

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waukesha County, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Waukesha County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Waukesha County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Waukesha County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Honorable Board of County Supervisors
Waukesha County

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waukesha County, Wisconsin, as of December 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

To the Honorable Board of County Supervisors
Waukesha County

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of Waukesha County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Waukesha County's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 17, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2014

This section of Waukesha County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded the liabilities and deferred inflows of resources at the close of 2014 by \$463.0 million (*net position*). Of this amount, \$108.6 million is classified as *unrestricted net position*, \$21.2 million is restricted for specific purposes (*restricted net position*), and \$333.2 million is net investment in capital assets.
- The County's total net position increased by \$13.8 million. Most of this increase (\$9.8 million) occurred in net investment in capital assets, due to construction on Janesville Road with \$6.3 million in federal funding and County Highway F with \$3.3 million in federal funding.
- On December 31, 2014, the County's governmental funds reported combined fund balances of \$92.5 million, a decrease of \$1.6 million mainly due to inter-fund transfers from governmental funds to business type funds. Approximately \$38.6 million, or 41.7% of the combined fund balance, is unassigned and available for use within the County's designations and policies.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- The *statement of net position* presents information of all County assets, liabilities and deferred inflows of resources with the difference between the three reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2014

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 55-87 of this report.

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

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets exceed liabilities and deferred inflows of resources by \$462.9 million at the close of the most recent fiscal year.

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

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$253,262	\$253,297	\$22,740	\$23,022	\$276,002	\$276,319
Capital assets	383,922	374,466	30,795	25,828	414,717	400,294
Total assets	637,184	627,763	53,535	48,850	690,719	676,613
Current and other liabilities	25,788	29,412	686	374	26,474	29,786
Long-term liabilities	94,030	92,828	0	0	94,030	92,828
Total liabilities	119,818	122,240	686	374	120,504	122,614
Unearned revenue	105,078	103,016	2,173	1,842	107,251	104,858
Total deferred inflows of resources	105,078	103,016	2,173	1,842	107,251	104,858
Net Position:						
Net investment in capital assets	302,396	289,132	30,795	25,828	333,191	314,960
Restricted net position	21,206	21,800	0	0	21,206	21,800
Unrestricted net position	88,686	91,575	19,881	20,806	108,567	112,381
Total net position	\$412,288	\$402,507	\$50,676	\$46,634	\$462,964	\$449,141

The largest portion of the County's net position (72.0%) reflects its net investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment, net of accumulated depreciation/amortization, less any related debt used to acquire those assets that is still outstanding). The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position comprises 23.4% of the County's net position. These resources may be used to meet the County's ongoing obligations.

The remaining balance of the County's net position, 4.6%, represents resources that are subject to external restrictions (grant or trust terms, laws or regulations of other governments, etc.) on how they may be used.

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

As shown on the following table, the County's net position increased by \$13.8 million during the current year. This results from total 2014 revenues of \$225.0 million and expenses of \$211.2 million. Overall revenues increased by \$8.6 million from the prior year, while expenses increased by \$0.7 million.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2014

Waukesha County						
Changes in Net Position						
(in \$000's)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 39,722	\$ 39,895	\$ 6,177	\$ 6,129	\$ 45,899	\$ 46,024
Operating grants and contributions	47,615	48,907	947	949	48,562	49,856
Capital grants and contributions	11,874	6,249	-	1,331	11,874	7,580
General revenues:						
Property taxes	105,058	104,327	193	193	105,251	104,520
Intergovernmental revenues	1,778	1,774	-	-	1,778	1,774
Investment earnings (loss)	3,888	(1,124)	16	21	3,904	(1,103)
Miscellaneous	6,582	6,932	31	373	6,613	7,305
Gain on disposal/sale of capital assets	1,142	407	-	-	1,142	407
Total revenues	217,659	207,367	7,364	8,996	225,023	216,363
Expenses:						
Justice and public safety	58,632	57,866	-	-	58,632	57,866
Health and human services	71,813	71,005	-	-	71,813	71,005
Environment, parks and education	23,639	26,277	-	-	23,639	26,277
Public works	29,786	28,519	-	-	29,786	28,519
General government	14,951	15,849	-	-	14,951	15,849
Interest expense	1,707	2,039	-	-	1,707	2,039
Radio services	-	-	2,157	399	2,157	399
Golf courses	-	-	3,101	3,154	3,101	3,154
Ice arenas	-	-	1,250	1,208	1,250	1,208
Materials recovery facility	-	-	2,362	2,358	2,362	2,358
Airport	-	-	1,803	1,809	1,803	1,809
Total Expenses	200,528	201,555	10,673	8,928	211,201	210,483
Increase (decrease) before transfers	17,131	5,812	(3,309)	68	13,822	5,880
Transfers	(7,351)	(143)	7,351	143	-	-
Increase in net position	9,780	5,669	4,042	211	13,822	5,880
Net position beginning of year	402,507	396,838	46,634	46,423	449,142	443,261
Net position end of year	\$ 412,288	\$ 402,507	\$ 50,676	\$ 46,634	\$ 462,964	\$ 449,141

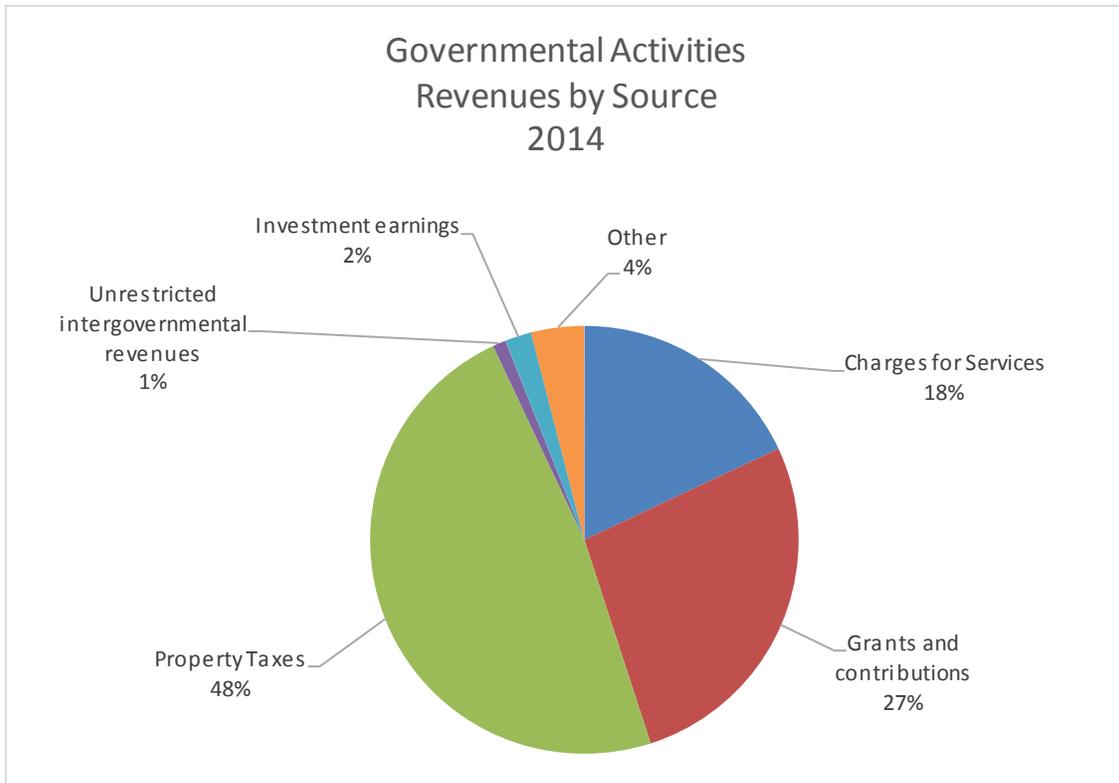
WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2014

Governmental Activities

Governmental activities increased the County's net position by \$9.8 million, compared to \$5.7 million in 2013. This included an increase in revenues of \$10.3 million, or 5%. Highlights include the following:

- Operating grants and contributions decreased by \$1.3 million to \$47.6 million mainly due to one-time revenues in 2013 for an emergency assistance grant for flood damage that was administered as part of the Community Development Block Grant program.
- Investment earnings increased by nearly \$5.0 million mainly due to an increase in the fair market value adjustment from 2013 to 2014.
- Capital grants and contributions increased by \$5.6 million to \$11.8 million which mainly includes the completion of two large highway projects in the City of Muskego (County Trunk Highway L) and the City of Pewaukee (County Trunk Highway F).
- Property taxes increased by \$731,000 mostly due to growth in equalized value from net new construction.

The percentage of revenues by source is shown below. The primary changes from 2013 include investment earnings increased to 2% of the total, versus 0% in 2013 and property taxes decreased to 48% of the total, compared to 50% in 2013.

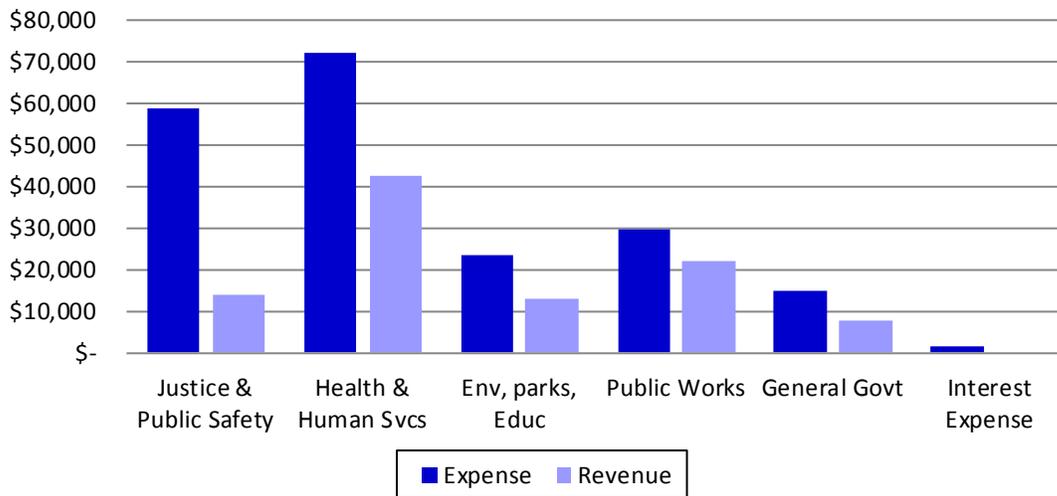


Expenses for governmental activities decreased by \$1.0 million from 2013, or -0.5%.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2014

Governmental activities expenses exceeded program revenue by \$101.3 million. The following graph illustrates the expenses and program revenues for each area. When general revenues (which include such items as property tax, investment earnings, and grants and contributions not restricted to specific programs) are included, total revenues exceed expenses by \$17.1 million.

**Governmental Activities
Expenses and Program Revenues
2014
(in thousands of dollars)**

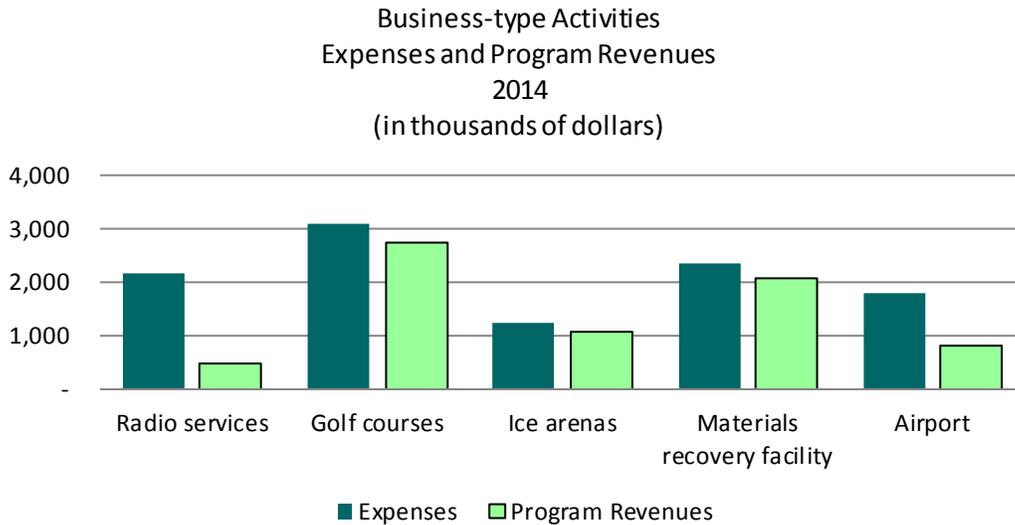


Business-type Activities

Business-type activities increased the County's net position by approximately \$4.0 million. This includes a transfer from the General fund of \$3.2 million and capital project fund for \$4.3 million for radio program support. Program expenses exceeded Program Revenues by \$3.5 million and key results include the following:

- The Radio Services fund had an increase in net position of \$5.8 million. This is mostly due to a transfer in from the Capital Project fund and General fund for a total amount of \$7.5 million, offset by an operating loss of \$1.7 million due to unusually high planned small equipment purchases for which funds had been accumulated over the last several years to replace radio equipment after the useful life has been exhausted.
- The airport had a decrease in net position of approximately \$788,500 for the year, mainly related to \$926,000 in depreciation expenses which the operation is not expected to recoup on assets funded by State or Federal dollars. The County will not replace airport facilities funded substantially with state and federal dollars unless available for such expenses.
- The golf courses had a loss of approximately \$300,000. The golf course fund has been posting losses since 2007, for a variety of reasons including increasing competition from the growing number of golf courses in surrounding areas combined with declining trend in golf participation. The County will consider closing a golf course should the pattern of losses continue.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2014



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

At the end of the current fiscal year, Waukesha County's governmental funds reported combined fund balances of \$92.5 million, a decrease of \$1.5 million from prior year. Approximately \$53.9 million or 58.3% of the combined fund balance is non-spendable, restricted, committed, or assigned for specific purposes, so is not available for new spending. This includes the following.

- Non-spendable fund balance of \$8.5 million, including \$2.3 million for long term receivables/advances; \$353,000 for prepaid items and inventories; and \$5.9 million for delinquent property taxes.
- Restricted fund balance of \$13.2 million, including \$6.9 million restricted for park purposes, \$3.2 million restricted for debt service and \$1.3 million restricted for Human Services purposes.
- Committed fund balance of \$24.9 million. Most of this is committed for capital projects.
- Assigned fund balance of \$7.3 million, including \$2.8 million of funds assigned in the 2015 budget and \$2.6 million of funds assigned for equipment replacement.

The remaining \$38.6 million, or 41.7%, of fund balance is unassigned, meaning it is available for spending at the government's discretion.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2014

General fund

The General fund is the chief operating fund of the County. The fund balance decreased by \$7 million for the year, reflecting excess revenues over expenditures of \$2.5 million, transfers in of \$1.1 million, and planned transfers out of \$10.6 million.

Key factors for the \$7.0 million decrease in fund balance are as follows:

- Planned inter-fund transfers of \$4.0 million to the capital project fund for a loan repayment, \$3.1 million to the Radio Services fund and \$2.3 million to the Capital Projects fund for capital project support. These inter-fund transfers from the General fund are partially offset by \$1.0 million inter-fund transfer into the General fund primarily from the Transportation fund. Since the implementation of GASB 54, all unrestricted fund balance in the Transportation fund are transferred into the General fund. The 2014 Transportation fund positive variance is mostly due to the County being eligible for a higher reimbursement rate on transit expenses for prior year expenses, and better than expected performance on a new state pilot program.
- Investment earnings revenue was approximately \$1.1 million less than anticipated, due to the impact of the historical low bond yields that are available in the market resulting in \$1.9 million in below budget investment income, partially offset by a \$0.8 million positive fair market value adjustment from 2013 to 2014 (which is not included in the budget).
- Personnel costs were about \$1.5 million (or 1.6%) less than anticipated, due to employee turnover and position vacancies.
- Human Services 2014 revenues exceeded expenditures by \$2.4 million mostly due to a reduction in the use of higher cost residential facilities to lower cost outpatient options in multiple program areas.

At the end of the current fiscal year, the General fund's unassigned fund balance was \$38.6 million while total fund balance was \$54.8 million. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24.7% percent of total General fund expenditures compared to 21.9% in 2013. Total fund balance represents 35.1% percent of General fund expenditures compared to 39.5% in 2013.

Debt Service Fund

The debt service fund has a total fund balance of \$3.2 million, all of which is restricted for the payment of debt service. This is a decrease of \$0.3 million from 2013.

Capital Projects Fund

The Capital Projects fund has a total fund balance of \$24.4 million, all of which is committed for existing and future capital projects.

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a \$3.4 million increase in appropriations. Carryovers and open purchase orders accounted for 33.5% (\$1.1 million) of the increase. The balance of the increase from the original budget is mainly attributable the appropriation of funding for the Children's Long Term Support Needs (CLTS) third party administrator payments to service providers of \$1.6 million. In addition, \$282,000 in Federal Seized Funds for various one time Sheriff Department expenditures and distributions to municipal police agencies participating in drug related enforcement.

Actual revenues in the General fund were \$1.9 million below the final amended budget.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2014

Actual expenditures in the General fund were \$8.7 million under budget. Of that amount, \$0.9 million was carried forward for budgeted projects which were not completed in 2014. Health and Human Services expenditures were \$4.1 million below budget mainly due to a reduction in the use of residential facilities to other outpatient options in multiple program areas. The contingency fund had \$1.1 million in unallocated expenditure authority. The balance of the budget variance was spread across several program areas.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities at December 31, 2014, amounted to \$414.7 million (net of accumulated depreciation/amortization), an increase of \$14.4 million from 2013. This investment in capital assets includes land and easements, infrastructure, structures and improvements, equipment, software, and construction in progress.

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

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 60,073	\$ 52,882	\$ 10,289	\$ 10,289	\$ 70,362	\$ 63,171
Buildings	131,756	134,069	7,890	8,289	139,646	142,358
Land improvements	6,819	7,359	5,159	6,070	11,978	13,429
Machinery and equipment	6,904	5,272	647	987	7,551	6,259
Software	4,716	5,884	-	-	4,716	5,884
Vehicles	7,368	7,279	-	-	7,368	7,279
Infrastructure	154,148	132,043	-	-	154,148	132,043
Construction in Progress	12,138	29,678	6,810	193	18,948	29,871
Total	\$ 383,922	\$ 374,466	\$ 30,795	\$ 25,828	\$ 414,717	\$ 400,294

Further details of the County's capital assets can be found in Note 8 of the notes to the financial statements, pages 76-77.

WAUKESHA COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)
December 31, 2014

Long Term Debt

At December 31, 2014, the County had \$81,970,000 of general obligation promissory notes outstanding. The County maintains an Aaa rating from Moody's Investors Service and AAA from Fitch Investors Service on general obligation note issues. Under current state statutes, the County's general obligation note issuances are subject to a legal limitation based on five percent of the equalized value of taxable property in the County. As of December 31, 2014 the County's total amount applicable to debt margin (outstanding notes less debt service fund balance) is \$78.7 million, which was well below the legal limit of \$2.4 billion. The net debt per capita equaled \$200 at year-end.

During the year, the County issued \$10 million in general obligation promissory notes to finance part of the cost of capital improvements within the County; and \$4,255,000 in general obligation promissory notes to refinance the balance on its 2007 notes.

Further details of the County's long-term debt activity can be found in Note 10, pages 80-81.

ECONOMIC FACTORS AND THE 2015 BUDGET AND RATES

Major revenue sources were increased by about \$1.4 million in the 2015 budget as a result of the federal and state net funding increases. Some of the key revenue increases included the following:

- Intergovernmental funding in the Highway Maintenance operations increased by \$925,000 related to work done on State roads as directed by the Department of Transportation based on the State's Routine Maintenance Agreement and pilot Performance-Based Maintenance program.
- Children with Special needs program includes an increase in revenue reimbursements for payments made by a third party administrator by \$728,000
- Aging and Disability Resources Contract state funding increased by \$401,000 to fund additional contract staff.

In addition, budgeted charges for services revenue increased by nearly \$800,000. This increased funding level includes the following items

- Human Services charges for services revenue increased by \$661,000 mainly due to an increased funding reimbursement level for Comprehensive Community Services program activity.
- Medical Examiner charges increased by \$477,000 related to a new contractual agreement authorizing Waukesha County Medical Examiner to provide medical examiner services to Walworth and Washington Counties
- Register of Deeds budget redaction revenue decreased by nearly \$400,000 due to the discontinuation of Redaction revenue for county purposes per State Statutes.

REQUEST FOR INFORMATION

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