include general intergovernmental assistance, intergovernmental contracts/grants, interdepartmental revenues, property taxes, miscellaneous taxes, charges for services,

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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

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

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

1. Deposits and Investments

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

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

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

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

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment earnings. Investment earnings on commingled investments of various County funds is allocated based on average balances, in accordance with adopted policies. A total of \$613,593 of investment interest was allocated to other funds in 2013.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Statutes Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2013, the County's share of the LGIP's assets are reported at fair value. See Note 4 for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the County, taxes are collected for and remitted to the state and local governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of assets and liabilities.

Property tax calendar – 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes in full	January 31, 2014
Tax sale – 2013 delinquent real estate taxes	October 2016

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

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

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the average cost method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are valued at cost based on the average cost method and charged to operation and maintenance expense when used. Inventory quantities at December 31, 2013 were determined by physical counts.

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

4. Restricted Assets

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

5. Capital Assets

GOVERNMENT –WIDE STATEMENTS

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest expense was capitalized in 2013. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

Buildings	25-40 Years
Land Improvements	20 Years
Vehicles	2-10 Years
Machinery and Equipment	2-15 Years
Software	3 Years
Infrastructure	15-50 Years

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

FUND FINANCIAL STATEMENTS

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

6. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2013 are determined on the basis of current salary rates and include salary related payments.

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

7. Long-Term Obligations/Conduit Debt

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

The County does not engage in conduit debt transactions.

8. Deferred Inflows of Resources

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

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

9. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

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

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

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

FUND STATEMENTS

Governmental fund equity is classified as fund balance and is classified into these five components: nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance is inherently so; it is the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Restricted fund balance has externally enforceable limitations on use, either by creditors, grantors, contributors, or laws and regulations. Committed fund balance has self-imposed limitations (through formal action of ordinance by the County Board) set in place prior to the end of the period. Assigned fund balance has limitations established by The Director of Administration; the County Board takes official action to assign amounts through ordinance, adoption of the annual budget, and adoption of the capital projects plan. Unassigned fund balance is the residual amount left, or surplus.

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

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

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

10. Prior Period Information

Prior period information has not been presented in the statements since their inclusion would make the statements unduly complex and difficult to read.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Land	\$52,881,764
Construction in progress	29,677,971
Buildings and improvements	215,866,882
Machinery, equipment, and vehicles	46,373,861
Software	7,863,867
Infrastructure	239,971,746
Less: Accumulated depreciation	(218,169,839)
Less: Internal service fund capital assets, net of depreciation	(14,867,215)
Adjustment for Capital Assets	<u>\$359,599,037</u>

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

Notes payable	\$84,235,000
Unamortized debt premium	1,128,333
Unamortized debt discount	(28,603)
Compensated absences	4,780,195
Accrued interest payable	461,489
Total	<u>\$90,576,414</u>

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

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

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

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

Capital outlay per fund financial statements	\$28,628,948
Some items are recorded as capital outlay in the fund financial statements, but do not meet the County's capitalization policy, and therefore are not capitalized in the government-wide statements	(1,832,383)
Some additions to capital assets are contributed to the County and therefore are not reported as expenditures in the fund financial statements	6,248,796
Depreciation expense (net of internal service funds)	(12,128,382)
Total	\$20,916,979

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

Debt premium (discount)	\$ (311,405)
Compensated absences	(69,349)
Accrued interest payable	14,964
Debt issuance costs	(157,286)
Total	\$ (523,076)

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

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

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

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

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

Supplemental appropriations necessary for 2013 were as follows:

	Adopted Budget	Modified Budget*	Change
General	\$ 157,207,925	\$ 161,347,062	\$ 4,139,137
Special Revenue	24,428,913	25,488,107	1,059,194
Debt Service	14,783,365	19,383,365	4,600,000
Capital projects	26,122,000	26,197,000	75,000
Enterprise	8,977,845	9,001,845	24,000
Internal Service	40,569,248	41,229,248	660,000
Totals	\$ 272,089,296	\$ 282,646,627	\$ 10,557,331

*Excludes carryover project funds from prior years for general (\$1,131,347) special revenue (\$6,022,523), capital projects (\$25,488,809), enterprise (\$133,292) and internal service (\$209,114).

The adopted budgets for the general, special revenue, debt service and capital project funds are prepared on a basis consistent with generally accepted accounting principles. A comparison of budget and actual is included in the accompanying financial statements for governmental fund types with annual budgets.

The adopted budgets for enterprise and internal service funds are prepared on a basis consistent with generally accepted accounting principles. Both budget and accounting treat depreciation as an expense and for budget purposes capital outlay is a memo entry only.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

Budget and actual comparisons (excluding capital project revenues and expenses) of the County's enterprise and internal service funds for the year ended December 31, 2013 are as follows:

Enterprise Funds	Revenues		Expenses	
	Budget	Actual	Budget	Actual
Airport *	\$ 1,193,798	\$ 2,303,028	\$ 1,193,798	\$ 1,163,295
Golf Courses	3,238,071	2,707,955	3,238,071	3,117,532
Ice Arena *	1,107,540	1,192,835	1,107,540	1,085,086
Radio Services *	928,277	1,365,616	928,277	898,500
Materials Recovery Facility	2,667,451	2,138,391	2,667,451	2,352,631
Internal Service Funds				
Health and Dental Insurance	\$ 21,786,735	\$ 21,238,703	\$ 21,786,735	\$ 20,395,377
Vehicle Replacement	2,773,466	2,755,844	2,773,466	2,541,374
Risk Mgmt/Self-Insurance	3,085,455	3,115,607	\$3,085,455	3,085,455
Central Fleet Maintenance	3,946,289	3,894,196	3,946,289	3,867,976
Communications	795,810	761,405	795,810	776,082
Collections	844,025	711,076	964,025	935,363
End User Technology Fund	8,086,583	7,296,733	8,086,583	7,556,758

*Actual expenses exclude depreciation expense for capital assets acquired by grants externally restricted for capital acquisitions and construction (Radio Services, \$57,419; Ice Arena, \$116,604; Airport, \$629,743).

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

No funds had excess expenditures over appropriations.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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

C. DEFICIT BALANCES

No funds had a deficit balance at December 31, 2013.

D. PROPERTY TAX LEVY INCREASE LIMITS

Enrolled 2012 Wisconsin Act 32 (2012-2013 State Budget) imposed new local tax levy increase limits for the 2012 and 2013 budgets. The law allows a County to increase its total property tax levy for the 2012 or 2013 Budgets by the percentage change in the County growth in equalized value due to net new construction between the previous year and the current year. It continues major current law exemptions including the Federated Library system tax levy, debt service tax levy (including related refinancings and refundings) and bridge and culvert repair aids to towns paid with County tax levy and an exemption provision to allow for payments of consolidated (shared) services. In addition, unused tax levy authority up to a maximum of 0.5% of the prior year levy could be carried forward by a super majority vote of the County Board. Waukesha County did not utilize the unused levy carry forward to meet its 2013 tax levy budget. The 2013 Waukesha County Budget meets the tax levy limit as adopted in Wisconsin Act 32.

E. PROPERTY TAX LEVY RATE LIMIT

Since 1993, limits have been imposed on the property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 Budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the county qualifies for one of the exceptions allowed under the statute, as described below. The statute establishes specific penalties for failure to meet the freeze requirements. Among the penalties for exceeding the limits is a reduction of state shared revenues and transportation aids.

The operating levy rate can be exceeded only if responsibility for services is transferred to the county from another governmental unit (transfers by the county to other governmental units reduce the maximum rate) or if an increase in the maximum rate is approved by referendum. The limits for the operating levy rate are suspended for property taxes levied in 2013.

A county can exceed the debt service levy limit if the individual borrowing is adopted by at least three-fourths vote of the county board. The Waukesha County Board has adopted each debt issue since the tax levy limits took effect by votes of greater than 3/4 of the members elect. Therefore, each note issued is not subject to the debt service rate limit.

The 2013 Budget is within both the operating and debt tax levy rate limitations contained in the state law, and is within the limit even without the exception from the debt service rate limits, which apply to the County's obligations.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 4 – DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds, except Agency Funds. The deposits and investments of the Agency Funds are held separately from those of other County funds. The deposit and investment balances of the various fund types on December 31, 2013 are as follows:

General Fund	\$54,766,277
Special Revenue Funds	10,201,344
Debt Service Funds	3,485,011
Capital Projects Funds	24,629,215
Enterprise Funds	21,344,313
Internal Service Funds	20,582,552
Internal Service Funds – Restricted	411,583
Agency Funds	32,959,649
Total	\$168,379,944

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

Investment Risk Factors

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

Credit Risk

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

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

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

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

The credit risk profile for fixed income securities at December 31, 2013 is as follows:

U.S. Government Guaranteed	
U.S. Treasury	\$35,624,535
U.S. Agencies	84,087,196
Total U.S. Government Guaranteed	\$119,711,731
Money Market Accounts	
AAAm	\$3,480,426
Unrated - Wisconsin Local Government Investment Pool	409,543
Total Money Market Accounts	\$3,889,969
U.S. Agencies	
AAA rated	\$4,417,496
Municipal Bonds	
AAA rated	\$2,623,351
AA rated	\$4,429,860
Total Municipal Bonds	\$7,053,211
Corporate Bonds	
AAA rated	\$1,520,885
AA rated	\$3,395,227
Total Municipal Bonds	\$4,916,112
Grand Total	\$139,988,519

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian holding the County's deposits and investments, the deposits and investments may not be returned.

As of December 31, 2013 the carrying amount of the County's deposits was \$28,200,691 and the bank balance was \$19,482,086. \$19,482,086 of the bank balance at year-end was covered by Federal and State depository insurance or by collateral held by the County's agent in the County's name. None of the bank balance was uninsured or uncollateralized at year-end. In addition, the County maintains petty cash funds in the amount of \$190,734. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

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

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

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

Concentration of Credit Risk

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

Major issuers (over five percent of total investments) in the County's portfolio as of December 31, 2013 are as follows:

Issuer	Amount	Percentage
Federal National Mortgage Association	\$36,961,620	27.2%
US Treasury	35,624,535	26.2%
Other Issuers (none over 5%)	17,780,973	13.1%
Federal Home Loan Mortgage Corp.	16,858,993	12.4%
US Small Business Administration	15,109,372	11.1%
Government National Mortgage Association	13,763,057	10.0%
Grand Total	\$136,098,550	100.0%

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

Interest Rate Risk

The maturity limits in the County's investment policy are 120 days average maturity for money markets,

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 – DEPOSITS AND INVESTMENTS (CONT'D)

270 days for commercial paper, (which the County does not currently own) and 7 years on out of state general obligation securities. The County doesn't have any overall restrictions, and instead manages risk on an individual portfolio basis.

The County's Investment Policy specifies duration as the method to manage interest rate risk for its investments. In practice, the County contracts with professional portfolio management firms for its investments. Each portfolio management firm has been assigned a widely recognized benchmark or combination of benchmarks thereof, consistent with their management strategy. Dana Investment Advisors has been assigned a hybrid index consisting of 70 percent of the Citigroup 1 Year Treasury Index and 30 percent of the Merrill Lynch Mortgage Backed Index as their benchmark. J.P. Morgan Asset Management and Galliard Capital Management have been assigned a hybrid index consisting of 70 percent of the Barclays Capital Intermediate Government Index and 30 percent of the Barclays Capital Mortgage Index as their benchmark. Galliard Capital Management – Corporate Portfolio has been assigned the Barclays 1-5 Year US Corporate Index.

In addition to using the assigned benchmarks to evaluate the performance of the portfolio management firms, the firms also manage interest rate risk by maintaining the effective duration of their portfolios consistent to the duration of the assigned benchmark. The duration of the County's overall investments at December 31, 2013 is as follows (total duration includes money market accounts, which are not listed in the table):

Investment Type	Amount	Effective Duration
Federal Agency Coupon Securities	14,599,890	3.75 years
U.S. Treasury Coupon Securities	17,051,902	4.28 years
U.S. Treasury Discount Securities	8,613,610	5.71 years
U.S. Treasury Inflation Protected Securities	9,959,023	1.24 years
Federal Agency Mortgage Pass Through Securities	71,628,898	3.52 years
Reverse Mortgage Securities	2,275,904	2.72 years
Municipal Bonds	7,053,211	3.05 years
Corporate Bonds	4,916,112	2.88 years
Grand Total	\$136,098,550	3.12 years

For money market fund investments, weighted average maturity is used to measure interest rate risk. The weighted average maturity of all of the County's money market investments at December 31, 2013 is as follows:

Fund Name	Amount	Weighted Average Maturity
Federated Government Obligations Fund	\$234,009	51 days
JP Morgan Government Money Market Fund	3,246,417	48 days
Grand Total	\$3,480,426	

Foreign Currency Risk

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

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 5 – RECEIVABLES

Property Taxes

The County's property taxes are levied on or before December 31 on the equalized valuation as of the prior January 1 for all general property located in the County. The taxes are due and payable in the following year. Such amounts are recorded as property taxes receivable and unearned revenues in the accompanying financial statements. The aggregate levy of \$102,460,296 will be recognized as revenue during 2014.

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

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

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

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

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

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

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 5 - RECEIVABLES (CONT'D)

At December 31, 2013, delinquent property taxes by year levied consisted of the following:

Tax Certificates	Total	County Levied	County Purchased
2012	\$ 4,832,126	\$ 540,232	\$ 4,291,894
2011	2,358,346	262,720	2,095,626
2010	1,064,877	113,409	951,468
2009	66,210	7,343	58,867
2008	19,552	2,127	17,425
2007	305	34	271
2006 and prior	3,459	393	3,066
Tax Deeds	242,094	27,075	215,019
Total Delinquent Property Taxes Receivable	\$ 8,586,969	\$ 953,333	\$ 7,633,636

Noncurrent Receivables

The amount of receivables not expected to be collected within one year includes an estimated \$6.1 million of property taxes and \$5.4 million of CDBG loans.

Unearned and Unavailable Revenue

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

	Unavailable	Unearned
Property taxes receivable for subsequent year	\$0	\$100,685,491
Delinquent property taxes receivable	953,333	0
CDBG loans receivable	5,822,420	0
Grant draw downs prior to meeting all eligibility requirements	0	1,216,533
Total unavailable/unearned revenue for governmental funds	\$6,775,753	\$101,902,024
Unearned property tax revenue for internal service funds		1,590,424
Total unearned revenue for governmental activities		\$103,492,448

Unearned revenue included in liabilities	\$476,321
Unearned revenue included in deferred inflows	103,016,127
Total unearned revenue for governmental activities	<u>\$103,492,448</u>

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 6– DUE FROM OTHER GOVERNMENTS

At December 31, 2013, amounts due from other governments consisted of the following:

Federal:	
CDBG Grants	1,011,339
Health and Human Services Aid	3,215,680
Dept of Justice/U.S. Marshall	79,926
Other Federal	11,748
State:	
Health and Human Services Aid	2,244,785
Dept of Transportation	1,195,127
Other State	1,230,055
County and Municipal	835,599
Total per Statement of Net Position	\$ 9,824,259

NOTE 7– LONG TERM RECEIVABLES

Community Development Programs. As of December 31, 2013, \$5,822,420 is receivable from cities, villages, towns and non-profit corporations for federally funded Housing Assistance, Economic Development, and HOME loan programs.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 8- CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

Governmental Activities	Balance 1/1/2013	Additions	Deletions	Adjustments*	Balance 12/31/2013
Capital assets not being depreciated:					
Land	\$ 51,424,381	\$ 1,222,090	\$ -	\$ 235,294	\$ 52,881,764
Construction in progress	\$ 43,404,573	\$ 26,591,450	\$ 40,318,052	\$ -	\$ 29,677,971
Other Capital Assets					
Buildings	\$ 164,454,449	\$ 32,337,460	\$ -	\$ (1,339,685)	\$ 195,452,224
Land improvements	18,961,565	103,285	-	1,349,808	20,414,658
Machinery and equipment	33,215,765	1,042,298	2,165,698	(1,165,507)	30,926,858
Software	5,399,148	2,844,739	-	(380,020)	7,863,867
Vehicles	14,648,942	2,234,910	1,250,183	(186,666)	15,447,003
Infrastructure	229,942,974	10,665,962	546,901	(90,289)	239,971,746
Total other capital assets at historical cost	<u>\$ 466,622,843</u>	<u>\$ 49,228,654</u>	<u>\$ 3,962,782</u>	<u>\$ (1,812,359)</u>	<u>\$ 510,076,356</u>
Less: Accumulated Depreciation/Amortization for:					
Buildings	\$ 57,029,755	\$ 4,387,056	\$ -	\$ (33,828)	\$ 61,382,983
Land improvements	12,007,119	836,235	-	212,842	13,056,196
Machinery and equipment	27,176,616	1,610,311	2,163,328	(968,952)	25,654,647
Software	883,944	1,180,456	-	(84,863)	1,979,537
Vehicles	6,162,654	1,989,577	1,225,141	1,240,826	8,167,916
Infrastructure	104,903,673	5,129,489	524,080	(1,580,522)	107,928,559
Total Accumulated Depreciation/Amortization	<u>\$ 208,163,761</u>	<u>\$ 15,133,124</u>	<u>\$ 3,912,549</u>	<u>\$ (1,214,497)</u>	<u>\$ 218,169,839</u>
Net Other Capital Assets	<u>\$ 258,459,083</u>	<u>\$ 34,095,530</u>	<u>\$ 50,233</u>	<u>\$ (597,862)</u>	<u>\$ 291,906,518</u>
Total Governmental Activities Capital Assets	<u>\$ 353,288,036</u>	<u>\$ 61,909,070</u>	<u>\$ 40,368,285</u>	<u>\$ (362,568)</u>	<u>\$ 374,466,251</u>

* Adjustments are due to the conversion to a new financial system and reclassifications between functional areas that were identified during the conversion.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 8– CAPITAL ASSETS

Depreciation expense was charged to functions as follows:

Justice and Public Safety	\$2,657,180
Health & Human Services	924,514
Environment, Parks, and Education	1,255,944
Public Works (includes roads, bridges, signals, buildings)	6,550,477
General Government	740,267
Risk Management	212
Vehicle Replacement Fund	2,419,973
Central Fleet	127,471
Communications	9,088
Collections	11,621
End User Technology Fund	436,377
Total Governmental Activities Depreciation Expense	<u>\$15,133,124</u>

Business-Type Activities	Balance 1/1/2013	Additions	Deletions	Adjustments*	Balance 12/31/2013
Capital assets not being depreciated:					
Land	\$ 10,288,747	\$ -	\$ -	\$ -	\$ 10,288,747
Construction in progress	\$ 186,960	\$ 218,079	\$ 212,384	\$ -	\$ 192,655
Other Capital Assets					
Buildings	\$ 18,497,334	\$ 158,595	\$ -	\$ 817,847	\$ 19,473,777
Land improvements	18,711,656	1,393,827	-	(818,116)	19,287,367
Machinery and equipment	9,266,241	119,926	4,766	(21,555)	9,359,846
Total other capital assets at historical cost	<u>\$ 46,475,231</u>	<u>\$ 1,672,348</u>	<u>\$ 4,766</u>	<u>\$ (21,824)</u>	<u>\$ 48,120,990</u>
Less: Accumulated depreciation for:					
Buildings	\$ 9,581,103	\$ 615,247	\$ -	\$ 988,755	\$ 11,185,105
Land improvements	13,399,900	807,957	-	(991,069)	13,216,788
Machinery and equipment	8,043,026	307,351	4,766	26,680	8,372,291
Total Accumulated Depreciation	<u>\$ 31,024,029</u>	<u>\$ 1,730,555</u>	<u>\$ 4,766</u>	<u>\$ 24,366</u>	<u>\$ 32,774,184</u>
Net Other Capital Assets	<u>\$ 15,451,202</u>	<u>\$ (58,206)</u>	<u>\$ -</u>	<u>\$ (46,190)</u>	<u>\$ 15,346,806</u>
Total Business-Type Activities Capital Assets	<u>\$ 25,926,909</u>	<u>\$ 159,873</u>	<u>\$ 212,384</u>	<u>\$ (46,190)</u>	<u>\$ 25,828,208</u>

* Adjustments are due to the conversion to a new financial system and reclassifications between functional areas that were identified during the conversion.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 8 – CAPITAL ASSETS (CONT'D)

Depreciation expense was charged to functions as follows:

Radio Services	\$ 173,248
Golf Courses	172,941
Ice Arenas	250,759
Materials Recovery Facility	166,872
Airport	968,324
Total Business-type Activities Depreciation Expense	<u>\$ 1,732,144</u>

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

NOTE 9- INTERFUND RECEIVABLES/PAYABLES/ADVANCES AND TRANSFERS

Individual fund interfund receivable and payable balances for overdrafts on pooled cash accounts at December 31, 2013 were as follows:

Receivable Fund	Payables Fund	Amount	Amount Not Due Within One Year
General Fund	Transportation Fund	\$ 413,318	\$ 413,318
Less fund eliminations		(413,318)	
Governmental Activities – internal services allocations	Business-type Activities – internal services allocations	1,064,520	
Total - Government-wide statement of Net Position		\$ 1,064,520	

Individual balances for interfund advances at December 31, 2013 are shown below. The principal purpose of these interfunds is to provide funding for capital projects through internal borrowing.

Receivable Fund	Payables Fund	Amount	Amount Not Due Within One Year	Purpose
General Fund	Ice Arena Fund	\$1,639,984	\$1,639,984	Building Construction
Golf Course Fund	Ice Arena Fund	461,609	461,609	Building Construction
Materials Recovery Facility	Capital Projects Fund	4,000,000	4,000,000	Capital Project Funding
Subtotal - Fund financial statements		\$6,101,593	6,101,593	
Less fund eliminations		(3,741,577)		
Total – Government-wide statement of net position		\$2,360,016		

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 9 - INTERFUND RECEIVABLES/PAYABLES/ADVANCES AND TRANSFERS (CONT'D)

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

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

The following is a schedule of interfund transfers:

Fund Transferred From	Fund Transferred To	Amount	Principal Purpose
Community Development Fund	General Fund	\$20,171	Fund Balance Transfer
Transportation Fund	General Fund	277,036	Surplus Funds
General Fund	Transportation	\$347,000	Operating budget support
General Fund	Ice Arenas	142,500	Capital project support
General Fund	Debt Service	500,000	Debt retirement
General Fund	Risk Management	763,154	Operating budget and additional support
General Fund	Capital Projects Fund	1,398,000	Capital project support
Sub-total		\$3,447,861	
Proprietary:			
Collections Fund	General Fund	120,000	Repay start-up costs
Subtotal Fund Financial Statements		\$3,567,861	
Less: Fund Eliminations		(3,425,361)	
Grand Total - Statement of Activities		\$142,500	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 10– LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt	\$79,665,000	\$21,550,000	(\$16,980,000)	\$84,235,000	\$12,220,000
Unamortized debt premium (discount)	788,325	455,878	(144,473)	1,099,730	0
Compensated Absences (Note 1.D.6)	4,710,846	4,780,195	(4,710,846)	4,780,195	4,780,195
Total Governmental Activities	\$85,164,171	\$26,786,073	(\$21,835,319)	\$90,114,925	\$17,000,195

General Obligation Debt

The County has issued general obligation debt for the purpose of financing various capital improvements. All general obligation notes and bonds payable are backed by the full faith and credit of the County. Notes and bonds in the governmental funds will be retired by future property tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed five percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2013, based on an equalized value of \$47,217,366,700 was \$2,360,868,335. Total general obligation debt outstanding at year-end was \$84,235,000.

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/13
Governmental Activities					
2007A GOPN	05/15/07	04/01/17	3.75%-3.875%	10,000,000	5,500,000
2008A GOPN	05/01/08	04/01/18	3.25%-3.50%	10,000,000	7,200,000
2009A GOPN	04/15/09	04/01/19	1.50%-3.375%	15,700,000	6,900,000
2010A TGOPN (RZEDB)	06/08/10	04/01/20	0.85%-4.05%	9,000,000	8,250,000
2011A GOPN	07/19/11	04/01/21	1.25%-2.75%	19,490,000	11,215,000
2012A GOPRN	04/02/12	04/01/15	1.19%	6,635,000	4,120,000
2012B GOPN	06/12/12	04/01/22	2.00%-2.125%	20,000,000	19,500,000
2013A GOPRN	01/03/13	04/01/16	0.65%	4,550,000	4,550,000
2013B GOPN	05/14/13	04/01/23	2.00%-2.25%	17,000,000	17,000,000
Total					\$84,235,000

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

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

Debt service requirements to maturity are as follows:

Governmental Activities General Obligation Debt		
	Principal	Interest
Years		
2014	\$12,220,000	\$1,903,154
2015	12,305,000	1,640,422
2016	11,920,000	1,339,082
2017	11,485,000	1,023,990
2018	10,735,000	729,140
2019-2023	25,570,000	1,059,535
Total	\$84,235,000	\$7,695,323

As of December 31, 2013, \$3,485,011 is available in the governmental funds to service the general obligation debt.

Other Debt Information

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

Current Refunding

On January 3, 2013, the County issued \$4,550,000 in general obligation promissory notes with an average interest rate of 0.65% to current refund \$4,600,000 of outstanding Series 2006 general obligation promissory notes with an average interest rate of 4.0%.

The cash flow requirement on the refunded notes prior to the current refunding was \$4,843,438 from 2013 through 2016. The cash flow requirements on the Series 2013 general obligation promissory notes are \$4,609,879 from 2013 through 2016. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$254,031.

NOTE 11– LEASE DISCLOSURES

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

Operating Leases

1. The County has had a lease agreement with the WCTC Foundation for the rental of space in a building known as the Workforce Development Center since 1995. The lease in effect for 2013, which covers 4,271 square feet, included operating costs of \$6.21 per square foot and a sinking fund payment (for capital improvements and maintenance) of \$0.55 per square foot. Costs for the operating portion are adjusted annually for the increase or decrease in the Consumer Price Index (CPI). Costs for the sinking fund are not subject to a CPI adjustment. The resulting actual 2013 lease costs are detailed on the following page.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 11– LEASE DISCLOSURES (CONT'D)

Operating costs	\$	32,756
Sinking fund: Capital improvements/major maintenance		2,349
Total	\$	35,105

The lease in effect for 2013 was year two of a five year extension on the previous lease, which expired on December 31, 2011. Beginning in 2012, the County must pay an additional \$1.46 per square foot each year (\$6,236) for the term of the agreement to WCTC Foundation as a management fee. This fee is not subject to any CPI adjustments.

2. The County, through the Airport Commission, oversees the overall operation of the airport, and is lessor of the facility under various operating leases for periods ranging from 2014 through 2042. Operating leases at December 31, 2013 provide for the following future minimum lease payments:

Year	Amount
2014	\$ 313,996
2015	282,747
2016	282,747
2017	271,675
2018	229,260
2019-2023	1,009,790
2024-2028	970,937
2029-2033	849,606
2034-2038	432,883
2039-2042	141,074
Total	\$ 4,784,716

The leased facilities have a cost of \$2,947,806, accumulated depreciation of \$2,100,730, and a net book value of \$847,076.

NOTE 12 –GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government wide statement of net position at December 31, 2013 includes the following:

Net investment in capital assets:	
Land	\$52,881,764
Construction in progress	29,677,971
Other capital assets, net of accumulated depreciation	291,906,517
Less: related long-term debt outstanding (net of unspent proceeds of debt)	(85,334,732)
Total net investment in capital assets	\$289,131,520

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 13 – EMPLOYEES’ RETIREMENT SYSTEM

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system. All permanent employees expected to work over 600 hours a year (1,200 hours for employees hired on or after July 1, 2011) are eligible to participate in the WRS. Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Elected Officials, 5.8% for Protective Occupations with Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Elected Officials	7.0%	7.0%
Protective with Social Security	6.65%	9.75%

The payroll for County employees covered by the system for the year ended December 31, 2013 was \$79,584,744; the employer’s total payroll was \$81,982,669. The total required contribution for the year ended December 31, 2013 was \$11,276,726 or 14.1 percent of covered payroll. Of this amount, the employer contributed 53 percent for the current year. Total contributions for the years ending December 31, 2012 and 2011 were \$10,018,585 and \$9,764,094, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials, 54 for protective occupation employees with less than 25 years of service, and 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee’s three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, or beginning participation on or after July 1, 2011, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and between April 24, 1998 and July 1, 2011 are immediately vested.

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

There was no pension-related debt for the County as of December 31, 2013.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 14 – RISK MANAGEMENT/SELF INSURANCE

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

Public Entity Risk Pool

During 1987, the County, together with certain other units of government within the State of Wisconsin, created the Wisconsin Municipal Mutual Insurance Company (WMMIC), a nonassessable mutual company which provides liability insurance and risk management services to its members. The County became a member of WMMIC in 1987 by issuing a general obligation note for \$2,459,264 and investing the proceeds in WMMIC. The scope of insurance protection provided by WMMIC is broad, covering automobile liability, general liability, law enforcement liability, public official's errors and omissions, civil rights, incidental medical malpractice, personal injury, equal rights, and Americans with Disabilities Act at policy limits of \$10,000,000 per occurrence with a \$30,000,000 aggregate for general and automobile liability claims and a \$30,000,000 aggregate for errors or omissions claims. The County's self-insured retention limit is \$400,000 for each occurrence and \$1,300,000 annual aggregate. At this time, settled claims have not exceeded the commercial coverage in any of the past three years. WMMIC's exposure in its layer of insurance is limited to \$1,000,000 per occurrence in that the company purchases \$9,000,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage.

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

The actuary for WMMIC determines the insurance premiums for each member based upon the relevant rating exposure bases as well as the historical loss experience by member. WMMIC's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company. The County's share in the operation of WMMIC as of December 31, 2013 is 10%.

The County's investment in WMMIC is reported on the risk management fund balance sheet as a deposit. The amount reported is the original capitalization of \$2,459,264. According to its bylaws, WMMIC allocates equity to members based on the percentage of participation. GASB pronouncements do not allow the current value of the County's account at WMMIC to be recorded as an asset. However, the amount is \$3,898,229. A list of other members and their share of participation is in the WMMIC report. Separate financial statements can be obtained directly from WMMIC offices.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 14 – RISK MANAGEMENT/SELF INSURANCE (CONT'D)

WMMIC requires that the County maintain a minimum reserve amount for the payment of liability claims equal to the expected present value of unpaid losses as determined by the company's actuary consultant. At December 31, 2013, the county's minimum reserve amount required by WMMIC is \$897,041.

Self Insurance – Worker's Compensation

The worker's compensation internal service fund is maintained to provide for self-insured worker's compensation insurance coverage and employee safety and loss control programs. The County contracts with a third party claims administrator for the purpose of adjusting worker's compensation claims. An excess insurance policy covers individual claims in excess of the County's \$400,000 self-insured retention up to statutory requirements (unlimited) per claim. At this time, settled claims have not exceeded the commercial coverage in any of the past three years. Costs associated with the worker's compensation program are billed to other County departments based on exposure and historical loss experience and include amounts necessary to fund current year claims to be paid in the current year and in the future.

At December 31, 2013, the expected present value of unpaid losses, as determined by the County's actuary consultant, is \$2,687,000.

<u>Liability and Workers Compensation Claims</u>	<u>2012</u>	<u>2013</u>
Unpaid claims, including incurred but not reported -		
Beginning of Year	\$3,196,392	\$2,925,122
Estimated future claims expense	794,880	1,589,941
Current year claim payment and changes in estimates	(1,066,150)	(589,681)
Unpaid claims - End of Year	<u>\$2,925,122</u>	<u>\$3,925,382</u>
Amount not due within one year		\$2,630,006
In addition, net position can be analyzed as follows:		
Net investment in capital assets		683
WMMIC deposit		2,459,264
Reserves for losses not captured within actuary analysis (e.g., pollution liability, employment litigation back wages, etc.) and for catastrophic losses		(404,906)
Total Net Position		<u>\$2,055,041</u>

Claims Liability

The liability for both risk management and worker's compensation is accounted for in the same fund on a combined basis. At December 31, 2013, the County's liability and worker's compensation combined claims reserve totals \$3,925,382, which closely approximates an expected confidence level of about 50-75%.

Self-Insurance - Health Coverage

The County has established a self-insurance program for health claims. Claims are accounted for in an internal service fund, the health and dental insurance fund. Claims are processed by a third party claims administrator. The uninsured risk of loss is \$275,000 per individual claimant per year. The County has purchased commercial stop-loss insurance for claims in excess of the \$275,000 retention. In 2013, there were no claims that exceeded the \$275,000 specific stop loss retention.

WAUKESHA COUNTY, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2013

NOTE 14 – RISK MANAGEMENT/SELF INSURANCE (CONT'D)

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

All funds of the County participate in the health and dental insurance programs. Amounts payable to the health and dental insurance fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims.

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

<u>Insurance Claims Liability</u>	2012	2013
Unpaid claims – Beginning of Year	\$2,078,378	\$1,966,377
Current year claims and changes in estimates	17,643,545	16,462,872
Claim payments	<u>(17,755,546)</u>	<u>(16,151,872)</u>
Unpaid claims - End of Year	<u>\$1,966,377</u>	<u>\$2,277,377</u>
Amount not due within one year		<u>\$ 82,769</u>

NOTE 15– COMMITMENTS AND CONTINGENCIES

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

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

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

The County has active construction projects as of December 31, 2013. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The county has \$4,507,889 at year end which will be paid out of the committed fund balance in the capital projects funds.

WAUKESHA COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 16 – SUBSEQUENT EVENTS

On March 18, 2014, the County issued \$4,255,000 General Obligation Refunding Bonds to refinance a portion of the County's outstanding debt that had been originally issued in 2007.

On May 27, 2014, the County Board authorized the sale of \$10,000,000 General Obligation Promissory Notes to fund 2014 capital projects.

NOTE 17 – RELATED ORGANIZATION

Housing Authority

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

NOTE 18 – EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.*
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*
- Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date.*

Application of these standards may restate portions of these financial statements.

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