

**KENOSHA COUNTY**

Kenosha, Wisconsin

**FINANCIAL STATEMENTS**

**Including Independent Auditors' Report**

**December 31, 2016**

# KENOSHA COUNTY

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December 31, 2016

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## INDEPENDENT AUDITORS' REPORT

To the County Board of Supervisors  
Kenosha County  
Kenosha County, 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 Kenosha County, Wisconsin ("the County") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the 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 of 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 auditors consider internal control relevant to the 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 the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the human services special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note IV (A.) to the financial statements, in 2016 the County adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinions are not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 21 and the schedules relating to pensions and other post-employment benefits on pages 95 through 97 be presented to supplement the basic financial statements. Such information, although not 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the basic financial statements.

The supplementary information and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Certified Public Accountants  
Green Bay, Wisconsin  
July 26, 2017

**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

Our discussion and analysis of Kenosha County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2016.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a long-term view of the County's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds.

**Reporting the County as a Whole**

The financial statements that present the County as a whole begin on page 22. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes in them. You can think of the County's net position - the difference between assets, liabilities and deferred outflows/inflows of resources - as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Net Changes in Fund Balance. You will notice that expenses are listed in the first column, with revenues from that particular function reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing, through fees and grants.

In the Statement of Net Position and the Statement of Activities, we divide the County into two kinds of activities:

Governmental activities: Most of the County's basic services are reported here, including law enforcement, parks, planning, capital projects, administration, and human services. Sales taxes, property taxes, fines, and state and federal grants finance most of these activities.

The functions and programs of the governmental activities are as follows:

- General Government includes the County Board, Circuit Court, Juvenile Intake, County Executive, County Clerk, Personnel, Information Systems, Finance, Purchasing, Treasurer, District Attorney, Corporation Counsel, Register of Deeds, Facilities, Medical Examiner, Health Insurance, Workers Compensation, and Liability Insurance.
- Health includes the Health Division and a portion of the Division of Aging and Disability Services.
- Public Works includes the infrastructure depreciation.



**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

Governmental activities (continued):

- Public Safety includes the Sheriff, Joint Services, Federal Equitable Sharing and Emergency Services.
- Social Services includes Division of Children and Family Services, Division of Workforce Development, a portion of the Division of Aging and Disability Services, and Veterans.
- Education and Recreation includes Parks, UW Extension, and the Library.
- Conservation and Development includes Planning and Development, Economic Development, and the Housing Authority.

Business-type activities: Brookside Care Center (Brookside), Highway and the Golf Courses are reported here. For Brookside and the Golf Courses, the County charges a fee to customers to help it cover all or most of the cost of certain services it provides. Highway is funded by grants and tax levy for County highways and via charges to other municipalities for services to roads not owned by the County.

**Reporting the County's Most Significant Funds**

The fund financial statements provide detailed information about the most significant funds - not the County as a whole. The County's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental funds: Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the respective governmental funds' statements.

The governmental funds present separate columns for the major funds, including the General Fund, Human Services Fund, and Debt Service Fund. All other governmental activities including capital projects, library, housing authority, health department, GIS (Geographical Information System), and Federal Equitable Sharing are included in the non-major column. The General Fund includes the Sheriff, District Attorney, Courts, Juvenile Intake, Joint Services, Facilities, Parks, Veterans, Personnel, Emergency Management, Finance, Purchasing, Information Systems, Planning and Development, County Clerk, Treasurer, Register of Deeds, County Executive, Corporation Counsel, and the Medical Examiner. Revenues and expenditures not allocated back to departments (referred to as Non-Departmental in the County budget) are also included in the General Fund. Some of the larger elements included in Non-Departmental are shared revenue, sales tax, and the vacancy adjustment. The vacancy adjustment is a reduction of personnel costs based upon an estimate of County vacancies.

The Human Services Fund includes the Divisions of Children and Family Services, Workforce Development, Child Support, Aging and Disability Services.

The Debt Service Fund is used to account for debt payments of principal and interest and the taxes levied to cover the payments.

**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**Reporting the County's Most Significant Funds (continued)**

Proprietary funds: When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows. The proprietary funds include Golf, Brookside, Highway, Insurances, and the Human Services Building.

**The County as Trustee**

The County is the trustee, or fiduciary, for the Culich/Schneider Memorial Fund and for the State of Wisconsin. The Culich/Schneider Memorial Fund is reported within the Brookside Care Center Fund because it is a restricted fund used solely for Brookside. We exclude the remaining activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE COUNTY AS A WHOLE**

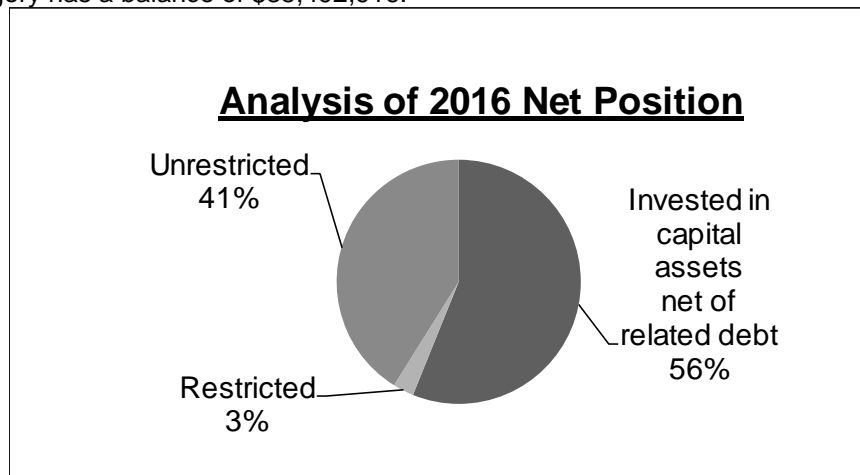
Government-wide Financial Analysis

The condensed financial statements on the next two pages present the net position of the County and changes in net position. These statements are presented with comparisons to 2015.

Net position may serve over time as a useful indicator of a government's financial position. In 2016, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$86,352,981. The largest portion (56 percent) reflects the County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the County's 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.

The restricted net position amount which is subject to external restrictions on how it may be used, comprise 3 percent of the net position.

The remainder of the County's net position total (41 percent) is the category of unrestricted net position which is normally used to meet the County's ongoing obligations to citizens and creditors. At the end of 2016, this category has a balance of \$35,492,916.



**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**THE COUNTY AS A WHOLE** (continued)

Total assets for the County decreased by \$5.7 million mainly resulting from the Net Pension Asset of \$10.0 million being revalued as a liability to reflect the County's share of the State retirement pool at the end of 2016. This was offset by an increase in tax receivables and amounts due from other governments of \$6.3 million. Deferred Outflows related to pension increased from \$10.3 million in 2015 to a new total of \$36.0 million in 2016.

Total liabilities increased by \$11.6 million due to the County's share of the State retirement pool as a \$6.5 million liability and the net increase in long term liabilities of \$1.9 million. The Governmental type activities show an increase in long-term liabilities because business-type activities received bond proceeds to purchase capital assets but the bonds will be the responsibility of the governmental activities. The category reported as "Deferred inflows of resources" reflects the tax levy that will be recorded as revenue in 2017 which increased by \$1.9 million and an inflow related to pension of \$13.7 million.

The County's total net position decreased by a \$6.7 million. Net investment in capital assets decreased by \$6.4 million, restricted amounts decreased by \$21 million. This was offset by an increase in the unrestricted net position of \$21 million.

**KENOSHA COUNTY**  
**NET POSITION**  
**December 31, 2016**  
(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 127.32	\$ 126.73	\$ 14.62	\$ 27.76	\$ 141.94	\$ 154.49
Capital assets	148.55	152.71	26.01	14.98	174.56	167.69
Total Assets	275.87	279.44	40.63	42.74	316.50	322.18
Deferred outflows of resources	29.06	8.41	7.57	2.19	36.63	10.60
Long-term liabilities outstanding	135.15	127.84	24.98	23.86	160.13	151.70
Other liabilities	24.57	22.27	2.56	1.70	27.13	23.97
Total liabilities	159.72	150.11	27.54	25.56	187.26	175.67
Deferred inflows of resources	74.97	62.21	4.55	1.80	79.52	64.02
Net position:						
Net investment in capital assets	45.79	51.31	15.02	14.15	48.45	54.81
Restricted	2.37	19.32	0.04	4.46	2.41	23.78
Unrestricted (deficit)	22.08	4.89	1.05	(1.04)	35.49	14.51
Total Net Position	\$ 70.24	\$ 75.52	\$ 16.11	\$ 17.57	\$ 86.35	\$ 93.10

**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**THE COUNTY AS A WHOLE** (continued)

**KENOSHA COUNTY**  
**CHANGES IN NET POSITION**  
**Year Ended December 31, 2016**  
(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 6.66	\$ 6.30	\$ 23.25	\$ 23.22	\$ 29.91	\$ 29.52
Operating grants and contributions	62.44	59.37	3.77	3.84	66.21	63.21
Capital grants and contributions	0.18	0.49	1.15	1.83	1.33	2.32
General revenues:						
Property taxes	64.20	62.85	1.45	1.49	65.65	64.34
Other taxes	13.76	13.98	-	-	13.76	13.98
Grants and contributions not restricted to specific programs	4.09	4.03	-	-	4.09	4.03
Other	0.94	0.95	0.03	0.01	0.97	0.96
Total revenues	<u>152.27</u>	<u>147.97</u>	<u>29.65</u>	<u>30.39</u>	<u>181.92</u>	<u>178.36</u>
Expenses:						
General government	28.43	26.70	-	-	28.43	26.70
Health	21.16	20.20	-	-	21.16	20.20
Public works	6.68	3.40	-	-	6.68	3.40
Public safety	46.17	43.96	-	-	46.17	43.96
Social services	45.33	42.42	-	-	45.33	42.42
Education and recreation	4.99	4.27	-	-	4.99	4.27
Conservation and development	1.93	1.26	-	-	1.93	1.26
Interest on long-term debt	2.21	2.70	-	-	2.21	2.70
Nursing home	-	-	18.22	16.84	18.22	16.84
Highway	-	-	10.30	0.73	10.30	0.73
Golf Course	-	-	3.24	3.03	3.24	3.03
Total expenses	<u>156.90</u>	<u>144.91</u>	<u>31.76</u>	<u>20.60</u>	<u>188.66</u>	<u>165.51</u>
Increase (decrease) in net position before transfers	(4.63)	3.06	(2.11)	9.79	(6.74)	12.85
Transfers	(0.65)	10.91	0.65	(10.91)	-	-
Increase (decrease) in net position	<u>(5.28)</u>	<u>13.97</u>	<u>(1.46)</u>	<u>(1.12)</u>	<u>(6.74)</u>	<u>12.85</u>
Net position beginning of year	75.52	61.55	17.57	18.69	93.09	80.24
Net position end of year	<u>\$ 70.24</u>	<u>\$ 75.52</u>	<u>\$ 16.11</u>	<u>\$ 17.57</u>	<u>\$ 86.35</u>	<u>\$ 93.09</u>

**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**THE COUNTY AS A WHOLE** (continued)

Revenue for governmental activities increased by a net amount of \$4.30 million when compared to 2015. Key elements of this net increase are as follows:

- Increased property tax of \$1.2 million.
- Increase in federal inmate housing revenues of \$1.1 million
- Increase in mental health CCS grants received through the Human Services of \$2.0 million.
- Increase in mental health CCS grants due to reconciliation of prior year's services \$0.9 million.
- Increase in Aging and Disability state aid of \$0.4 million.
- Decrease in AODA grant funding of \$0.5 million

Expenditures for governmental activities increased by \$12.0 million when compared to 2015. Key elements of this increase are as follows:

- Increase in insurance costs in all departments by \$2.3 million.
- Increase in use of purchased service programs for mental health of \$2.4 million.
- Increase in expenditures related to the Comprehensive Community Services grant of \$1.0 million.
- Increase in Sheriff patrol salaries of \$0.3 million for new high level positions.
- Increase in Sheriff pre-trial overtime of \$0.4 million due to staff shortages.
- Increase in planned grants to KABA for economic development of \$0.75 million.
- Increase resulting from loss on transfer of roadway to another municipality of \$4.0 million.
- Decrease in use of purchased service for AODA programs of \$0.9 million.
- Decrease of purchased services provided for Wisconsin Works program of \$0.3 million.

Revenue for the Business-type activities decreased by \$0.74 million in 2016 when compared to 2015. Key elements of this decrease are as follows:

- Brookside operating revenue and grants experienced a slight decrease of \$0.4 million.
- Highway revenue decreased by \$0.3 million related to federal and state highway project revenue.

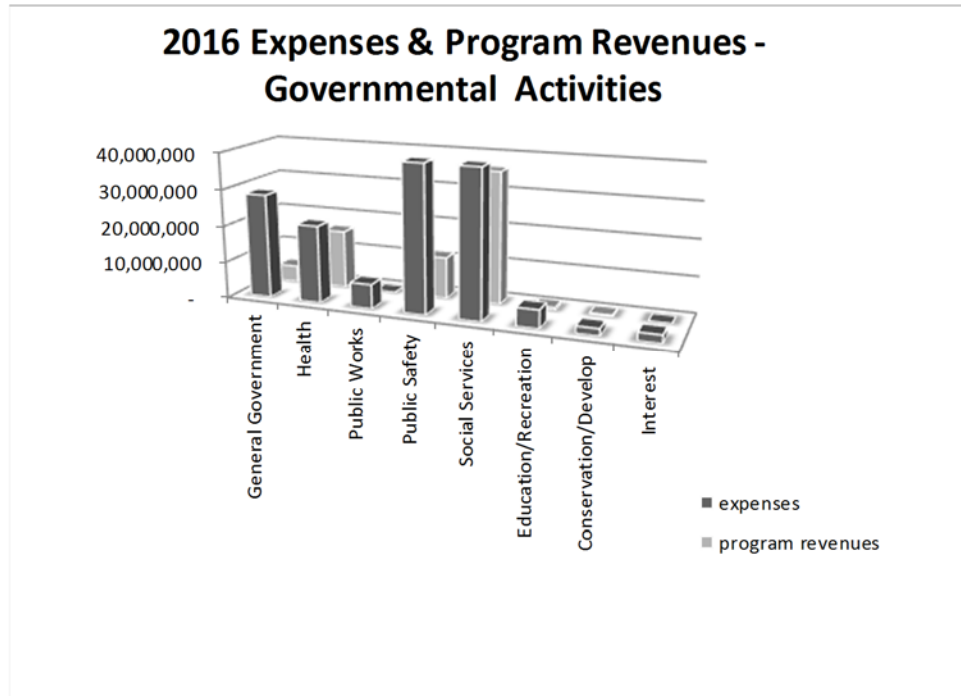
Expenses for Business-type activities increased \$11.0 million in 2016 when compared to 2015. Key elements of this increase are as follows:

- Increase in nursing home expenses of \$1.4 million.
- Increase in highway expenses of \$9.6 million on work performed on state roads.

**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

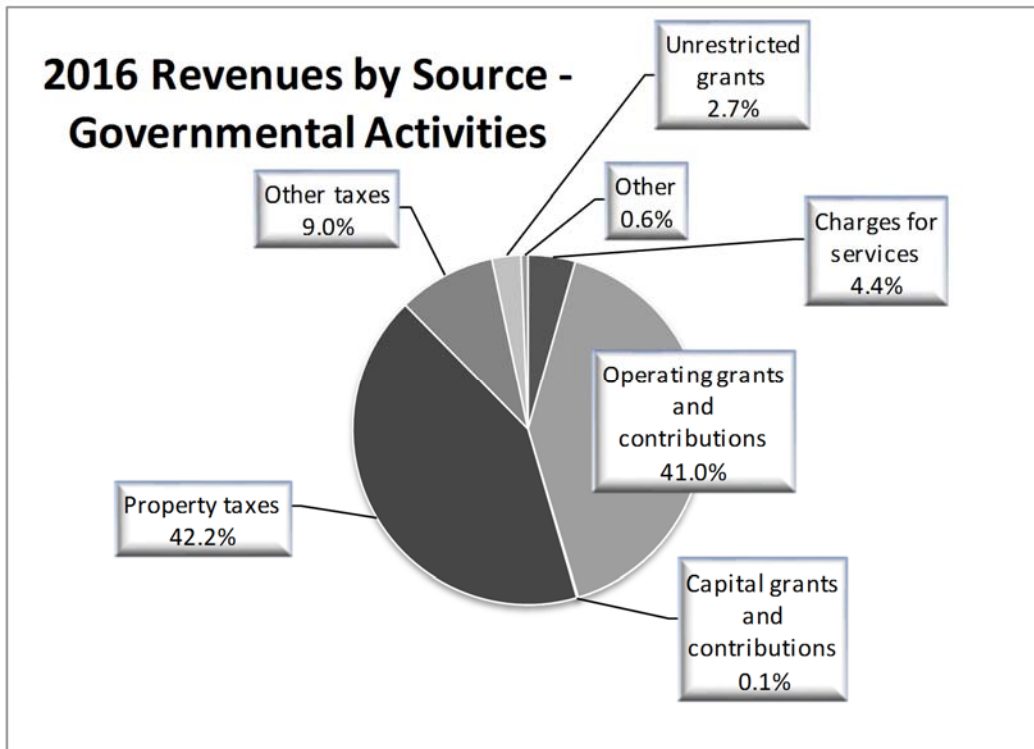
**EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES**

The following chart shows the portion of expenses by function that is covered by program revenues for 2016.



**REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES**

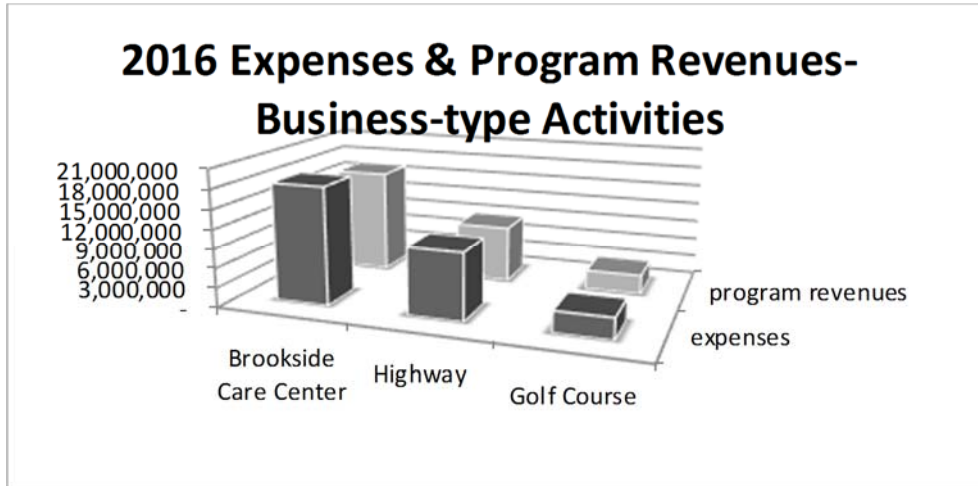
This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2016.



**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

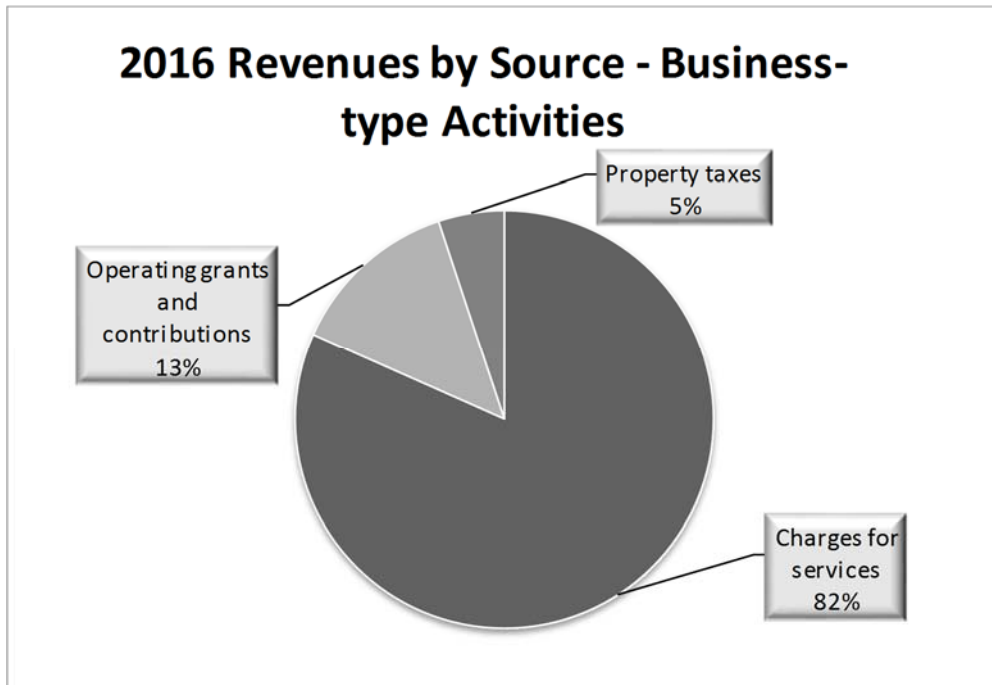
**EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES**

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2016.



**REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES**

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2016.



**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**THE COUNTY'S FUNDS**

Kenosha County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These funds, along with major changes that occurred in the County's funds are described below.

General Fund

The General Fund experienced a increase in the total fund balance with an increase in unassigned fund balance over the prior year balance of \$0.5 million. The unassigned fund balance shows an increase of \$0.2 million with \$18.4 million in 2016 compared to \$18.2 million in 2015 in spite of the increase in health and worker's compensation claims of \$3.0 million. In 2008, the General Fund was significantly affected by the housing market downturn. Tax delinquencies decreased by \$130,088 in 2016. In addition, sales tax revenues came in at \$1.0 million more than expected. Other items impacting the General Fund are discussed below.

Because of the approval of the Health Insurance internal service reserve policy, funds that otherwise would have lapsed to the General Fund remain in the Health Insurance internal service fund for a maximum of \$1.5 million as approved by County Board. The following chart shows total reserve balances when Health Insurance is included:

	2010	2011	2012	2013	2014	2015	2016
General Fund	\$ 7,385,156	\$ 8,087,217	\$10,229,584	\$11,588,684	\$15,080,088	\$18,200,731	\$ 18,421,373
Health Insurance	1,500,001	1,500,001	1,500,001	1,500,001	1,500,001	1,500,001	1,500,000
Total	<u>\$ 8,885,157</u>	<u>\$ 9,587,218</u>	<u>\$11,729,585</u>	<u>\$13,088,685</u>	<u>\$16,580,089</u>	<u>\$19,700,732</u>	<u>\$ 19,921,373</u>

The unassigned fund balance amount is significant, as this is the amount available for future expenditures if approved by the County Board. A summary of the primary elements for all funds resulting in the increase in unassigned fund balance in the General Fund is provided on page 15.

In 2014, the County Board had amended the Brookside reserve policy, and requiring available and expendable cash reserves from Brookside to lapse to the general fund. This policy has been revised effective in 2015 stating that Brookside will retain their cash reserves going forward.



**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**THE COUNTY'S FUNDS** (continued)

General Fund (continued)

The purpose of the General Fund fund balance reserve policy is:

- To maintain the fund balance of the General Fund at levels sufficient to protect the County's creditworthiness as well as its financial positions from unforeseeable emergencies.
- To ensure sufficient liquidity to provide for County obligations as they become due.
- To maintain the proper balance between maintaining a prudent level of reserves that is neither too low nor too high. The policy requires that the County maintain 17% of General Fund expenditures as unassigned fund balance in the General Fund. The County surpassed the 17% threshold by \$7.4 million at year-end 2016. See the summary on page 15 for an analysis of this.

In accord with this policy, available balances within the General Fund in excess of 17% may be used for capital expenditures and one-time operating expenditures. An amount not to exceed \$300,000 may be used for ongoing operational expenditures. In the 2016 financial statements, \$275,000 of funds from the General Fund was designated to fund a one-time expense for the 2016 budget. This policy does permit reserves to be used for mid-year budget transfers.

In compliance with County Board policy, the remainder of available and expendable resources from all non-lapsing funds has been transferred to the General Fund.

The following information summarizes the major items that impacted unassigned fund balance in the General Fund:

Items that affected the General Fund:

Sales Tax - Sales tax collections were higher than expected by \$1.0 million.

Insurance Internal Service Funds – The net health insurance spending was \$4.1 million more than was budgeted. The net effect to the General Fund was a \$2.6 million deficit due to \$700,000 charged to the proprietary funds of Brookside and Golf, \$500,000 vacancy savings, and an additional \$300,000 drawdown of federal revenue in Human Services due to the additional costs charged. In addition, the worker's compensation and liability insurance spending was \$600,000 over budget with the net effect to the general fund of \$500,000 deficit due to the same factors stated above.

Vacancy Adjustment Surplus - Kenosha County reduces its total budgeted personnel costs using a vacancy adjustment. Historically, the County has an employee turnover rate in excess of 2%. Therefore, it is not necessary to fund 100% of all budgeted positions. In 2016, the budgeted County vacancy adjustment was \$700,000. In 2016, the General Fund was affected with a surplus effect of \$360,000 due to the vacancy adjustment.

Human Services – Revenues from Medicaid and government grants were \$1.1 million greater than budgeted.

Sheriff – Fund balance was reduced by an expense deficit of \$1.0 million in the Sheriff's department personnel budget. This was offset by an amount of \$1.1 million revenue greater than budget for housing of federal inmates.

Elected Officials Revenue – Revenues from bond defaults, real estate transfers, and passports exceeded the budget by \$217,000.

**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**THE COUNTY'S FUNDS** (continued)

General Fund (continued)

Increase in Tax Delinquencies - The amount of delinquencies at year end 2016 was \$7.6 million compared to year end 2015 delinquencies of \$7.5 million or a increase of \$130,088.

Highway revenues and expenses – Revenues from providing road services to the State, other municipalities and local transportation aids were \$600,000 more than budgeted with a surplus in expenses for contracted services and supplies of \$360,000. The highway fund was able to lapse \$537,144 in cash surplus to the General Fund.

Debt Service Fund – The Debt Service fund ended with a surplus fund balance of \$1,488,951. This higher than normal amount resulted from premiums from bond issuances. These amounts are to be used for payment of debt service in future years and therefore are reported as "Restricted for Debt Service" in the fund equity section.

Brookside Care Center Fund

The County's lapsing policy changed in 2015 allowing the Brookside Care Center fund to retain any surplus so their activity no longer affects the General Fund. The Brookside Care Center fund must also cover its losses within its operations. In prior years, Brookside was able to cover any losses within the Human Services Department. In 2016, the Brookside Care Center fund experienced a loss of almost \$2.0 million. Brookside experienced a decrease in charges for service of \$500,000 from 2015 but the expenses increased by \$3.0 million mainly due to higher health insurance costs and increased spending in other operations and maintenance areas.

Golf Course Fund

Golf fee revenue exceeded \$3.0 million which was a repeat of 2015 which was the first year with fees higher than \$3.0 million. The golf course also received \$1.3 million in bond issuance as a contribution from the County to cover their capital outlay. Any surplus remains in the Golf Course fund to cover future capital outlays. This is the fifth year in a row in which this fund did not experience a deficit.

**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**THE COUNTY'S FUNDS** (continued)

General Fund (continued)

**Summary of 2016 Operations: Review of Major Elements Impacting the Unassigned Fund Balance in the General Fund**

## 2016 General Fund Year-End Forecast

**Unassigned Reserves Year End 2015** **18,200,731**

**Items causing increase to the General Fund**

Human Services	1,140,459
US Federal Marshal/ BICE Inmate/ Other Revenue	1,123,000
Sales Tax	1,032,697
DPW - State Maintenance/Other Revenue	600,000
DPW - Contractual Services/Gas& Diesel/Utilities	360,000
Vacancy	360,000
Sheriff - Contractual Services/Supplies	280,000
Elected Offices - Bond Default/Transfer Tax/Passport Revenues	217,000
<b>Total Increases to General Fund</b>	<b>5,113,156</b>

**Planned Decreases to General Fund**

Reserves used to fund one time expenditures in the 2016 budget	(275,000)
<b>Total Planned Decreases to General fund</b>	<b>(275,000)</b>

**Items causing decrease to the General Fund**

Health Insurance	(2,611,461)
Sheriff - Personnel	(1,027,000)
Workers Compensation/Liability Insurances	(481,793)
Treasurer Tax Delinquency and Interest on Taxes revenue	(285,000)
Tax Delinquencies Increase	(130,088)
Miscellaneous	(82,172)

**Total all other net reductions to Fund Balance** **(4,617,514)**

**2016 Year-End Unassigned General Fund balance** **18,421,373**

Less: County Board minimum requirement of 17% of General Fund Expenditures	11,047,177
--	------------

**Amount over 17% Minimum** **7,374,196**

<b>2016 Year-End Unassigned General Fund balance</b>	<b>18,421,373</b>
<b>Increase in General Fund 2015/2016</b>	220,642
<b>2016 General Fund Expenditures</b>	64,983,393
<b>Unassigned Reserves as a Percentage of General Fund Expense</b>	<b>28.35%</b>

**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**THE COUNTY'S FUNDS** (continued)

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the County Board revised the County budget several times. These budget amendments fall into five categories.

- The first category includes amendments for continuing appropriations from the prior year. The carryover of these funds allows the County to complete projects previously authorized by the Board.
- The second category includes budget amendments done to reflect changes in intergovernmental aids and grants.
- The third category includes transfers the Board approved for use between appropriations to prevent budget overruns. All of the transfers in this category were done within the total budget.
- The fourth category includes transfers from the General Fund approved by the County Board.
- The fifth category is reprogrammed surplus funds re-budgeted for a new purpose using surplus funds identified as part of the year-end closeout. The County approved the reprogramming of \$90,541 for various facilities improvements and \$319,259 to use for the Brookside building project.

**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**GENERAL FUND BUDGETARY HIGHLIGHTS** (continued)

The County Board has approved all budget amendments. See "Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual" presented for the General Fund on page 30 for more detail.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The County continued the trend of growth in the General Fund in 2016 when the unassigned fund balance closed the year at \$18.4 million. County unassigned fund balance now has increased for seven consecutive years. This reflects a material recovery from 2009, when the General Fund declined to \$5.9 million.

The County reached a milestone in 2012 when its General Fund unassigned balance exceeded 17% of general fund expenditures, climbing above the policy benchmark for the first time in 6 years. This trend continued in 2016 when the balance reached an all-time high of \$18.4 million which is \$7.4 million above the 17%. Many factors contributed to this event, as explained in this report.

Now, as a result of many factors as reflected on page 15, the County exceeds its reserve policy benchmark. It is worth noting that the County was able to return back to reserve policy compliance without a significant decrease in property tax delinquencies. As the economy continues to improve, a decline in delinquencies has the potential to significantly increase reserves above the policy benchmark.

The General Fund had experienced a trend of increases in cash reserves, beginning in 2002 when the County Board implemented a permanent budget reduction of \$1.1 million with the adoption of Resolution 27. This permanent reduction combined with increases in sales tax revenue and other revenues, a reduction in juvenile placement costs and new revenue from the Sheriff for housing federal inmates enabled the County to adopt its budgets without the use of accumulated surplus. The year 2003 was the first year since 1997 that the County did not use a significant amount of reserves to fund ongoing operating costs. The County had continued this practice with the adoption of the 2004, 2005, and 2006 budgets. As a result of not using reserves to fund operating costs, unassigned fund balance in the General Fund had grown from \$5.7 million in 2001 to \$8.1 in 2002, to \$10.4 million in 2003, \$10.6 million in 2004, and \$11.5 million in 2005. However, because of the County policy to use reserves in excess of the 17% target to fund capital costs, it was expected that this trend in the growth of the level of reserves would end.

As predicted, in 2006, the General Fund declined from \$11.5 million to \$9.7 million. In 2007, this trend continued with a reduction to \$8.2 million. The primary reason for the decline in 2007 is that tax delinquencies increased by \$889,065, the vacancy adjustment was \$979,165 below budget, and sales tax collections were \$597,190 below budget.

**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES** (continued)

In 2008, the County was impacted by the recession. While the General Fund increased slightly, this was primarily because it borrowed \$2.6 million in lieu of using cash reserves to fund certain projects in lieu of using reserves, or to reimburse certain capital projects that had been financed with reserves.

The recession continued into 2009. The General Fund declined by \$2.5 million to \$6.2 million. The primary reason for the decline in the General Fund has been the increase in property tax delinquencies. From the low point of \$4 million in 2005, tax delinquencies have increased to \$7.7 million in 2016. Had tax delinquencies remained stable, the unassigned General Fund balance would be at about 32% or 15% above the policy benchmark.

In 2010, the unassigned General Fund balance experienced an increase of \$1.4 million primarily due to a mid-year budget adjustment.

In 2012, the unassigned General Fund balance increased again due to many factors, including a surplus in health insurance and sales tax collections. Also, for the first time in 6 years, the unassigned General Fund balance was in compliance with County policy when it exceeded 17% of General Fund expenditures.

In 2013, the trend continued when the unassigned General Fund balance increased by \$1.8 million to \$11.6 million, and then in 2014, when the unassigned balance increased by \$3.5 million which represented 25% of general fund expenditures.

State and National events have had and will continue to have a significant impact upon the County. In 2016, the County demonstrated continued economic recovery, as property values of the average home in Kenosha County per equalized valuation (TID IN) increased from a low of \$97,000 in 2013 to \$159,000 in May of 2017. The current 5-year budget forecast reflects sustainability with regard to County operations. No major reductions in service appear to be necessary at this time.

The preliminary State 2015 – 2017 biennial budget does not change County levy limits. County operations are financially sustainable under these levy limits.

**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

At the end of December 31, 2016, the County had \$174.60 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

The \$3.4 million increase in machinery and equipment in the Governmental activities reflects the County's continued investment in Broadband infrastructure and computer equipment as well as annual update of vehicles and maintenance equipment. Construction in progress reflects the Brookside building project which will be completed in 2017. See Notes to the Financial Statements page 65 through 67 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	2016	2015	2016	2015	2016	2015
Construction in progress	\$ 1.87	\$ 3.85	\$ 11.03	\$ 0.93	\$ 12.90	\$ 4.79
Land	21.57	21.47	0.34	0.34	21.91	21.81
Land improvements	21.79	22.20	6.87	6.03	28.66	28.23
Intangible assets	-	-	0.03	0.03	0.03	0.03
Buildings	106.46	103.25	17.13	16.72	123.59	119.97
Machinery & equipment	40.21	37.73	23.17	22.23	63.37	59.96
Infrastructure	52.10	52.40	-	-	52.10	52.40
Total capital assets	243.99	240.90	58.56	46.28	302.56	287.17
Less: accumulated depreciation	(95.44)	(88.19)	(32.55)	(31.30)	(127.99)	(119.49)
Total net capital assets	\$ 148.55	\$ 152.71	\$ 26.01	\$ 14.98	\$ 174.56	\$ 167.68

**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

Debt

At year-end, the County had \$118,970,000 in outstanding general obligation debt.

Bonded debt outstanding at 12/31/15	\$ 117,980,000
Principal retired in 2016	(12,975,000)
Notes issued to fund 2016 capital projects	13,965,000
Debt outstanding at 12/31/16	<u>\$ 118,970,000</u>

New principal issued was \$13,965,000. Total general obligation debt outstanding increased by \$1.0 million or 1.0%.

In 2016, Standard and Poor's Ratings Service revised its outlook to positive from stable and increased its 'AA' rating to 'AA+'. The outlook revision reflects S&P's view of the positive trends in economic indicators. Fitch Ratings also revised the County's rating to 'AA+' rating with a stable outlook.

In 2013, Moody's rating decreased from AA1 to AA2. The decline in equalized value was a major contributing factor to this decline. Prior to 2013, the County's credit rating with Moody's last changed in 2009 as part of Moody's recalibration. The Moody's credit rating increased to Aa1. Prior to that, the County received a rating increase from Moody's in 2007, from Aa3 to Aa2. Prior to 2007, the last change in the Moody's rating came in 2004, when it increased from A1 to Aa3. The most recent increase in the County's Standard and Poor's credit rating occurred in 2003 when the County's rating increased from AA- to AA.

Since 1999, the County has experienced an overall decline in total long term obligations despite the increase in total debt outstanding in 2012. County debt hit its highest level of \$112.9 in 1999, including the County's unfunded actuarial pension liability. As of year end 2016, total County general obligation debt outstanding increased to \$118.9 million compared to \$99.5 million at year end 1999 with the increase due to the debt issued for the Brookside project. Excluding that debt, the balance had little change.

The chart below reflects the change in Kenosha County long term obligations since the implementation of GASB 45. GASB 45 required that Kenosha County account for its long term obligations relative to post retirement benefits for health insurance (OPEB). Because of changes made to the County OPEB program, total long term obligations have declined since the inception of GASB 45. In addition to making changes to post-retirement health insurance benefits, the County established a Paid Time Off (PTO) program in 2012. The program eliminated vacation accruals for all nonprotective employees by year end 2013. Changes to the post-retirement benefit for health insurance, combined with the implementation of the PTO program, will result in continued significant declines in County long term obligations.

<b>KENOSHA COUNTY</b>								
<b>TOTAL LONG TERM OBLIGATIONS</b>								
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Obligation	\$ 83,790,000	\$ 95,765,000	\$ 97,180,000	\$ 101,325,000	\$ 99,110,000	\$ 99,515,000	\$ 117,980,000	\$ 118,970,000
OPEB Protective	34,308,744	35,048,490	33,726,650	29,700,000	40,154,327	40,471,845	40,735,463	40,979,068
OPEB Nonprotective	55,091,237	56,176,150	53,545,927	40,600,000	44,798,295	43,968,115	32,801,555	31,400,351
Vacation/Casual	4,107,955	4,039,364	3,449,308	3,435,000	109,317	118,925	132,313	120,055
	<u>\$ 177,297,936</u>	<u>\$ 191,029,004</u>	<u>\$ 187,901,885</u>	<u>\$ 175,060,000</u>	<u>\$ 184,171,939</u>	<u>\$ 184,073,885</u>	<u>\$ 191,649,331</u>	<u>\$ 191,469,474</u>

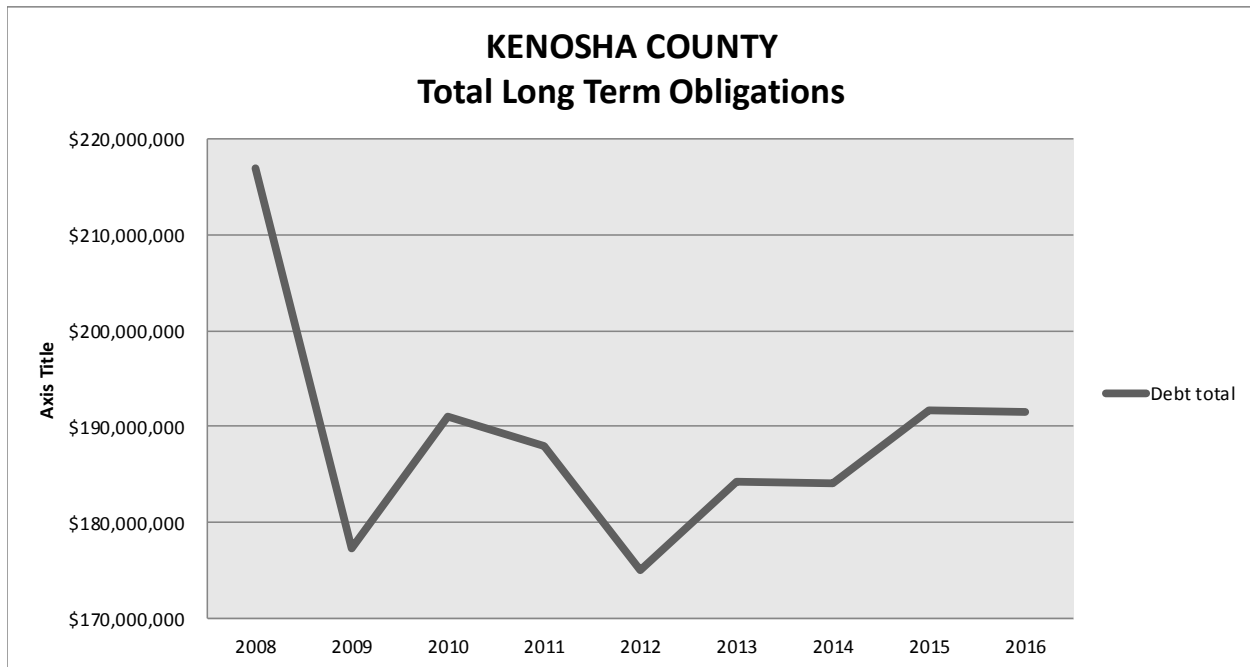


**KENOSHA COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)

**CAPITAL ASSETS AND DEBT ADMINISTRATION** (continued)

The OPEB debt in the above table represents the actuarial present value of projected benefits at January 1, 2015. This amount exceeds the actuarial accrued liability reported in the required supplementary information (RSI). The RSI amount represents the present value of benefits already earned.

(This graph reflects all County debt balances including OPEB liability, general obligation debt, and vacation and casual accrual.)



See Notes to the Financial Statements page 70 for more detail about the County's debt.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Financial Services Division at 1010 56th Street, Kenosha, WI.

David M. Geertsen, CPA, CGMA  
Chief Financial Officer  
Kenosha County, Wisconsin

**KENOSHA COUNTY**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and temporary cash investments	\$ 31,324,623	\$ 1,118,574	\$ 32,443,197
Receivables			
Property taxes	64,125,135	1,720,781	65,845,916
Delinquent taxes	11,389,796	-	11,389,796
Other	2,123,002	3,171,110	5,294,112
Due from other governments	11,972,043	2,332,679	14,304,722
Internal balances	3,950,591	(3,950,591)	-
Prepaid items	444,131	-	444,131
Inventories	-	615,728	615,728
Restricted cash and investments	835,867	9,610,306	10,446,173
Deposit with Wisconsin Municipal Mutual Insurance Co.	1,157,860	-	1,157,860
Capital assets			
Land, improvements, and construction in progress	39,240,191	11,364,273	50,604,464
Other capital assets, net of depreciation	109,313,511	14,642,883	123,956,394
Total Capital Assets	<u>148,553,702</u>	<u>26,007,156</u>	<u>174,560,858</u>
Total Assets	<u>275,876,750</u>	<u>40,625,743</u>	<u>316,502,493</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding of bond	250,356	-	250,356
Deferred outflows related to pension	28,808,399	7,571,191	36,379,590
Total Deferred Outflows of Resources	<u>29,058,755</u>	<u>7,571,191</u>	<u>36,629,946</u>
<b>LIABILITIES</b>			
Accounts payable	4,678,391	2,285,820	6,964,211
Claims payable	5,266,528	-	5,266,528
Accrued compensation	4,417,120	-	4,417,120
Accrued interest	836,951	-	836,951
Other current liabilities	11,206	234,209	245,415
Special deposits	60,716	2,902	63,618
Due to other governments	8,824,892	20,860	8,845,752
Unearned revenue	467,264	15,515	482,779
Long-term liabilities			
Net pension liability	5,153,950	1,344,445	6,498,395
Due within one year	17,975,775	39,999	18,015,774
Due in more than one year	112,024,433	23,596,804	135,621,237
Total Liabilities	<u>159,717,226</u>	<u>27,540,554</u>	<u>187,257,780</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	10,846,400	2,829,362	13,675,762
Deferred property tax levy	64,125,135	1,720,781	65,845,916
Total Deferred Inflows of Resources	<u>74,971,535</u>	<u>4,550,143</u>	<u>79,521,678</u>
<b>NET POSITION</b>			
Net investment in capital assets	45,787,965	15,015,144	48,449,233
Restricted for:			
Specific purpose: grants and loans	1,721,431	-	1,721,431
Non-expendable fund use	-	37,401	37,401
Debt service	652,000	-	652,000
Unrestricted	22,085,348	1,053,692	35,492,916
Total Net Position	<u>\$ 70,246,744</u>	<u>\$ 16,106,237</u>	<u>\$ 86,352,981</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	\$ 28,442,710	\$ 2,754,915	\$ 1,803,420	\$ -	\$ (23,884,375)	\$ -	\$ (23,884,375)
Health	21,163,984	1,339,615	14,696,643	-	(5,127,726)	-	(5,127,726)
Public works	6,681,085	-	-	-	(6,681,085)	-	(6,681,085)
Public safety	46,174,882	2,094,785	9,292,046	-	(34,788,051)	-	(34,788,051)
Social services	45,325,051	32,162	35,941,694	111,936	(9,239,259)	-	(9,239,259)
Education and recreation	4,988,685	192,131	528,963	72,500	(4,195,091)	-	(4,195,091)
Conservation and development	1,928,111	247,858	187,128	-	(1,493,125)	-	(1,493,125)
Interest on long-term debt	2,208,361	-	-	-	(2,208,361)	-	(2,208,361)
Total Governmental Activities	156,912,869	6,661,466	62,449,894	184,436	(87,617,073)	-	(87,617,073)
Business-type activities:							
Brookside Care Center	18,217,419	15,328,516	972,000	-	-	(1,916,903)	(1,916,903)
Highway	10,285,645	4,913,832	2,793,737	1,150,215	-	(1,427,861)	(1,427,861)
Golf Course	3,242,462	3,002,957	-	-	-	(239,505)	(239,505)
Total Business-type Activities	31,745,526	23,245,305	3,765,737	1,150,215	-	(3,584,269)	(3,584,269)
Totals	\$ 188,658,395	\$ 29,906,771	\$ 66,215,631	\$ 1,334,651	(87,617,073)	(3,584,269)	(91,201,342)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					49,471,052	1,454,654	50,925,706
Property taxes, levied for debt service					14,726,376	-	14,726,376
Sales tax - County					13,757,793	-	13,757,793
Grants and contributions not restricted to specific programs					4,085,977	-	4,085,977
Unrestricted investment earnings					243,769	166	243,935
Miscellaneous					714,910	11,602	726,512
Transfers					(654,869)	654,869	-
Total general revenues and transfers					82,345,008	2,121,291	84,466,299
Change in net position					(5,272,065)	(1,462,978)	(6,735,043)
Net position - beginning					75,518,809	17,569,215	93,088,024
Net position - ending					\$ 70,246,744	\$ 16,106,237	\$ 86,352,981

See accompanying notes to the financial statements.

**KENOSHA COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016**

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 20,526,654	\$ 485,825	\$ 1,488,951	\$ 7,533,672	\$ 30,035,102
Receivables					
Property taxes	34,081,345	13,006,569	14,405,766	2,415,450	63,909,130
Delinquent taxes	11,389,796	-	-	-	11,389,796
Miscellaneous	319,192	172,394	-	185,178	676,764
Due from other governments	3,498,361	7,001,852	-	1,471,830	11,972,043
Due from other funds	-	-	-	1,293,323	1,293,323
Prepaid items	281,718	-	-	1,437	283,155
Loans receivable	-	-	-	1,249,216	1,249,216
<b>TOTAL ASSETS</b>	<b>\$ 70,097,066</b>	<b>\$ 20,666,640</b>	<b>\$ 15,894,717</b>	<b>\$ 14,150,106</b>	<b>\$ 120,808,529</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 815,807	\$ 2,470,943	\$ -	\$ 635,681	\$ 3,922,431
Accrued compensation	4,417,120	-	-	-	4,417,120
Special deposits	4,410	2,846	-	53,461	60,717
Due to other governments	2,841,534	5,057,580	-	925,778	8,824,892
Due to other funds	-	-	-	1,293,323	1,293,323
Other unearned revenue	96,899	41,206	-	329,158	467,263
Total Liabilities	<u>8,175,770</u>	<u>7,572,575</u>	<u>-</u>	<u>3,237,401</u>	<u>18,985,746</u>
Deferred Inflows of Resources					
Deferred property tax levy	34,081,345	13,006,569	14,405,766	2,415,450	63,909,130
Revolving loan fund outstanding loans	-	-	-	1,249,216	1,249,216
Total deferred inflows of resources	<u>34,081,345</u>	<u>13,006,569</u>	<u>14,405,766</u>	<u>3,664,666</u>	<u>65,158,346</u>
Fund Balances					
<i>Nonspendable</i>					
Prepaid items	281,718	-	-	1,437	283,155
Delinquent taxes	7,695,267	-	-	-	7,695,267
<i>Restricted</i>					
Debt service	-	-	1,488,951	-	1,488,951
Housing Authority revolving loan fund	-	-	-	3,877	3,877
Federal Equitable Sharing funds	-	-	-	380,842	380,842
Aging	-	87,496	-	-	87,496
<i>Committed</i>					
Health Department	-	-	-	169,532	169,532
Federated Library System	-	-	-	2	2
Geographic Information Systems	-	-	-	29,852	29,852
<i>Assigned</i>					
Encumbrances	233,837	-	-	6,780	240,617
Subsequent year expenditures	1,207,756	-	-	6,242,717	7,450,473
Capital projects	-	-	-	583,969	583,969
<i>Unassigned</i>	<u>18,421,373</u>	<u>-</u>	<u>-</u>	<u>(170,969)</u>	<u>18,250,404</u>
Total Fund Balances	<u>27,839,951</u>	<u>87,496</u>	<u>1,488,951</u>	<u>7,248,039</u>	<u>36,664,437</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 70,097,066</b>	<b>\$ 20,666,640</b>	<b>\$ 15,894,717</b>	<b>\$ 14,150,106</b>	<b>\$ 120,808,529</b>

See accompanying notes to the financial statements.

**KENOSHA COUNTY**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**and the Statement of Net Position**  
**December 31, 2016**

Fund Balance - Total Governmental Funds	\$ 36,664,437
This is the amount of net total capital assets (\$148,553,702) less capital assets reported in internal service funds (\$1,889,454).	146,664,248
Long-term liabilities, including bonds and notes payable are not due and payable in the current period and therefore are not reported in the funds. See Note II.A.	(130,000,208)
Loss on refunding of debt is amortized over the life of the new debt and the unamortized balance shown as deferred outflows.	250,356
Interest expense is not accrued in the governmental funds.	(836,951)
Revenue from loans receivable made are recorded as revenue in government-wide as deferred inflow until collected in the governmental statements.	1,249,216
The County's proportional share of the Wisconsin Retirement System pension plan is not an available resource, therefore it is not reported in the fund financial statements.	12,808,052
Internal service funds are classed as proprietary funds in the fund statements but are governmental type in the entity wide statements. See Note II.A.	3,447,594
Total Net Position - Governmental Activities	<u><u>\$ 70,246,744</u></u>

See accompanying notes to the financial statements.

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**KENOSHA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2016**

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 48,150,170	\$ 12,391,991	\$ 14,726,376	\$ 2,471,579	\$ 77,740,116
Licenses and permits	184,433	-	-	462,373	646,806
Intergovernmental revenues	9,654,879	44,971,937	-	12,264,940	66,891,756
Charges for services	2,800,652	27,421	-	1,506,331	4,334,404
Fines, forfeits and penalties	1,310,410	-	-	-	1,310,410
Investment income	196,022	-	-	28,785	224,807
Miscellaneous income	474,213	26,390	-	111,431	612,034
Total Revenues	<u>62,770,779</u>	<u>57,417,739</u>	<u>14,726,376</u>	<u>16,845,439</u>	<u>151,760,333</u>
<b>EXPENDITURES</b>					
Current					
General government	22,884,953	-	-	24,626	22,909,579
Health	-	13,201,971	-	8,099,322	21,301,293
Public safety	38,517,109	-	-	5,150,676	43,667,785
Social services	282,094	43,453,311	-	-	43,735,405
Education and recreation	2,306,776	-	-	1,942,442	4,249,218
Conservation and development	989,799	-	-	843,932	1,833,731
Capital Outlay	2,662	-	-	4,870,522	4,873,184
Debt Service					
Principal retirement	-	-	12,975,000	-	12,975,000
Interest, fiscal charges and debt issuance costs	-	-	2,449,833	168,097	2,617,930
Total Expenditures	<u>64,983,393</u>	<u>56,655,282</u>	<u>15,424,833</u>	<u>21,099,617</u>	<u>158,163,125</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2016**

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	<u>(2,212,614)</u>	<u>762,457</u>	<u>(698,457)</u>	<u>(4,254,178)</u>	<u>(6,402,792)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation debt issued	-	-	-	8,658,900	8,658,900
Premium on issuance of debt	-	-	655,581	182,609	838,190
Transfers in	2,997,767	-	-	537,563	3,535,330
Transfers out	<u>(301,191)</u>	<u>(835,518)</u>	<u>-</u>	<u>(1,829,315)</u>	<u>(2,966,024)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>2,696,576</u>	<u>(835,518)</u>	<u>655,581</u>	<u>7,549,757</u>	<u>10,066,396</u>
<b>Net change in fund balance</b>	483,962	(73,061)	(42,876)	3,295,579	3,663,604
<b>FUND BALANCES</b>					
Beginning of year	<u>27,355,989</u>	<u>160,557</u>	<u>1,531,827</u>	<u>3,952,460</u>	<u>33,000,833</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 27,839,951</u></u>	<u><u>\$ 87,496</u></u>	<u><u>\$ 1,488,951</u></u>	<u><u>\$ 7,248,039</u></u>	<u><u>\$ 36,664,437</u></u>

See accompanying notes to the financial statements.



**KENOSHA COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016**

Net Change in Fund Balances - Total Governmental Funds	\$	3,663,604
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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 and reported as depreciation expense. This is the amount by which capital outlay (\$8,977,471), is greater than depreciation (\$8,370,802) in the current period.		606,669
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The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase (decrease) net position.		(4,288,646)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(6,119)
--	--	---------

Bond issues provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued. See Note II.B.		(1,368,737)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. See Note II.B.		(724,198)
--	--	-----------

Changes in the net pension (asset) liability and related deferred inflows/outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience in the pension plan.		(3,076,017)
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and public works, to individual funds. The net expense of certain internal service funds is reported with governmental activities, plus capital assets acquired.		(78,621)
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Change in net position of governmental activities	\$	(5,272,065)
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**KENOSHA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended December 31, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 47,700,301	\$ 47,403,161	\$ 48,150,170	\$ 747,009
Licenses and permits	154,000	154,000	184,433	30,433
Intergovernmental revenues	14,496,411	9,501,022	9,654,879	153,857
Charges for services	2,839,749	2,885,913	2,800,652	(85,261)
Fines, forfeits and penalties	1,236,389	1,236,389	1,310,410	74,021
Investment income	220,000	220,000	196,022	(23,978)
Miscellaneous income	508,465	550,321	474,213	(76,108)
Continuing appropriations	394,340	2,647,774	-	(2,647,774)
Total Revenues	<u>67,549,655</u>	<u>64,598,580</u>	<u>62,770,779</u>	<u>(1,827,801)</u>
<b>Expenditures</b>				
Current				
General government	23,009,319	23,602,547	22,884,953	717,594
Public safety	40,938,793	38,920,184	38,517,109	403,075
Social services	294,188	289,945	282,094	7,851
Education/recreation	2,359,638	2,541,149	2,306,776	234,373
Conservation and development	947,717	1,059,099	989,799	69,300
Capital Outlay	-	42,695	2,662	40,033
Total Expenditures	<u>67,549,655</u>	<u>66,455,619</u>	<u>64,983,393</u>	<u>1,472,226</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,857,039)</u>	<u>(2,212,614)</u>	<u>(355,575)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	3,002,070	2,997,767	(4,303)
Transfers out	-	(302,205)	(301,191)	1,014
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,699,865</u>	<u>2,696,576</u>	<u>(3,289)</u>
Net change in fund balance	-	842,826	483,962	(358,864)
Fund balance - beginning	<u>27,355,989</u>	<u>27,355,989</u>	<u>27,355,989</u>	<u>-</u>
Fund balance - ending	<u>\$ 27,355,989</u>	<u>\$ 28,198,815</u>	<u>\$ 27,839,951</u>	<u>\$ (358,864)</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - HUMAN SERVICES FUND**  
**For the Year Ended December 31, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 12,391,991	\$ 12,391,991	\$ 12,391,991	\$ -
Intergovernmental revenues	43,992,316	45,595,078	44,971,937	(623,141)
Charges for services	17,000	17,000	27,421	10,421
Miscellaneous income	43,459	43,459	26,390	(17,069)
Continuing appropriations	40,000	108,008	-	(108,008)
Total Revenues	<u>56,484,766</u>	<u>58,155,536</u>	<u>57,417,739</u>	<u>(737,797)</u>
<b>Expenditures</b>				
Current				
Health	12,761,858	13,233,443	13,201,971	31,472
Social services	43,922,908	45,140,121	43,453,311	1,686,810
Total Expenditures	<u>56,684,766</u>	<u>58,373,564</u>	<u>56,655,282</u>	<u>1,718,282</u>
Excess (deficiency) of revenues over expenditures	<u>(200,000)</u>	<u>(218,028)</u>	<u>762,457</u>	<u>980,485</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	200,000	-	-	-
Transfers out	-	(835,518)	(835,518)	-
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>(835,518)</u>	<u>(835,518)</u>	<u>-</u>
Net change in fund balance	-	(1,053,546)	(73,061)	980,485
Fund balance - beginning	<u>160,557</u>	<u>160,557</u>	<u>160,557</u>	<u>-</u>
Fund balance - ending	<u>\$ 160,557</u>	<u>\$ (892,989)</u>	<u>\$ 87,496</u>	<u>\$ 980,485</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2016**

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ -	\$ 320,416	\$ 798,158	\$ 1,118,574	\$ 1,289,521
Accounts receivable	2,911,704	259,406	-	3,171,110	43,444
Property taxes receivable	-	1,720,781	-	1,720,781	216,005
Due from other governments	-	2,329,083	3,596	2,332,679	153,577
Due from other funds	-	-	-	-	4,639,690
Inventories	40,457	536,297	38,974	615,728	-
Prepaid items	-	-	-	-	160,976
Total current assets	2,952,161	5,165,983	840,728	8,958,872	6,503,213
Noncurrent assets					
Restricted cash and investments	9,610,306	-	-	9,610,306	835,867
Deposit in WMMIC	-	-	-	-	1,157,860
Capital assets					
Land and construction in progress	11,026,218	60,409	277,646	11,364,273	709,985
Intangible assets	-	-	29,508	29,508	-
Buildings and improvements	5,936,475	8,699,308	9,361,016	23,996,799	7,451,991
Machinery and equipment	5,667,240	14,061,035	3,438,938	23,167,213	632,512
Accumulated depreciation/amortization	(8,366,883)	(16,577,228)	(7,606,526)	(32,550,637)	(6,905,034)
Total capital assets	14,263,050	6,243,524	5,500,582	26,007,156	1,889,454
Total noncurrent assets	23,873,356	6,243,524	5,500,582	35,617,462	3,883,181
Total Assets	26,825,517	11,409,507	6,341,310	44,576,334	10,386,394
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pension	4,632,383	2,443,341	495,467	7,571,191	-
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	1,281,023	962,113	42,684	2,285,820	755,962
Claims payable	-	-	-	-	5,266,528
Due to other funds	3,950,591	-	-	3,950,591	689,099
Due to other governments	-	20,860	-	20,860	-
Special deposits	2,902	-	-	2,902	-
Other current liabilities	234,209	-	-	234,209	11,206
Current portion of unamortized (discount) premium on debt	39,999	-	-	39,999	-
Unearned revenue	-	-	15,515	15,515	-
Total current liabilities	5,508,724	982,973	58,199	6,549,896	6,722,795
Noncurrent liabilities					
Net pension liability	823,585	433,433	87,427	1,344,445	-
Long-term obligations	22,260,041	1,219,413	117,350	23,596,804	-
Total noncurrent liabilities	23,083,626	1,652,846	204,777	24,941,249	-
Total Liabilities	28,592,350	2,635,819	262,976	31,491,145	6,722,795
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pension	1,733,221	912,152	183,989	2,829,362	-
Deferred property tax levy	-	1,720,781	-	1,720,781	216,005
	1,733,221	2,632,933	183,989	4,550,143	216,005
<b>NET POSITION</b>					
Net investment in capital assets	3,271,038	6,243,524	5,500,582	15,015,144	1,889,452
Restricted for non-expendable fund use	37,401	-	-	37,401	-
Unrestricted (deficit)	(2,176,110)	2,340,572	889,230	1,053,692	1,558,142
Total Net Position	\$ 1,132,329	\$ 8,584,096	\$ 6,389,812	\$ 16,106,237	\$ 3,447,594

See accompanying notes to the financial statements.

**KENOSHA COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
<b>OPERATING REVENUES</b>					
Charges for services	\$ 15,328,516	\$ 4,913,832	\$ 3,002,957	\$ 23,245,305	\$ 27,420,489
Total Operating Revenues	15,328,516	4,913,832	3,002,957	23,245,305	27,420,489
<b>OPERATING EXPENSES</b>					
Operations and maintenance	16,324,186	12,913,877	2,559,037	31,797,100	27,221,286
General and administrative	1,596,103	566,986	-	2,163,089	-
Depreciation and amortization	337,128	937,628	683,426	1,958,182	499,088
Total Operating Expenses	18,257,417	14,418,491	3,242,463	35,918,371	27,720,374
Operating Income (Loss)	(2,928,901)	(9,504,659)	(239,506)	(12,673,066)	(299,885)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
General property taxes	(348,899)	1,803,553	-	1,454,654	215,105
Intergovernmental grants	982,574	3,943,953	-	4,926,527	-
Proceeds from debt issued	-	3,758,360	1,328,240	5,086,600	109,500
Investment income	166	-	-	166	18,963
Miscellaneous income	-	1,027	-	1,027	153,577
Amortization of debt premium	39,999	-	-	39,999	-
Interest and fiscal charges	-	-	-	-	(5,460)
Total Non-Operating Revenues (Expenses)	673,840	9,506,893	1,328,240	11,508,973	491,685
Income (Loss) Before Transfers	(2,255,061)	2,234	1,088,734	(1,164,093)	191,800
<b>TRANSFERS</b>					
Transfers in	299,259	-	-	299,259	1,085
Transfers out	-	(598,144)	-	(598,144)	(271,506)
Total Transfers	299,259	(598,144)	-	(298,885)	(270,421)
Change in net position	(1,955,802)	(595,910)	1,088,734	(1,462,978)	(78,621)
Net position - January 1	3,088,131	9,180,006	5,301,078	17,569,215	3,526,215
Net position - December 31	\$ 1,132,329	\$ 8,584,096	\$ 6,389,812	\$ 16,106,237	\$ 3,447,594

See accompanying notes to the financial statements.

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**KENOSHA COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 14,342,355	\$ 2,884,235	\$ 3,004,252	\$ 20,230,842	\$ 25,956,437
Paid to suppliers and employees for goods and services	(13,933,137)	(11,992,522)	(2,514,327)	(28,439,986)	(28,603,913)
Cash Flows from Operating Activities	409,218	(9,108,287)	489,925	(8,209,144)	(2,647,476)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
General property taxes	(348,899)	1,803,553	-	1,454,654	215,105
Intergovernmental grants	982,574	3,943,953	-	4,926,527	-
Miscellaneous income	-	1,027	-	1,027	153,577
Transfers	-	(598,144)	-	(598,144)	(270,421)
Cash Flows from Noncapital Financing Activities	633,675	5,150,389	-	5,784,064	98,261
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Interest paid	(624,604)	-	-	(624,604)	-
Debt issued (net of issuance cost)	-	3,758,360	1,328,240	5,086,600	109,500
Acquisition and construction of capital assets	(9,543,809)	(1,367,898)	(1,477,537)	(12,389,244)	(27,361)
Disposal of capital assets	-	33,648	-	33,648	-
Transfers	299,259	-	-	299,259	-
Cash Flows from Capital and Related Financing Activities	(9,869,154)	2,424,110	(149,297)	(7,594,341)	82,139
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Deposit to WMMIC restricted cash	-	-	-	-	(420,214)
Investment income	166	-	-	166	18,963
Cash Flows from Investing Activities	166	-	-	166	(401,251)
Net Change in Cash and Cash Equivalents	(8,826,095)	(1,533,788)	340,628	(10,019,255)	(2,868,327)
Cash and Cash Equivalents - Beginning of Year	18,436,401	1,854,204	457,530	20,748,135	4,157,848
Cash and Cash Equivalents - End of Year	\$ 9,610,306	\$ 320,416	\$ 798,158	\$ 10,728,880	\$ 1,289,521

See accompanying notes to the financial statements.

**KENOSHA COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2016

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (2,928,901)	\$ (9,504,659)	\$ (239,506)	\$ (12,673,066)	\$ (299,885)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:					
Depreciation expense and amortization	337,128	937,628	683,426	1,958,182	499,088
Change in net pension liability (assets) and deferred inflows/outflows related to pension	573,938	292,345	45,745	912,028	-
Changes in assets and liabilities:					
Accounts receivable	(986,162)	(257,228)	560	(1,242,830)	9,695
Due from other governments	-	(1,772,369)	735	(1,771,634)	-
Inventories	4,783	(17,672)	(393)	(13,282)	-
Due from other funds	-	-	-	-	(3,780,443)
Prepaid items	-	1,614,374	-	1,614,374	65,792
Accounts payable	975,407	519,011	(5,544)	1,488,874	553,224
Claims payable	-	-	-	-	475,201
Due to other governments	-	(636,471)	-	(636,471)	-
Due to other funds	2,336,217	-	-	2,336,217	(170,148)
Unearned revenue	-	-	689	689	-
OPEB payable	97,717	(283,246)	4,213	(181,316)	-
Accrued compensation	-	-	-	-	-
Other current liabilities	(909)	-	-	(909)	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 409,218</u>	<u>\$ (9,108,287)</u>	<u>\$ 489,925</u>	<u>\$ (8,209,144)</u>	<u>\$ (2,647,476)</u>
Noncash investing, capital and financing activities:					
Infrastructure transferred to governmental activities	<u>\$ -</u>	<u>\$ 3,488,063</u>	<u>\$ -</u>	<u>\$ 3,488,063</u>	<u>\$ -</u>

See accompanying notes to the financial statements.



**KENOSHA COUNTY**

**STATEMENT OF ASSETS & LIABILITIES  
FIDUCIARY FUNDS - AGENCY FUNDS**

**December 31, 2016**

**ASSETS**

Cash and temporary cash investments	\$	3,357,970
Miscellaneous receivables		<u>315,630</u>
Total Assets	\$	<u><u>3,673,600</u></u>

**LIABILITIES**

Other accrued liabilities	\$	<u>3,673,600</u>
Total Liabilities	\$	<u><u>3,673,600</u></u>

See accompanying notes to the financial statements.

## KENOSHA COUNTY

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## KENOSHA COUNTY

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**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the County of Kenosha, Wisconsin conform to generally accepted accounting principles 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 Kenosha County. The reporting entity for the County consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate tax exempt organization should be reported as a component unit of a reporting entity if all the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents, (2) the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the separate organization, (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to or has the ability to otherwise access are significant to that primary government. This report does not contain any component units.

***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category, loss on refunding of bond which is amortized over the life of the debt and so is not realized until future periods and the County's proportionate share of the Wisconsin Retirement System pension plan which is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. One of these items that qualifies for reporting in this category is the County's property tax levy.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)***

This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. Another item is the inflow related to the County's allocated portion of the Wisconsin Retirement System. The County also has an additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, loans. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

***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.

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 allocates indirect expenses to functions in the Statement of Activities by using a cost allocation plan. 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, are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds, 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.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

***Fund Financial Statements (cont.)***

Funds are organized as major funds or non-major funds within the governmental, proprietary, and fiduciary 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 and deferred outflows of resources, liabilities and 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 proprietary fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County reports the following major governmental funds:

- General – accounts for and reports all financial resources not accounted for and reported in another fund.
- Human Services – Accounts for resources legally restricted to supporting expenditures for the Social Services and Aging programs.
- Debt Service – accounts for resources accumulated and payments made for principal and interest on long-term debt other than enterprise fund debt.

The County reports the following major enterprise funds:

- Brookside Care Center – accounts for the operations of the County nursing home.
- Highway – accounts for the maintenance of the County, state and local roads.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

***Fund Financial Statements (cont.)***

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. These specific restricted or committed revenues should be the foundation for a special revenue fund. These funds are:

Housing Authority	Federated Library System
Health Department	Geographic Information Systems
Federal Inmate	Federal Equitable Sharing
	Sheriff Federal Equitable Sharing

- Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities. These projects include:

Parkland Development	Energy Reduction Technology
Public Safety Access Point	Administration Building Restoration
Western County Communication	Other Capital Projects
Public Safety Building	

- Enterprise Fund – Golf Course Fund – accounts for the operations of the County golf courses.

In addition, the County reports the following fund types:

- Internal Service Funds - 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. These funds consist of:

Human Services Building	Workers Compensation
Health Insurance	General Liability Insurance

- Agency Funds - 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. These funds consist of the following:

Clerk of Courts	Social Services
Child Support	Other Agency Funds

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

***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 deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special charges 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.

***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 except for human services, victim witness, and other reimbursable grants, for which available is defined as 180 days. This exception is necessary because the funding source reimbursement process routinely extends to this period and the revenue then more appropriately matches to the related expenditures. 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 deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. Sales taxes are recognized as revenues in the year in which the underlying sales relating to it take place.

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 liabilities or deferred inflows. Amounts received prior to the entitlement period are also recorded as liabilities or deferred inflows.



**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***  
(cont.)

***Fund Financial Statements*** (cont.)

Special charges are recorded as revenues when they become measurable and available as current assets. Annual installments due in the future years are reflected as receivables and unearned revenues. Delinquent special assessments being held for collection by the County are reported as receivables and due to other governments in the General Fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special charges 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.

The County reports unearned revenues on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements, unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

Unearned revenues also arise when resources are received before the County has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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 use the accrual basis of accounting and do not have a measurement focus.

The proprietary 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.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

---

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***  
(cont.)

***All Financial Statements***

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, 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.

The County has adopted an investment policy which follows the state statute for allowable investments. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. 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.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

Investments are stated at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. 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 income. Investment income on commingled investments of accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

---

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

***1. Deposits and Investments (cont)***

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 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, 2016 the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

***2. Receivables***

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.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. If not collected by July 31, the delinquent property taxes are recorded as delinquent taxes receivable and nonspendable fund balance in the general fund. Interest on delinquent property taxes is recognized as revenue when received.

The County purchases uncollected property taxes from other taxing authorities as the unpaid amount to facilitate the collection of taxes.

The purchases are a financing arrangement and are not included in property tax revenues. Delinquent property taxes purchased from other taxing authorities are included as a nonspendable fund balance at year end. Delinquent special assessments are recorded as a receivable and due to other units of government until collected and paid to the taxing jurisdiction.

Property taxes as levied are collected by local treasurers until January 31 in eleven municipalities and July 31 in two municipalities. At the end of the local treasurer's collection process, a settlement between the County treasurer and local treasurers determine the amount due the various taxing districts. Tax collection becomes the responsibility of the County and delinquent taxes receivable represent unpaid taxes levied for all taxing entities within the County. 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 the County has demonstrated its ability to recover any losses through the sale of property.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

---

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

***2. Receivables (cont.)***

Following is the property tax calendar for municipalities within the County except for the City of Kenosha and the Village of Pleasant Prairie which collect taxes in three installments through July 31.

Property tax calendar – 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale – 2015 delinquent real estate taxes	October 2019

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”.

The County has a 0.5% sales tax which is collected by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale related to it takes place. At December 31, 2016, the County has accrued two months of the subsequent year’s collections as receivable.

The County has received federal grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The County records a loan receivable when the loan has been made and funds have been disbursed.

It is the County’s policy to record deferred inflow in the governmental funds for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are issued from the repayments, expenditures are recorded. In the government-wide statements, revenue is recorded when new loans are made. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

---

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

***3. Inventories and Prepaid Items***

Governmental fund inventory items are charged to expenditure accounts when purchased. Year end inventory was not significant. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction, and/or operation and maintenance expense when used.

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.

***4. Restricted Assets***

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

***5. Capital Assets***

***Government-Wide Financial Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 (Brookside Care Center's threshold is \$1,000) for general capital assets and infrastructure assets, and an estimated useful life based on the asset type. All capital assets are valued at historical cost, or estimated historical cost, if actual amounts are unavailable based on the amount provided by the appraisal firm retained by the County. 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. 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/amortization.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

---

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

**5. Capital Assets (cont)**

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:

Land Improvements	20 Years
Buildings	50-100 Years
Machinery and Equipment	5-40 Years
Infrastructure	15-50 Years
Intangible assets	3-5 Years

***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 as in the government-wide statements.

**6. Other Assets**

In all funds, debt issuance costs are recognized as expenditures in the current period. GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. Discounts and premiums are amortized over the life of the related debt issue.

**7. 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. The amount of accumulated sick leave that will not be paid with expendable available resources cannot be reasonably determined. Sick leave does not vest.

Vested vacation and casual days are accrued when incurred in the government-wide, proprietary, and fiduciary 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, and are payable with expendable available resources.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

***7. Compensated Absences (cont)***

Non-classified employees are subject to a PTO (paid time off) bank in which unused benefit time is not matured at resignation or retirement. Previously, these employees earned vacation and casual benefit days during the current year for the following year. Currently, two bargaining units will accrue a full year of compensated benefit time that can mature. All other employees will have PTO banks and the benefit time will not be a liability to the County.

Accumulated liabilities at December 31, 2016 are determined on the basis of current salary rates and include salary related payments.

***8. Long-Term Obligations/Conduit Debt***

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources. The 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 deferred and 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 which ever is shorter. The balance at year end for both premiums/discounts is shown as an increase or decrease in the liability section of the balance sheet.

In September 2009, the County Board authorized issuance of conduit debt titled “Kenosha County, Wisconsin Community Facility Revenue Bond, Series 2009” whose principal may not exceed \$8,300,000. The purpose of the bond is to assist a non profit community organization in the construction of a facility within the County. In 2013, this agency refinanced this bond at \$5,713,550. Final maturity of the bonds is September 2030. The bonds are secured by various assets of the borrower. The balance of the debt as of December 31, 2016 is \$5,180,040.

The County has no liability for this conduit debt in the event of default by the borrowers. Accordingly, the bonds are not reported as liabilities in the County’s financial statements.

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

***9. Claims and Judgments***

Claims and judgments are recorded as liabilities if all the conditions of Government Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are 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. See Note V. B. on commitments and contingencies.

***10. Equity Classifications***

***Government-Wide Financial Statements***

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

- a. Net Investment in Capital Assets – includes the County's capital assets (net of accumulated depreciation and capital related deferred outflows of resources) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- b. Restricted Net Position – includes assets that have third party (statutory, bond covenant, or granting agency) limitations on their use. The County typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- c. Unrestricted Net Position – typically includes unrestricted liquid assets. The County has the authority to revisit or alter this position.

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business- type Activities	Adjustment	Total
Net investment in capital assets	\$ 45,787,965	\$15,015,144	\$(12,353,876)	\$48,449,233
Unrestricted (deficit)	\$ 22,085,348	\$ 1,053,692	\$ 12,353,876	\$35,492,916

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



**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

---

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

***10. Equity Classifications (cont)***

***Fund Financial Statements***

Governmental fund equity is classified as fund balance. GASB 54 requires the fund balance amounts to be reported in the following categories:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form, or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for the specific purposed stipulated by constitution, external resource providers, or through enabling legislation.
- c. Committed – Amounts that can be used only for the specific purposed determined by a formal action or resolution of the County Board (the County's highest level of decision-making authority).
- d. Assigned – Amounts that are intended to be used for a particular purpose expressed by the Board or other authorized committee or individual.
- e. Unassigned – All amounts not included in other spendable classifications.

It is the practice of the County to spend committed amounts first followed by assigned then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the fund balance classifications could be used.

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

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**NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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***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 explains that “long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities.” All liabilities, both current and long-term, are reported in the statement of net position.

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

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

Following are details of these differences:

Bonds and notes payable(excluding internal service fund debt)	\$ 100,680,000
Bond premiums net of discounts	2,085,737
Post retirement health insurance benefits	27,114,416
Vacation/casual day accrual	<u>120,055</u>
 Combined adjustment for long-term liabilities	 <u>\$ 130,000,208</u>

Internal service funds are classified as proprietary funds in the fund statements but as governmental activities in the government-wide statements.

Internal Service Funds:	
Human Services Building	\$ 1,947,594
Health Insurance	<u>1,500,000</u>
 Total	 <u>\$ 3,447,594</u>

***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 states that “bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. This is the amount by which repayments exceeded debt issued.”

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

---

***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 (cont)***

Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$(1,368,737) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (13,965,000)
Current year net premiums	(655,581)
Current year net premium amortization	276,844
Principal repayments:	
General obligation debt	<u>12,975,000</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,368,737)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$(724,198) difference are as follows:

Post retirement health insurance benefits	\$ (802,032)
Vacation/casual day accrual	12,258
Amortization of loss on refunding	(41,726)
Accrued interest	<u>107,302</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (724,198)</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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***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 I.

A budget has been adopted for the general fund, special revenue funds, debt service fund, and capital projects funds. Comparisons of actual to budget are presented in the basic financial statements for the general fund and human services special revenue fund. Budgetary comparisons are not required for proprietary funds.

The budgeted amounts presented include any amendments made. Various approvals are required to transfer budgeted amounts within departments, between departments, or changes to the overall budget.

Appropriations lapse at year end unless specifically carried over. Continuing appropriations to the following year are included in assigned fund balance (for government funds) as follows:

General Fund	\$ 1,207,756
Capital Projects Funds	6,242,717

***B. GOVERNMENTAL FUNDS - EXCESS EXPENDITURES OVER APPROPRIATIONS***

The County controls expenditures at the business unit level which is defined as a cost center. There were no expenditure line item accounts that experienced expenditures which exceed appropriations.

***C. DEFICIT BALANCES***

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. The County has no funds with deficit balances at December 31, 2016.

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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**NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

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***D. LIMITATIONS ON THE COUNTY'S TAX LEVY RATE AND ITS ABILITY TO ISSUE NEW DEBT***

The State budget repealed the county operating tax (mill) rate limit. Counties remain subject to levy limits and current law provisions pertain to the issuance of debt.

The State budget continues the property tax “freeze” by limiting levy growth (with some exceptions) to the greater of 0.0 percent or the change in property values due to net new construction. Levy limit exceptions for debt service, service consolidations, and annexations are retained. The budget increases the carry forward of unused levy capacity (“use it or lose it”) from 0.5 percent of the prior year’s levy to 1.5 percent. In order for a county to carryforward unused levy capacity of up to 0.5 percent, a simple majority vote of the board is required. In order for a county to carry forward between 0.5 percent and 1.5 percent, a super majority vote of the board is required.

The budget also includes an exception to the pre-2005 negative debt adjustment for counties that do not carry forward unused levy capacity from the prior year.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS**

---

**A. DEPOSITS AND INVESTMENTS**

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

The County has an agreement with Johnson Bank for collateralization of its deposits and investments. The bank has pledged \$6,455,983 of various governmental securities as collateralization for the County's deposits.

The County maintains a cash and investment pool that is available for use by all funds. The carrying amount of the various fund types on December 31, 2016 are as follows:

General	\$	20,526,654
Special Revenue		1,163,955
Capital Projects		6,855,542
Debt Service		1,488,951
Enterprise		10,728,882
Internal Service		3,283,248
Agency		3,357,970
	\$	<u>47,405,202</u>

The distribution of deposits and investments is as follows:

Petty Cash	\$	28,210
Deposits		7,132,335
Investments		40,244,657
	\$	<u>47,405,202</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

---

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

---

***A. DEPOSITS AND INVESTMENTS (cont.)***

Deposits – Custodial Credit Risk

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

As of December 31, 2016, the carrying amount of the County's deposits was \$7,132,335 and the bank balance was \$7,420,008. As of December 31, 2016, \$6,455,983 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits of which all were collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name. In addition, the County maintains petty cash funds in the amount of \$28,210.

Investments

The County's investment policy follows Wisconsin State Statute 34 and County ordinance which delegates authority to the Treasurer to invest money of the County, to sell or exchange securities purchased and to provide for the safekeeping of such securities. The County contracts with investment advisory firms for investment management services.

State statutes authorize the County to invest in obligations of the U.S. Treasury, agencies and instrumentalities; obligations of Wisconsin governmental units; bonds issued by a local exposition district, a local professional baseball park district, the University of Wisconsin Hospitals and Clinics Authority or by the Wisconsin Aerospace Agency; time deposits with maturities of less than three years in any financial institution in Wisconsin; the State of Wisconsin Local Government Investment Pool; any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency; securities of an open-end management investment company or investment trust subject to various conditions and investment options; and repurchase agreements with public depositories, with certain conditions. The County only deposits and invests its monies in investments allowed by State Statute.

Investments are stated at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair values are based on quoted market prices. No investments are recorded at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

Investment Risk Factors

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

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

---

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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**A. DEPOSITS AND INVESTMENTS (cont.)**

Credit Risk

Fixed income securities are subject to credit risk, which is the risk 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 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 is, the greater the risk, 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.

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.

The credit risk profile for fixed income securities at December 31, 2016 is as follows:

<b>U.S. Government Guaranteed</b>		
Investment	Moody's Rating	Amount
AIM		
Government & Agency- Institutional	AAA	\$ 5,673,063
Treasury - Institutional	AAA	251,431
DANA		
Federal Home Loan Mortgage Corp.	AAA	3,632,733
Federal National Mortgage Association	AAA	3,244,124
Small Business Association	AAA	814,265
Total U.S. Government Guaranteed		<b>13,615,615</b>
<b>Pooled Funds</b>		
Wisconsin Local Government		
Investment Pool	Unrated	<b>26,503,927</b>
<b>Money Market Accounts</b>		
DANA Money Market Account	AAA	125,115
Total Money Market Accounts		<b>125,115</b>
Grand Total		<b>\$ 40,244,657</b>



**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

---

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

---

**A. DEPOSITS AND INVESTMENTS (cont.)**

Custodial Credit Risk

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

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. 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 does not address custodial credit risk for investments. In practice, all of the County's investments are held in the County's name by a third party custodian (a bank trust company), or are 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. The County's Investment Policy follows the "prudent investor rule" which strives toward the preservation of capital and diversification of the portfolio to minimize losses.

Major issuers (over five percent of total investments) in the County's portfolio as of December 31, 2016 are as follows:

<b>Issuer</b>	<b>Amount</b>	<b>Percentage</b>
Federal National Mortgage Association	\$ 3,244,124	8%
U.S. Treasury	5,924,494	15%
Federal Home Loan Mortgage Corp.	3,632,733	9%
Other issuers (none over 5%)	27,443,306	69%
	<u>\$ 40,244,657</u>	100%

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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**A. DEPOSITS AND INVESTMENTS (cont.)**

Interest Rate Risk

The County's Investment Policy does not address 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 consistent with their management strategy.

AIM has been assigned the Lehman Intermediate Government Index as their benchmark. Dana Investment Advisors uses the Merrill Lynch three month Treasury Bill index as their official benchmark.

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, 2016 is as follows (total duration includes money market accounts, which are not listed in the table):

<u>Investment Type</u>	<u>Amount</u>	<u>Effective Duration</u>
Federal Home Loan Mortgage Corp. (FHLMC)	\$ 3,632,733	Average 296 days
Federal National Mortgage Association (FNMA)	3,244,124	Average 467 days
Small Business Association	814,265	Average 102 days
	<u>\$ 7,691,122</u>	

For money market fund investments and the Wisconsin Local Government Investment Pool, 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, 2016 is as follows:

<u>Fund Name</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Wisconsin Local Government Investment Pool	\$ 26,503,927	67 days
AIM Short Term Government & Agency	5,673,063	42 days
AIM Short Term Treasury	251,431	40 days
	<u>\$ 32,428,420</u>	

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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**A. DEPOSITS AND INVESTMENTS (cont.)**

Fair Value Measurements

The County implemented GASB Statement No. 72, Fair Value Measurement and Application, for the year ending December 31, 2016. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
U.S. Treasuries	\$ -	\$ 251,431	\$ -
U.S. Agencies	-	6,484,504	-
Money market mutual funds	127,938	-	-
FNMA	-	3,244,124	-
FHLMC	-	3,632,733	-
	<u>\$ 127,938</u>	<u>\$ 13,612,792</u>	<u>\$ -</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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***B. RECEIVABLES***

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the financial statements.

Loans issued by the Housing Authority are not due until the related real estate property is sold by the borrower. Therefore, the amount that will be due within one year can not be determined.

Delinquent property taxes purchased from other taxing authorities are reflected as nonspendable fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available for current expenditures and are therefore excluded from the nonspendable portion of fund balance. The County adjusts the nonspendable fund balance for delinquencies by the full amount net of the first sixty days of collections in the following year.

For the year ended December 31, 2016, collections in the first sixty days aggregated \$701,907. Therefore, the delinquent property tax nonspendable fund balance is \$8,397,174 less \$701,907 or \$7,695,267.

At December 31, 2016, delinquent property taxes by year levied consists of the following:

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax Certificates			
2015	3,073,873	516,657	2,557,216
2014	1,908,856	320,841	1,588,015
2013	1,431,681	240,637	1,191,044
2012	820,549	137,917	682,632
2011	495,926	83,355	412,571
2010	307,988	51,766	256,222
2009	175,198	29,446	145,752
2008 and prior	183,103	30,775	152,328
Total Tax Certificates	8,397,174	<u>\$ 1,411,402</u>	<u>\$ 6,985,772</u>
Delinquent Special Assessments	1,994,388		
Tax Deeds held by County	998,450		
Other	(216)		
Total Delinquent Property Taxes Receivable	<u>\$ 11,389,796</u>		

For economic development loans, the County is limited by the Wisconsin Department of Commerce to the amount of program income from economic development loans it may retain and loan to other businesses. Program income includes the principal and interest received from economic development loans repayments. Based upon its current population, the County may retain \$750,000. At December 31, 2016, the County has not exceeded its maximum retention cap. If it does, a liability to the state will be recorded.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**C. CAPITAL ASSETS**

The County defines their capital assets as assets with an initial cost of more than \$5,000. The addition column represents the new assets in 2016 including new infrastructure assets. The deletion column represents the assets that were discarded in 2016.

Capital asset valuation and activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities, excluding Internal Service Capital Assets				
Capital Assets not being depreciated:				
Construction in Progress	\$ 3,852,761	\$ 738,288	\$ (2,751,243)	\$ 1,839,806
Land Improvements	16,411,958	644,783	(1,255,837)	15,800,904
Land	20,788,253	101,243	-	20,889,496
Total Capital Assets not being depreciated	41,052,972	1,484,314	(4,007,080)	38,530,206
Other Capital Assets:				
Land Improvements	5,783,058	202,040	-	5,985,098
Buildings	95,801,210	3,207,750	-	99,008,960
Machinery & Equipment	37,097,494	3,346,547	(870,135)	39,573,907
Infrastructure	52,396,652	3,488,063	(3,782,411)	52,102,304
Total Other Capital Assets at Historical Cost	191,078,414	10,244,400	(4,652,546)	196,670,268
Less: Accumulated Depreciation				
Land Improvements	(3,277,053)	(176,916)	-	(3,453,969)
Buildings	(33,480,442)	(2,061,223)	-	(35,541,665)
Machinery & Equipment	(23,795,926)	(3,593,078)	722,988	(26,666,016)
Infrastructure	(21,231,740)	(2,539,585)	896,749	(22,874,576)
Total Accumulated Depreciation	(81,785,161)	(8,370,802)	1,619,737	(88,536,226)
Net Total Other Capital Assets	109,293,253	1,873,598	(3,032,809)	108,134,042
Net Subtotal Non-Internal Service Capital Assets	150,346,225	3,357,912	(7,039,889)	146,664,248
Internal Service Capital Assets				
Capital Assets not being depreciated:				
Construction in Progress	-	27,362	-	27,362
Land	682,623	-	-	682,623
Total Capital Assets not being depreciated	682,623	27,362	-	709,985
Other Capital Assets:				
Buildings	7,451,991	-	-	7,451,991
Machinery & Equipment	632,512	-	-	632,512
Total Other Capital Assets	8,084,503	-	-	8,084,503
Less: Accumulated Depreciation	(6,405,946)	(499,088)	-	(6,905,034)
Net Total Other Capital Assets	1,678,557	(499,088)	-	1,179,469
Net Subtotal Internal Service Capital Assets	2,361,180	(471,726)	-	1,889,454
Net Total Government Activities Capital Assets	\$ 152,707,405	\$ 2,886,186	\$ (7,039,889)	\$ 148,553,702

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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**C. CAPITAL ASSETS (con't)**

Depreciation expense was charged to functions as follows:

Depreciation expense was charged to functions as follows:	
General Government	\$ 5,097,485
Public Safety	777,239
Public Works	2,539,585
Social Services	23,996
Education & Recreation	261,999
Health	56,342
Conservation & Development	113,244
Total Governmental Activities- Depreciation Expense	<u>\$ 8,869,890</u>

Total depreciation includes \$499,088 recorded to the internal service fund Human Services Building.

The total amounts for infrastructure shown in the above schedule are detailed more fully below.

<u>Infrastructure Category</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Roadways	\$ 42,361,107	\$ 3,398,863	\$ (3,782,411)	\$ 41,977,559
Bridges	5,926,162	-	-	5,926,162
Traffic signals	3,490,383	-	-	3,490,383
Sewer drainage	384,000	-	-	384,000
Culverts	235,000	89,200	-	324,200
Infrastructure	<u>52,396,652</u>	<u>3,488,063</u>	<u>(3,782,411)</u>	<u>52,102,304</u>
Less Accumulated Depreciation				
Roadways	(16,767,318)	(2,268,212)	896,749	(18,138,781)
Bridges	(2,007,178)	(117,578)	-	(2,124,756)
Traffic signals	(2,153,244)	(139,511)	-	(2,292,755)
Sewer drainage	(246,200)	(7,800)	-	(254,000)
Culverts	(57,800)	(6,484)	-	(64,284)
Total Accumulated Depreciation	<u>(21,231,740)</u>	<u>(2,539,585)</u>	<u>896,749</u>	<u>(22,874,576)</u>
Net Infrastructure	<u>\$ 31,164,912</u>	<u>\$ 948,478</u>	<u>\$ (2,885,662)</u>	<u>\$ 29,227,728</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**C. CAPITAL ASSETS (cont.)**

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
<b>Business - type Activities</b>				
Capital Assets not being depreciated/amortized:				
Land	\$ 338,258	\$ -	\$ -	\$ 338,258
Construction In Progress	932,760	10,093,255	-	11,026,015
Total Capital Assets not being depreciated/amortized	1,271,018	10,093,255	-	11,364,273
Other Capital Assets:				
Intangible Assets	29,508	-	-	29,508
Land Improvements	6,029,987	840,799	-	6,870,786
Buildings	16,719,074	406,939	-	17,126,013
Machinery & Equipment	22,226,850	1,699,854	(759,491)	23,167,213
Total Other Capital Assets at Historical Cost	45,005,419	2,947,592	(759,491)	47,193,520
Less: Accumulated Depreciation/Amortization				
Intangible Assets	(8,853)	-	-	(8,853)
Land Improvements	(3,584,679)	(243,908)	-	(3,828,587)
Buildings	(12,853,221)	(606,778)	-	(13,459,999)
Machinery & Equipment	(14,854,008)	(1,107,496)	708,306	(15,253,198)
Total Accumulated Depreciation/Amortization	(31,300,761)	(1,958,182)	708,306	(32,550,637)
Net Total Other Capital Assets	13,704,658	989,410	(51,185)	14,642,883
Net Total Business - type Activities Capital Assets	<u>\$ 14,975,676</u>	<u>\$11,082,665</u>	<u>\$ (51,185)</u>	<u>\$ 26,007,156</u>

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Brookside Care Center	\$ 337,128
Highway	937,628
Golf Course	683,426
Total Business-type Activities - Depreciation/ Amortization Expense	<u>\$1,958,182</u>

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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***D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS***

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Capital Projects		1,293,323
	Health Department	(1,262,338)
	Geographic Information Systems	(24,664)
	Western Kenosha County Communication	(6,321)
Health Insurance		2,332,994
Workers Compensation		2,306,696
	Brookside Care Center	(3,950,591)
	General Liability Insurance	(689,099)

All of these balances will be repaid within the year.

All 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.

Amounts owed between governmental and business-type activities are shown as “internal balances” on the statement of net position.



**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

***D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)***

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount		Principal Purpose
		In	Out	
General Fund		2,934,767		To record lapsing funds transferred at year end per adopted budget resolution.
Health Department		72,173		
Federated Library System		1,014		
	Human Services		835,518	
	Human Services Building		203,506	
	Federal Inmate		1,431,786	
	Highway		537,144	
Sheriff Federal Equitable Sharing Fund		4,000		To transfer Federal Equitable dollars for use by County Sheriff.
	Federal Equitable Sharing Fund		4,000	
Energy Reduction Fund		31,270		To transfer funds for approved repurposed surplus.
Brookside Care Center		299,259		
	Western County Communication		59,271	
	Other Capital Projects		129,250	
	Capital Projects - Admin Building		142,008	
Human Services Building		1,085		Per Yearend Closeout resolution to cover health insurance overruns.
Health Department		106		
	General Fund		1,191	
Other Capital Projects		429,000		Per Yearend Closeout resolution, repurpose funds for capital projects.
	General Fund		300,000	
	Human Services Building		68,000	
	Highway		61,000	
General Fund		63,000		Per resolution, transfer funds to purchase floodplain property.
	Other Capital Projects		63,000	

The Highway enterprise fund financed infrastructure of the governmental activities in 2016 totaling \$3,488,063. These costs are reported as highway expenses in the fund statement and governmental activity capital assets in the government-wide statements.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)**

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.

**E. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable:					
General Obligation Debt	\$ 99,690,000	\$ 13,965,000	\$ 12,975,000	\$ 100,680,000	\$ 13,185,000
Add/(Subtract) Deferred Amounts For:					
Bond premiums net of discounts	1,707,000	655,581	276,844	2,085,737	342,402
Total Bonds And Notes Payable	101,397,000	14,620,581	13,251,844	102,765,737	13,527,402
Other Liabilities:					
Post Retirement Benefits	26,312,384	4,147,838	3,345,806	27,114,416	4,398,334
Vested Vacation and Casual Days	132,313		12,258	120,055	50,039
Total Other Liabilities	26,444,697	4,147,838	3,358,064	27,234,471	4,448,373
<b>Total Governmental Activities-     Long-Term Obligations</b>	<b>\$ 127,841,697</b>	<b>\$ 18,768,419</b>	<b>\$ 16,609,908</b>	<b>\$ 130,000,208</b>	<b>\$ 17,975,775</b>
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Business-type Activities</b>					
Bonds and Notes Payable:					
General Obligation Debt	\$ 18,290,000	\$ -	\$ -	\$ 18,290,000	\$ -
Add/(Subtract) Deferred Amounts For:					
Bond premiums net of discounts	799,973	-	39,999	759,974	39,999
Total Bonds And Notes Payable	19,089,973	-	39,999	19,049,974	39,999
Other Liabilities:					
Post Retirement Benefits	4,768,147	483,979	665,297	4,586,829	-
Total Other Liabilities	4,768,147	483,979	665,297	4,586,829	-
<b>Total Business-type Activities-     Long-Term Obligations</b>	<b>\$ 23,858,120</b>	<b>\$ 483,979</b>	<b>\$ 705,296</b>	<b>\$ 23,636,803</b>	<b>\$ 39,999</b>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

***E. LONG-TERM OBLIGATIONS (cont.)***

***General Obligation Debt***

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 accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future 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, 2016, was \$632,610,400. Total general obligation debt outstanding at year end was \$118,970,000.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2016</u>
Governmental Activities - General Obligation Debt					
Promissory Notes	2007	2017	3.25% - 3.65%	4,050,000	\$ 150,000
Refunding Bonds	2009	2017	1.50% - 3.25%	2,735,000	335,000
Refunding Bonds	2010	2017	2.00% - 3.00%	20,250,000	3,230,000
Refunding Bonds	2010	2022	0.50% - 3.75%	7,305,000	4,605,000
Promissory Notes	2011	2021	2.00% - 3.00%	10,030,000	6,580,000
Building Bonds	2011	2031	2.00% - 4.25%	2,810,000	2,310,000
Promissory Notes	2012	2022	1.00% - 2.50%	15,750,000	11,405,000
Building Bonds	2012	2032	2.00% - 3.50%	2,805,000	2,455,000
Promissory Notes	2013	2023	2.00% - 2.60%	9,765,000	8,165,000
Refunding Bonds	2013	2019	1.00% - 3.00%	11,115,000	4,950,000
Promissory Notes	2014	2024	2.00% - 3.00%	11,925,000	11,420,000
Refunding Bonds	2015	2030	0.05% - 4.00%	21,555,000	19,485,000
Promissory Notes	2015	2025	2.00% - 4.00%	12,305,000	11,625,000
Promissory Notes	2016	2026	2.00% - 3.00%	13,965,000	13,965,000

Total Governmental Activities - General Obligation Debt					<u>\$ 100,680,000</u>
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	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2016</u>
Business-type Activities - General Obligation Debt					
Refunding Bonds	2015	2035	3.00% - 4.00%	18,290,000	\$ 18,290,000
Total Business-type Activities - General Obligation Debt					<u>\$ 18,290,000</u>
Total Debt					<u>\$ 118,970,000</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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***E. LONG-TERM OBLIGATIONS (cont.)***

***General Obligation Debt (cont.)***

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 13,185,000	\$ 2,494,296	\$ -	\$ 638,800
2018	12,610,000	2,242,363	-	638,800
2019	12,095,000	1,989,058	-	638,800
2020	11,620,000	1,686,651	-	638,800
2021	11,060,000	1,372,143	965,000	638,800
2022-2026	33,880,000	3,228,550	5,305,000	2,740,250
2027-2031	6,010,000	578,338	6,180,000	1,858,275
2032-2035	220,000	3,848	5,840,000	595,600
Totals	<u>\$ 100,680,000</u>	<u>\$ 13,595,247</u>	<u>\$ 18,290,000</u>	<u>\$ 8,388,125</u>

***Other Debt Information***

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

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The County believes it is in compliance with all significant limitations and restrictions.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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**F. PENSION PLAN**

**Summary of Significant Accounting Policies**

**Pensions.** For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Pension Plan**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. 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 participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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***F. PENSION PLAN (cont.)***

***General Information about the Pension Plan (cont.)***

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

***Post-Retirement Adjustments.*** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

***Contributions.*** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, Executives and Elected Officials. Required contributions for protective employees 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.

During the reporting period, the WRS recognized \$3,870,441 in contributions from the employer.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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***F. PENSION PLAN (cont.)***

***General Information about the Pension Plan (cont.)***

Contribution rates as of December 31, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2016 the County reported a liability (asset) of \$6,498,395 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the County's proportion was 0.39990601%, which was a decrease of 0.00251174% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016 the County recognized pension expense of \$7,898,864.

At December 31, 2016 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,099,344	\$ 13,675,762
Changes in assumptions	4,546,560	-
Net differences between projected and actual earnings on pension plan investments	26,606,289	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	231,750	
Employer contributions subsequent to the measurement date	3,895,647	
<b>Total</b>	<b>\$ 36,379,590</b>	<b>\$ 13,675,762</b>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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**F. PENSION PLAN (cont.)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)***

The \$3,895,648 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow of Resources	Deferred Inflows of Resources
2016	\$ 8,438,036	\$ 3,309,559
2017	8,438,036	3,309,559
2018	8,438,036	3,309,559
2019	7,021,778	3,309,559
Thereafter	148,057	437,526

**Actuarial assumptions.** The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. The 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.



**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. PENSION PLAN (cont.)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)***

***Long-term expected Return on Plan Assets.*** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Retirement Funds</b>							
<b>Asset Allocation Targets and Expected Returns</b>							
As of December 31, 2015							
Core Fund Asset Class	Current Asset Allocation %		Destination Target Asset Allocation %		Long-Term Expected Nominal Rate of Return %		Long-Term Expected Real Rate of Return %
U.S. Equities	27	%	23	%	7.6	%	4.7
International Equities	24.5		22		8.5		5.6
Fixed Income	27.5		37		4.4		1.6
Inflation Sensitive Assets	10		20		4.2		1.4
Real Estate	7		7		6.5		3.6
Private Equity/Debt	7		7		9.4		6.5
Multi-Asset	4		4		6.7		3.8
Total Core Fund	107	%	120	%	7.4	%	4.5
<b>Variable Fund Asset Class</b>							
U.S. Equities	70	%	70	%	7.6	%	4.7
International Equities	30		30		8.5		5.6
Total Variable Fund	100	%	100	%	7.9	%	5.0
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%							
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations							

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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**F. PENSION PLAN (cont.)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)***

**Single Discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.57%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase To Discount Rate (8.20%)</b>
County's proportionate share of the net pension liability (asset)	\$ 45,579,867	\$ 6,498,395	\$ (24,024,931)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>

At December 31, 2016 the County reported a payable of \$309,869 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2016.

**G. RESTRICTED ASSETS**

The County has restricted assets which consist of a deposit in Wisconsin Municipal Mutual Insurance Company (WMMIC) in the amount of \$1,157,860. This deposit is the County's original capitalization investment. In addition, cash in the amount of \$501,167 is restricted for liability insurance at WMMIC.

In addition, the County has cash in the amount of \$334,700 restricted for health insurance claims with the plan manager, Humana Insurance Company.

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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***H. LEASE DISCLOSURES***

***Lessor – Operating Leases***

The County leases a portion (44%) of the Public Safety Building facility to the City of Kenosha and the Kenosha City-Joint Services Board under operating leases that are renewed on a year to year basis. The 2016 revenues of \$820,760 related to these leases were recorded in the General Fund. The provisions of the lease agreement allow for an annual adjustment of the lease amount based on the actual costs to the County of maintaining the facility. The book value of the entire building is \$27,055,720 with a net book value of \$16,229,077.

The County has no material operating leases with a remaining noncancellable term exceeding one year.

***Capital Leases – Lessee/Lessor***

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

***I. GOVERNMENTAL ACTIVITIES NET POSITION***

Governmental activities net position reported on the government-wide statement of net position at December 31, 2016 includes the following:

***Governmental Activities***

Net Investment in capital assets	
Land and land improvements	\$ 39,240,191
Other capital assets, net of accumulated depreciation	109,313,511
Less: capital related long-term debt outstanding (net of unspent proceeds of debt)	<u>(102,765,737)</u>
Total net investment in capital assets	<u>\$ 45,787,965</u>
Restricted for:	
Specific purpose - grants and loans	\$ 1,721,431
Debt service	<u>652,000</u>
	<u>\$ 2,373,431</u>
Unrestricted	<u>\$ 22,085,348</u>

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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***I. GOVERNMENTAL ACTIVITIES NET POSITION (cont.)***

***Governmental Activities (cont.)***

Governmental fund balances reported on the fund financial statements at December 31, 2016 include the following:

**Nonspendable**

**Major Funds**

General Fund	
Prepaid items	\$ 281,718
Delinquent taxes	<u>7,695,267</u>
Total Nonspendable - Major Funds	<u><u>\$ 7,976,985</u></u>

**Nonmajor Funds**

Health Department	
Prepaid items	\$ 1,437
Total Nonspendable-Nonmajor Funds	<u><u>\$ 1,437</u></u>

**Restricted**

**Major Funds**

Debt Service	\$ 1,488,951
Human Service-Aging	<u>87,496</u>
Total Restricted - Major Funds	<u><u>\$ 1,576,447</u></u>

**Nonmajor - Special Revenue Funds**

Housing Authority -revolving loan fund	\$ 3,877
Federal Equitable Sharing	<u>380,842</u>
Total Restricted - Nonmajor Funds	<u><u>\$ 384,719</u></u>

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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***I. GOVERNMENTAL ACTIVITIES NET POSITION (cont.)***

***Governmental Activities (cont.)***

**Committed**

Nonmajor Funds - Special Revenue	
Health Department - for Health Department use only	\$ 169,532
Federated Library Fund - for Library use only	2
Geographic Information Systems - GIS use only	29,852
Total Committed - Nonmajor	<u>\$ 199,386</u>

**Assigned**

**Major Funds**

General Fund	
Encumbrances	\$ 233,837
Subsequent year expenditures	1,207,756
Total Assigned - Major Funds	<u>\$ 1,441,593</u>

**Nonmajor Funds**

Capital Projects	
Encumbrances	\$ 6,780
Subsequent year expenditures	6,242,717
Capital Projects - Capital use only	583,969
Total Assigned - Nonmajor Funds	<u>\$ 6,833,466</u>

**Unassigned**

Major Funds	
General Fund	\$ 18,421,373
Total Unassigned - Major Fund	<u>\$ 18,421,373</u>
 Nonmajor Funds	
Health Department	\$ (170,969)
Total Unassigned - Nonmajor Fund	<u>\$ (170,969)</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE V – OTHER INFORMATION**

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***A. RISK MANAGEMENT***

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The County participates in a public entity risk pool called WMMIC to provide coverage for losses from torts; errors and omissions; and public liability. However, other risks, such as workers compensation is accounted for and financed by the County in internal service funds. Theft, damage to, or destruction of assets is covered through the purchase of an insurance policy. Settled claims have not exceeded the commercial coverage in any of the past three years. Health insurance claims are self-insured with a purchased stop loss policy with a maximum \$150,000 per employee exposure. There were no significant reductions in coverage compared to the prior year.

**Public Entity Risk Pool**

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 1992 by issuing a general obligation note for \$1,157,860 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 American with Disabilities Act at policy limits of \$10,000,000 per occurrence and \$30,000,000 annual aggregate on an excess basis above members per occurrence and annual aggregate self-insured retentions. The County's self-insured retention limit is \$200,000 for each occurrence and \$925,000 for the annual aggregate.

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. The amount of reinsurance may vary from year to year as determined by the WMMIC Board of Directors.

WMMIC is governed by one entity-one vote. Member entities include Kenosha County and the counties of Brown, Chippewa, Dane, Dodge, Eau Claire, Jefferson, Lacrosse, Manitowoc, Marathon, Outagamie, Rock, Walworth, St. Croix and Waukesha, and the cities of Eau Claire, La Crosse, 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 board members are elected at the annual meeting by the participants. 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.

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

**NOTE V – OTHER INFORMATION (cont.)**

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**A. RISK MANAGEMENT (cont.)**

**Public Entity Risk Pool (cont)**

The participant's share in the operation of WMMIC as of December 31, 2016 is as follows:

	<u>Percentage</u>
Brown County	6.91
Chippewa County	3.20
Dane County	9.03
Dodge County	3.73
City of Eau Claire	3.19
Eau Claire County	3.84
Jefferson County	2.81
Kenosha County	5.97
La Crosse County	3.40
City of La Crosse	1.37
City of Madison	15.32
Manitowoc County	5.53
Marathon County	6.02
Outagamie County	5.89
St. Croix County	3.41
Waukesha County	9.74
Rock County	5.05
Walworth County	<u>5.59</u>
Total	<u>100.00</u>

The County's investment in WMMIC is reported on the General Liability Insurance Fund balance sheet as a deposit. The amount reported is the original capitalization of \$1,157,860. For 2016, WMMIC prepared its statutory financial statements in accordance with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin (OCI). This reflects a change in basis in presentation since 2005 when the financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Therefore, in 2016, the participant's share in the operation of WMMIC and the market value are shown using the new presentation. Using this presentation, the market value of the original capitalization as of December 31, 2016 is \$1,896,080. The financial statements can be obtained from WMMIC at their address of 4785 Hayes Road, Madison, Wisconsin, 53704-7364.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE V – OTHER INFORMATION (cont.)**

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**A. RISK MANAGEMENT (cont.)**

**Public Entity Risk Pool (cont)**

The estimated liability for the County's self-insured retention (SIR) limits related to coverage provided by WMMIC has been determined on an actuarial basis.

Claims Liability – WMMIC	<u>2016</u>	<u>2015</u>
Unpaid claims, including IBNR – beginning of year	\$ 1,007,756	\$ 1,155,810
Current year claims and changes in estimates	342,320	348,841
Claim payments	<u>(275,402)</u>	<u>(496,895)</u>
Unpaid Claims – end of year	<u>\$ 1,074,674</u>	<u>\$ 1,007,756</u>

**Self-Insurance – Workers Compensation**

The County has also established a Risk Management program for workers compensation. All funds of the County participate in this program. The workers compensation internal service fund is maintained to provide for self-insured workers compensation insurance coverage and employee safety and loss control programs. The County contracts with a third party claims administrator for the purpose of adjusting workers compensation claims. An excess insurance policy covers individual claims in excess of the County's \$650,000 self-insured retention up to statutory requirements (unlimited) per claim. Settled claims have not exceeded the commercial coverage in any of the past three years. Costs associated with the workers 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, 2016, the County has established a future claims insurance reserve in the amount of \$2,385,854 to fund the estimated liability for the County's self-insured retention limits under its workers compensation program.

This represents a discounted reserve determined on an actuarial basis with a mean confidence level which achieves the County's objective of providing a reserve confidence level not less than 50%, but not more than 95% as a reflection of the County's risk tolerance.

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 estimated. 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.



**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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**NOTE V – Other Information (cont.)**

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**A. RISK MANAGEMENT (cont.)**

**Self-Insurance – Workers Compensation (cont)**

Claims Liability	<u>2016</u>	<u>2015</u>
Unpaid claims, including IBNR – beginning of year	\$ 2,077,475	\$ 1,880,340
Current year claims and changes in estimates	1,811,627	1,560,435
Claim payments	<u>(1,503,248)</u>	<u>(1,363,300)</u>
Unpaid Claims – end of year	<u>\$ 2,385,854</u>	<u>\$ 2,077,475</u>

**Self-Insurance – Health Insurance**

In the Health Insurance internal service fund, revenues from County departments and other sources totaled \$20,137,950. Expenditures in the same fund totaled \$24,185,819. A deficit of \$4,128,710 was allocated in the form of a chargeback resulting in additional revenue equal to the deficit from the County departments.

The estimated liability for the County's self-insured incurred but not recorded (IBNR) expenditures related to outstanding claims has been determined on an actuarial basis.

Claims Liability	<u>2016</u>	<u>2015</u>
Unpaid claims, including IBNR – beginning of year	\$ 1,706,000	\$ 1,444,000
Current year claims and changes in estimates	19,923,604	17,793,500
Claim payments	<u>(19,823,604)</u>	<u>(17,531,500)</u>
Unpaid Claims – end of year	<u>\$ 1,806,000</u>	<u>\$ 1,706,000</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE V – Other Information (cont.)**

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***B. COMMITMENTS AND CONTINGENCIES***

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 the County's Attorney 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.

During 2016, the County borrowed \$13,965,000, for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the various Capital Project and Proprietary funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Open purchase orders for the General Fund, Highway and Capital Projects-Other Fund totaled \$869,114 at year end and is included in Assigned Fund Balance for encumbrances.

Funding for the operating budget of the County comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the County. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the County.

***C. JOINT VENTURE***

Kenosha County and the City of Kenosha jointly operate the Kenosha City-County Joint Services Board (Board) which was formed in 1981 to provide joint service functions supporting operations of the Kenosha County Sheriff's Department and the City of Kenosha Police Department. The Board provides the following support services: communications, records, property room evidence, collection of citations, vehicle maintenance and administrative services. The County and City share in the annual operation of the district equally.

The Board consists of three members appointed by the County, three by the City of Kenosha and one independent member confirmed by both. County representatives are the County Executive, the County Board Chairman and the chairman of the County Judiciary Committee or their designees. The Board has the authority to adopt its own budget and control the financial affairs of the organization. The County made payments totaling \$4,229,269 to the Board for 2016.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE V – Other Information (cont.)**

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***C. JOINT VENTURE (CONT)***

A new intergovernmental agreement was negotiated and agreed upon by Kenosha County and the City of Kenosha effective January 1, 2010.

The transactions of the Board are not reflected in these financial statements.

The County accounts for its share of the operation in the general fund. Financial information of the Board as of December 31, 2016 is available directly from the Board's office.

***D. OTHER POSTEMPLOYMENT BENEFITS***

The County adopted the Other Post-Employment Benefit Health Insurance Policy with an effective date of January 1, 2013. All of the following actuarially determined liability estimates were calculated taking this adoption into consideration.

Plan Description. Kenosha County (County) provides medical insurance benefits to eligible retirees and their spouses. Eligibility requirements and benefits by County employee group are as follows:

Deputy Sheriffs

*Eligibility* Any classified or non-classified sworn active employees who are between the ages of 50 and Medicare eligibility age as of effective date are eligible.

*Benefits* Before age 52, the retiree pays 100% of the premium. Between the ages of 52 and Medicare eligible age, the County pays 100% of the premium for single or family coverage. After Medicare eligible age, the retiree may continue in the plan, paying 100% of the premium.

All Others

*Eligibility* Active employees hired before January 1, 2012 who have had at least ten years of continuous employment as of the effective date are eligible.

*Benefits* Eligible active employees who as of the date of retirement are at least 60 years of age and have had at least 15 years of continuous employment are eligible to receive post-employment health insurance benefit which includes paying the same copayments, deductibles, and premium contributions and remaining in the same risk pool as active employees. Eligibility continues until employee is eligible for Medicare. After Medicare eligible age, the retiree may purchase coverage under the County-sponsored Medicare supplement plan or another Medicare supplement plan at their own expense.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE V – Other Information (cont.)**

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***D. OTHER POSTEMPLOYMENT BENEFITS (cont.)***

All Others (continued)

*Benefits* (continued)

Eligible active employees who retire at age 55, 56, 57, 58, or 59 with 15 years of continuous employment with the County as of the date of retirement may find alternative health insurance coverage and then return to the County health insurance plan (one re-entry allowed per retiree) at or after age 60 subject to the terms described in the preceding paragraph if the retiree has no other health coverage. In addition, eligible active employees who retire after age 60 with at least 15 years of continuous employment with the County as of the date of retirement may find alternative coverage and then return to the County health insurance plan (one re-entry allowed per retiree) subject to the terms described in the preceding paragraph if the other coverage ends. Under either of these options, proof of other insurance is required. All employees hired after December 31, 2011 are not eligible for post-employment retiree health insurance benefits.

COBRA- Employees may be eligible to continue coverage under the County health insurance plan by paying the monthly budgeted premium cost (at an implicit subsidized rate-see definition section) adding the allowed administrative cost in accordance with State and Federal law concerning a qualifying event. This may occur as the result of resignation, layoff, reduction in hours, injury or illness and other leaves of absence.

Consolidation of Years of Service- An employee who is reemployed by the County within three years of his/her resignation may request a bridge in service from the Director of Personnel Services if that employee had a minimum of ten years of previous service with the County and had resigned in good standing. Such a request may be made only after the employee has been reemployed for a period of 24 months.

National Health Insurance- In the case a plan of national health insurance should be established, the County reserves the right to make changes to a retiree's health insurance benefit. Such changes could include but are not limited to the reduction or cessation of the County's contributions for that benefit, changes in plan design, or changes in the benefits available under the plan. For example (and without limitation), the County could reduce its contribution or the benefits available in proportion to benefits which may be provided by the government under any plan.

For active employees who are not eligible for a post-employment health insurance benefit as described in the preceding paragraphs, the County agrees to include retired/former employees in the group for which the County shall negotiate a comprehensive hospital-surgical-major medical coverage policy. Retiring/terminating employees (other than employees who are terminated for cause) who are at least 55 years of age as of the date of retirement/termination may enroll in the County health insurance plan at the monthly budgeted premium cost (see definition section) and may maintain coverage until they become eligible to enroll in Medicare.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**NOTE V – Other Information (cont.)**

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***D. OTHER POSTEMPLOYMENT BENEFITS (cont.)***

*All Others* (continued)

*Benefits* (continued)

If a retiree and the retiree's spouse are both participating in the County health insurance plan under this policy and the retiree becomes eligible to enroll in Medicare and is therefore no longer eligible for coverage under the County health insurance plan, the spouse may purchase single coverage under the County health insurance plan at the budgeted premium cost until he/she becomes eligible to enroll in Medicare.

Active employees who otherwise had qualified for a post-employment health benefit who retire as the result of a disability are eligible to purchase County health insurance benefits in the specific plan they were previously enrolled in at the monthly budgeted premium cost and may continue coverage under the plan until becoming eligible to enroll in Medicare. Medicare-eligible retirees may purchase coverage under the County-sponsored Medicare supplement plan or another Medicare supplement plan at their own expense.

In the event a retired employee who otherwise had qualified for a post-employment health benefit who has family coverage under the County health insurance plan dies before reaching Medicare eligibility age, his/her surviving spouse may continue coverage under the County health insurance plan until becoming eligible for Medicare by paying the monthly budgeted premium cost (at an implicit subsidized rate) for single coverage. Medicare-eligible spouses of retired employees may purchase coverage under the County-sponsored Medicare supplement plan or another Medicare supplement plan at their own expense.

County Board - Effective April 30, 2012, all current County Board members (of which there are 23) can only obtain County health insurance if they pay the full County budgeted Family/Single rate.

All Public Officials (including County Board) – County Board members are elected for two year terms. The other six public officials (Sheriff, Treasurer, County Clerk, Clerk of Courts, Register of Deeds, and County Executive) are elected to four year terms. By County Board resolution, all former public elected officials are allowed to continue on the County health insurance indefinitely at the County budgeted Single/Family rate. Upon reaching Medicare age eligibility, they may continue coverage at the calculated self-supporting rate and the County's insurance is secondary to Medicare.

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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**NOTE V – Other Information** (cont.)

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***D. OTHER POSTEMPLOYMENT BENEFITS*** (cont.)

**Funding Policy.** The contribution requirements of plan members and the County are established and may be amended by the Kenosha County Board by approving bargaining unit contracts in which plan eligibility and benefits are detailed and setting plan eligibility and benefits for non-represented employees. The County contribution is based on actual pay-as-you-go all-inclusive (pre-Medicare and Medicare eligible age) plan member expenditures. Plan members that are Medicare eligible age contribute premium amounts that are adjusted annually. These premium amounts vary depending upon the plan benefit level under which the plan member retired. In addition, plan members that are Medicare eligible are eligible to select a fully insured wrap-around plan in which all premiums are paid by the member with Kenosha County only used in a pass-thru capacity.

**Annual OPEB Cost and Net OPEB Obligation.** The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the actuary estimated County contribution (PAYGO) to the plan, and net OPEB obligation at the end of the year:

Annual required contribution (ARC)	\$ 4,631,817
Interest on Net OPEB Obligation	932,413
Adjustment for ARC adjustment	<u>(1,539,517)</u>
Annual OPEB Cost (Expense)	4,024,713
Actuarial estimated employer contribution (PAYGO)	<u>(3,404,000)</u>
Increase in Net OPEB Obligation	620,713
Net OPEB obligation—beginning of year	<u>31,080,531</u>
Net OPEB obligation—end of year	<u>\$ 31,701,244</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE V – Other Information** (cont.)

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***D. OTHER POSTEMPLOYMENT BENEFITS*** (cont.)

The increase in the net OPEB obligation of \$620,713 was allocated to the County's functions as follows:

General Government	\$ (112,952)
Public Safety	1,354,940
Social Services	(218,758)
Health	(182,741)
Education & Recreation	(7,474)
Conservation & Development	(30,983)
Brookside Care Center	97,717
Golf	4,210
Highway	(283,246)
	<u>\$ 620,713</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 through 2016 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2014	\$ 4,858,608	64%	\$ 30,429,945
12/31/2015	\$ 3,964,586	84%	\$ 31,080,531
12/31/2016	\$ 4,024,713	85%	\$ 31,701,244

The funded status of the plan as of January 1, 2016, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 48,176,153
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 48,176,153</u>
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	\$ 54,998,853
UAAL as a percentage of covered payroll	88%

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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**NOTE V – Other Information (cont.)**

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***D. OTHER POSTEMPLOYMENT BENEFITS (cont.)***

**Funded Status and Funding Progress.** Using a January 1, 2016 valuation date, the present value of the County's retiree medical plan actuarial accrued liability for benefits was \$72.38 million. This liability is comprised of the actuarial accrued liability for past service component of \$48.18 million, current service component (normal cost) of \$2.17 million, and future service component of \$22.03 million. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment, mortality, and the healthcare cost trend. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2016, actuarial valuation, the projected unit credit actuarial cost method was used because this method allocates costs based on each employee's length of service. The County adopted the Other Post-Employment Benefit Health Insurance Policy with an effective date of January 1, 2013. All of the preceding actuarially determined liability estimates were calculated taking this adoption into consideration.

The County has not established a separate, irrevocable trust to fund the annual OPEB cost. As a result, actuarial assumptions included a 3.0 percent interest discount rate compounded annually based on the County's long term expectations of returns on its own investments, and an annual healthcare cost trend rate of 6.1 percent per annum for 2016 grading down to an ultimate rate of 4.4 percent over a 55 year period. In addition, the actuarial valuation calculated the liability estimates using actuarial assumptions related to claim costs, premium rates, annual trends in the utilization and cost of medical care, eligibility of Medicare, participation rates, termination rates, retirement rates, disability rates, and mortality based on information provided by the County, Wisconsin Retirement System (WRS) rates, and the actuarial firm's judgment.



**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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**NOTE V – Other Information (cont.)**

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***E. UPCOMING ACCOUNTING PRONOUNCEMENTS***

In June 2016, the GASB issued a new standard addressing accounting and financial reporting for post-employment benefits other than pensions (OPEB). GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The County will, after adoption of GASB No. 75, recognize on the face of the financial statements, its OPEB liability. GASB No. 75 is effective for fiscal years beginning after June 15, 2017. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

## REQUIRED SUPPLEMENTARY INFORMATION

**KENOSHA COUNTY**

**OTHER POSTEMPLOYMENT BENEFITS PLAN  
SCHEDULE OF FUNDED STATUS**

For the Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Frozen Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/2006	\$ -	\$ 88,242,000	\$ 88,242,000	0%	\$ 48,948,227	180%
01/01/2010	\$ -	\$ 54,685,077	\$ 54,685,077	0%	\$ 51,529,625	106%
1/1/2012	\$ -	\$ 53,005,725	\$ 53,005,725	0%	\$ 50,972,618	104%
1/1/2013	\$ -	\$ 55,184,000	\$ 55,184,000	0%	\$ 52,176,603	106%
1/1/2014	\$ -	\$ 56,252,528	\$ 56,252,528	0%	\$ 50,457,611	111%
1/1/2015	\$ -	\$ 47,989,583	\$ 47,989,583	0%	\$ 52,348,117	92%
01/01/2016	\$ -	\$ 48,176,153	\$ 48,176,153	0%	\$ 54,998,853	88%

The actuarial accrued liability increased in 2013 due to a change in the actuary assumption used for the interest discount rate in the overall liability calculation. The County's actuary firm reduced the discount rate from 4% to 3%. Per the actuary, this lower rate is used for all pay-as-you-go plans with a valuation date of January 1, 2014 where the general assets are invested primarily in cash. This change is reflected above. However, the change to the annual retirement contribution amount, reflected below, commenced in calendar year 2014.

**OTHER POSTEMPLOYMENT BENEFITS PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

For the Year Ended December 31, 2016

Year Ended December 31	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2016	\$ 3,404,000	\$ 4,631,817	73.49%
2015	\$ 3,314,000	\$ 4,558,979	72.69%
2014	\$ 3,089,000	\$ 5,418,432	57.01%
2013	\$ 3,016,000	\$ 5,346,351	56.41%
2012	\$ 2,717,000	\$ 4,837,305	56.17%
2011	\$ 2,580,000	\$ 5,585,946	46.19%
2010	\$ 1,833,000	\$ 6,209,953	29.52%
2009	\$ 1,717,000	\$ 5,905,534	29.07%

KENOSHA COUNTY

**Schedule of Proportionate Share of the Net Pension Liability (Asset)**

**Wisconsin Retirement System**

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.40241775%	(9,884,481)	52,348,117	-18.88%	102.74%
12/31/16	0.39990601%	6,498,395	53,343,061	12.18%	98.2%

**Schedule of Employer Contributions**

**Wisconsin Retirement System**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
12/31/15	3,929,984	3,929,984	-	52,348,117	7.51%
12/31/16	3,870,441	3,870,441	-	53,343,061	7.26%

See Notes to Required Supplementary Information.

## KENOSHA COUNTY

### Notes to Required Supplementary Information December 31, 2016

#### **NOTE A – GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 68 AND 71**

The County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* for the fiscal year ended December 31, 2015. Information for prior years is not available. The amounts presented for each fiscal year were determined as of the calendar year end that occurred with in the fiscal year.

#### **NOTE B – WISCONSIN RETIREMENT SYSTEM**

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions.* There were no changes in the assumptions.

## SUPPLEMENTARY INFORMATION

**KENOSHA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2016**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 678,130	\$ 6,855,542	\$ 7,533,672
Receivables			
Property taxes	2,393,259	22,191	2,415,450
Miscellaneous	166,566	18,612	185,178
Due from other governments	1,471,830	-	1,471,830
Due from other funds	-	1,293,323	1,293,323
Prepaid items	1,437	-	1,437
Loans receivable	1,249,216	-	1,249,216
<b>TOTAL ASSETS</b>	<b>\$ 5,960,438</b>	<b>\$ 8,189,668</b>	<b>\$ 14,150,106</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 253,899	\$ 381,782	\$ 635,681
Special deposits	53,461	-	53,461
Due to other governments	4,870	920,908	925,778
Due to other funds	1,287,002	6,321	1,293,323
Other unearned revenue	304,158	25,000	329,158
Total Liabilities	1,903,390	1,334,011	3,237,401
<b>Deferred Inflows of Resources</b>			
Deferred property tax revenue	2,393,259	22,191	2,415,450
Revolving loan fund outstanding loans	1,249,216	-	1,249,216
Total deferred inflows of resources	3,642,475	22,191	3,664,666
<b>Fund Balance</b>			
<b>Nonspendable</b>			
Prepaid items	1,437		1,437
<b>Restricted</b>			
Housing Authority revolving loan fund	3,877	-	3,877
Federal Equitable Sharing funds	380,842	-	380,842
<b>Committed</b>			
Health Department	169,532	-	169,532
Federated Library System	2	-	2
Geographic Information Systems	29,852	-	29,852
<b>Assigned</b>			
Encumbrances	-	6,780	6,780
Subsequent year expenditures	-	6,242,717	6,242,717
Capital Projects	-	583,969	583,969
<b>Unassigned (deficit)</b>	(170,969)	-	(170,969)
Total Fund Balances	414,573	6,833,466	7,248,039
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 5,960,438</b>	<b>\$ 8,189,668</b>	<b>\$ 14,150,106</b>

**KENOSHA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**December 31, 2016**

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Federal Equitable Sharing	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>						
Cash and investments	\$ 3,877	\$ 3,289	\$ 290,008	\$ -	\$ 380,956	\$ 678,130
Receivables						
Property taxes	-	916,390	1,476,869	-	-	2,393,259
Miscellaneous	-	166,566	-	-	-	166,566
Due from other governments	-	1,401,910	9,000	60,920	-	1,471,830
Prepaid items	-	1,437	-	-	-	1,437
Loans receivable	1,249,216	-	-	-	-	1,249,216
<b>TOTAL ASSETS</b>	<b>\$ 1,253,093</b>	<b>\$ 2,489,592</b>	<b>\$ 1,775,877</b>	<b>\$ 60,920</b>	<b>\$ 380,956</b>	<b>\$ 5,960,438</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 247,381	\$ -	\$ 6,404	\$ 114	\$ 253,899
Special deposits	-	53,461	-	-	-	53,461
Due to other governments	-	4,870	-	-	-	4,870
Due to other funds	-	1,262,338	-	24,664	-	1,287,002
Other unearned revenue	-	5,152	299,006	-	-	304,158
Total Liabilities	-	1,573,202	299,006	31,068	114	1,903,390
<b>Deferred Inflows of Resources</b>						
Deferred property tax revenue	-	916,390	1,476,869	-	-	2,393,259
Revolving loan fund outstanding loans	1,249,216	-	-	-	-	1,249,216
Total deferred inflows of resources	1,249,216	916,390	1,476,869	-	-	3,642,475
<b>Fund Balance</b>						
<b><i>Nonspendable</i></b>						
Prepaid items	-	1,437	-	-	-	1,437
<b><i>Restricted</i></b>						
Housing Authority revolving loan fund	3,877	-	-	-	-	3,877
Federal Equitable Sharing funds	-	-	-	-	380,842	380,842
<b><i>Committed</i></b>						
Health Department	-	169,532	-	-	-	169,532
Federated Library System	-	-	2	-	-	2
Geographic Information Systems	-	-	-	29,852	-	29,852
<b><i>Assigned</i></b>						
Subsequent year expenditures	-	-	-	-	-	-
<b><i>Unassigned</i></b>						
Total Fund Balances	3,877	(170,969)	-	29,852	380,842	414,573
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 1,253,093</b>	<b>\$ 2,489,592</b>	<b>\$ 1,775,877</b>	<b>\$ 60,920</b>	<b>\$ 380,956</b>	<b>\$ 5,960,438</b>



**KENOSHA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS**  
**December 31, 2016**

	Parkland Development	Public Safety Building	Western County Communication	Energy Reduction Technology	Public Safety Access Point Project	Other Capital Projects	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>							
Cash and investments	\$ 629,583	\$ 100,425	\$ -	\$ 73,490	\$ 600,000	\$ 5,452,044	\$ 6,855,542
Property taxes receivable	-	-	-	-	-	22,191	22,191
Miscellaneous receivable	-	-	16,312	2,300	-	-	18,612
Due from other funds	-	-	-	-	-	1,293,323	1,293,323
<b>TOTAL ASSETS</b>	<b>\$ 629,583</b>	<b>\$ 100,425</b>	<b>\$ 16,312</b>	<b>\$ 75,790</b>	<b>\$ 600,000</b>	<b>\$ 6,767,558</b>	<b>\$ 8,189,668</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 5,305	\$ 13,950	\$ 9,991	\$ 23,553	\$ -	\$ 328,983	\$ 381,782
Other unearned revenue	-	-	-	-	-	25,000	25,000
Due to other governments	-	-	-	-	-	920,908	920,908
Due to other funds	-	-	6,321	-	-	-	6,321
Total Liabilities	5,305	13,950	16,312	23,553	-	1,274,891	1,334,011
<b>Deferred Inflows of Resources</b>							
Deferred property tax revenue	-	-	-	-	-	22,191	22,191
Total deferred inflows of resources	-	-	-	-	-	22,191	22,191
<b>Fund Balance</b>							
<b>Assigned</b>							
Encumbrances	-	-	-	-	-	6,780	6,780
Subsequent year expenditures	620,811	80,589	-	52,237	600,000	4,889,080	6,242,717
Capital Projects	3,467	5,886	-	-	-	574,616	583,969
Total Fund Balances	624,278	86,475	-	52,237	600,000	5,470,476	6,833,466
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 629,583</b>	<b>\$ 100,425</b>	<b>\$ 16,312</b>	<b>\$ 75,790</b>	<b>\$ 600,000</b>	<b>\$ 6,767,558</b>	<b>\$ 8,189,668</b>

**KENOSHA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2016**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 2,414,388	\$ 57,191	\$ 2,471,579
Licenses and permits	462,373	-	462,373
Intergovernmental revenues	12,192,440	72,500	12,264,940
Charges for services	1,454,628	51,703	1,506,331
Investment income	24	28,761	28,785
Miscellaneous income	(21,652)	133,083	111,431
Total Revenues	<u>16,502,201</u>	<u>343,238</u>	<u>16,845,439</u>
<b>EXPENDITURES</b>			
Current			
General government	-	24,626	24,626
Health	8,099,322	-	8,099,322
Public Safety	5,150,676	-	5,150,676
Education and recreation	1,942,442	-	1,942,442
Conservation and development	90,732	753,200	843,932
Capital Outlay	55,000	4,815,522	4,870,522
Debt Service			
Interest, fiscal charges and debt issuance costs	-	168,097	168,097
Total Expenditures	<u>15,338,172</u>	<u>5,761,445</u>	<u>21,099,617</u>
Excess (deficiency) of revenues over expenditures	<u>1,164,029</u>	<u>(5,418,207)</u>	<u>(4,254,178)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
General obligation debt issued	55,000	8,603,900	8,658,900
Premium on issuance of debt	-	182,609	182,609
Transfers in	77,293	460,270	537,563
Transfers out	(1,435,786)	(393,529)	(1,829,315)
Total Other Financing Sources (Uses)	<u>(1,303,493)</u>	<u>8,853,250</u>	<u>7,549,757</u>
<b>Net change in fund balance</b>	(139,464)	3,435,043	3,295,579
<b>FUND BALANCES</b>			
Beginning of year	<u>554,037</u>	<u>3,398,423</u>	<u>3,952,460</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 414,573</u>	<u>\$ 6,833,466</u>	<u>\$ 7,248,039</u>

**KENOSHA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**For the Year Ended December 31, 2016**

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Federal Equitable Sharing	Sheriff Federal Equitable Sharing	Federal Inmate Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>								
Taxes	\$ -	\$ 978,743	\$ 1,435,645	\$ -	\$ -	\$ -	\$ -	\$ 2,414,388
Licenses and permits	-	462,373	-	-	-	-	-	462,373
Intergovernmental revenues	-	5,001,668	505,785	65,694	64,751	-	6,554,542	12,192,440
Charges for services	-	1,413,286	-	12,870	-	-	-	1,426,156
Investment income	24	-	-	-	-	-	-	24
Miscellaneous income	6,820	-	-	-	-	-	-	6,820
Total Revenues	6,844	7,856,070	1,941,430	78,564	64,751	-	6,554,542	16,502,201
<b>EXPENDITURES</b>								
Current								
Health	-	8,099,322	-	-	-	-	-	8,099,322
Public Safety	-	-	-	-	23,920	4,000	5,122,756	5,150,676
Education and recreation	-	-	1,942,442	-	-	-	-	1,942,442
Conservation and development	24,378	-	-	66,354	-	-	-	90,732
Capital Outlay	-	55,000	-	-	-	-	-	55,000
Total Expenditures	24,378	8,154,322	1,942,442	66,354	23,920	4,000	5,122,756	15,338,172
Excess (deficiency) of revenues over expenditures	(17,534)	(298,252)	(1,012)	12,210	40,831	(4,000)	1,431,786	1,164,029
<b>OTHER FINANCING SOURCES (USES)</b>								
General obligation debt issued	-	55,000	-	-	-	-	-	55,000
Transfers in	-	72,279	1,014	-	-	4,000	-	77,293
Transfers out	-	-	-	-	(4,000)	-	(1,431,786)	(1,435,786)
Total Other Financing Sources (Uses)	-	127,279	1,014	-	(4,000)	4,000	(1,431,786)	(1,303,493)
<b>Net change in fund balance</b>	(17,534)	(170,973)	2	12,210	36,831	-	-	(139,464)
<b>FUND BALANCES</b>								
Beginning of year	21,411	170,973	-	17,642	344,011	-	-	554,037
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 3,877</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 29,852</u>	<u>\$ 380,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414,573</u>

**KENOSHA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**For the Year Ended December 31, 2016**

	Parkland Development	Public Safety Building	Western County Communication	Energy Reduction Technology	Administration Building Restoration	Public Safety Access Point Project	Other Capital Projects	Nonmajor Capital Projects Funds
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,191	\$ 57,191
Intergovernmental revenues	-	-	-	-	-	-	72,500	72,500
Charges for services	3,551	-	-	-	-	-	48,152	51,703
Investment income	-	-	-	-	-	-	28,761	28,761
Miscellaneous income	75,000	5,886	-	-	-	-	52,197	133,083
Total Revenues	78,551	5,886	-	-	-	-	258,801	343,238
<b>EXPENDITURES</b>								
Current								
General government	-	-	-	-	-	-	24,626	24,626
Conservation and development	-	-	-	-	-	-	753,200	753,200
Capital Outlay	128,449	219,411	32,666	109,811	61,576	-	4,263,609	4,815,522
Debt Service								
Interest, fiscal charges and debt issuance costs	-	-	-	-	-	-	168,097	168,097
Total Expenditures	128,449	219,411	32,666	109,811	61,576	-	5,209,532	5,761,445
Excess (deficiency) of revenues over expenditures	(49,898)	(213,525)	(32,666)	(109,811)	(61,576)	-	(4,950,731)	(5,418,207)
<b>OTHER FINANCING SOURCES (USES)</b>								
General obligation debt issued	-	300,000	-	100,000	-	600,000	7,603,900	8,603,900
Premium on issuance of debt	-	-	-	-	-	-	182,609	182,609
Transfers in	-	-	-	31,270	-	-	429,000	460,270
Transfers out	-	-	(59,271)	-	(142,008)	-	(192,250)	(393,529)
Total Other Financing Sources (Uses)	-	300,000	(59,271)	131,270	(142,008)	600,000	8,023,259	8,853,250
<b>Net change in fund balance</b>	(49,898)	86,475	(91,937)	21,459	(203,584)	600,000	3,072,528	3,435,043
<b>FUND BALANCES</b>								
Beginning of year	674,176	-	91,937	30,778	203,584	-	2,397,948	3,398,423
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 624,278</u>	<u>\$ 86,475</u>	<u>\$ -</u>	<u>\$ 52,237</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 5,470,476</u>	<u>\$ 6,833,466</u>

**KENOSHA COUNTY**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2016**

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 119,909	\$ 1,169,612	\$ -	\$ -	\$ 1,289,521
Accounts receivable	-	43,444	-	-	43,444
Property taxes receivable	216,005	-	-	-	216,005
Due from other governments	-	-	-	153,577	153,577
Due from other funds	-	2,332,994	2,306,696	-	4,639,690
Prepaid items	-	80,976	80,000	-	160,976
Total current assets	<u>335,914</u>	<u>3,627,026</u>	<u>2,386,696</u>	<u>153,577</u>	<u>6,503,213</u>
Noncurrent assets					
Restricted cash and investments	-	334,700	-	501,167	835,867
Deposit in WMMIC	-	-	-	1,157,860	1,157,860
Capital assets					
Land and construction in progress	709,985	-	-	-	709,985
Buildings and improvements	7,451,991	-	-	-	7,451,991
Machinery and equipment	632,512	-	-	-	632,512
Accumulated depreciation	(6,905,034)	-	-	-	(6,905,034)
Total capital assets	<u>1,889,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,889,454</u>
Total noncurrent assets	<u>1,889,454</u>	<u>334,700</u>	<u>-</u>	<u>1,659,027</u>	<u>3,883,181</u>
Total Assets	<u>2,225,368</u>	<u>3,961,726</u>	<u>2,386,696</u>	<u>1,812,604</u>	<u>10,386,394</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	56,309	649,980	842	48,831	755,962
Claims payable	-	1,806,000	2,385,854	1,074,674	5,266,528
Due to other funds	-	-	-	689,099	689,099
Other current liabilities	5,460	5,746	-	-	11,206
Total current liabilities	<u>61,769</u>	<u>2,461,726</u>	<u>2,386,696</u>	<u>1,812,604</u>	<u>6,722,795</u>
Total Liabilities	<u>61,769</u>	<u>2,461,726</u>	<u>2,386,696</u>	<u>1,812,604</u>	<u>6,722,795</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property tax levy	216,005	-	-	-	216,005
	<u>216,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,005</u>
<b>NET POSITION</b>					
Net investment in capital assets	1,889,452	-	-	-	1,889,452
Unrestricted	58,142	1,500,000	-	-	1,558,142
Total Net Position	<u>\$ 1,947,594</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,447,594</u>

**KENOSHA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2016**

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
<b>OPERATING REVENUES</b>					
Charges for services	\$ 722,591	\$ 24,185,819	\$ 1,980,507	\$ 531,572	\$ 27,420,489
Total Operating Revenues	<u>722,591</u>	<u>24,185,819</u>	<u>1,980,507</u>	<u>531,572</u>	<u>27,420,489</u>
<b>OPERATING EXPENSES</b>					
Operations and maintenance	350,847	24,185,820	1,988,595	696,024	27,221,286
Depreciation and amortization	<u>499,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>499,088</u>
Total Operating Expenses	<u>849,935</u>	<u>24,185,820</u>	<u>1,988,595</u>	<u>696,024</u>	<u>27,720,374</u>
Operating (loss)	<u>(127,344)</u>	<u>(1)</u>	<u>(8,088)</u>	<u>(164,452)</u>	<u>(299,885)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
General property taxes	215,105	-	-	-	215,105
Proceeds from debt issued	109,500	-	-	-	109,500
Investment income	-	-	8,088	10,875	18,963
Miscellaneous income	-	-	-	153,577	153,577
Interest and fiscal charges	<u>(5,460)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,460)</u>
Total Non-operating Revenues (Expenses)	<u>319,145</u>	<u>-</u>	<u>8,088</u>	<u>164,452</u>	<u>491,685</u>
Income (Loss) Before Transfers	191,801	(1)	-	-	191,800
<b>TRANSFERS</b>					
Transfers in	1,085	-	-	-	1,085
Transfers out	<u>(271,506)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(271,506)</u>
	<u>(270,421)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(270,421)</u>
Change in net position	(78,620)	(1)	-	-	(78,621)
Total net position at the beginning of year	<u>2,026,214</u>	<u>1,500,001</u>	<u>-</u>	<u>-</u>	<u>3,526,215</u>
Total net position at end of year	<u>\$ 1,947,594</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,447,594</u>

**KENOSHA COUNTY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2016**

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 722,591	\$ 22,718,416	\$ 1,980,507	\$ 534,923	\$ 25,956,437
Paid to suppliers for goods and services	(629,505)	(23,442,651)	(3,917,896)	(613,861)	(28,603,913)
Cash Flows from Operating Activities	<u>93,086</u>	<u>(724,235)</u>	<u>(1,937,389)</u>	<u>(78,938)</u>	<u>(2,647,476)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
General property taxes	215,105	-	-	-	215,105
Miscellaneous income	-	-	-	153,577	153,577
Transfers	(270,421)	-	-	-	(270,421)
Cash Flows from Noncapital Financing Activities	<u>(55,316)</u>	<u>-</u>	<u>-</u>	<u>153,577</u>	<u>98,261</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Debt issued	109,500	-	-	-	109,500
Acquisition and construction of capital assets	(27,361)	-	-	-	(27,361)
Cash Flows from Capital and Related Financing Activities	<u>82,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,139</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
(Increase) Decrease in restricted cash	-	(334,700)	-	(85,514)	(420,214)
Investment income	-	-	8,088	10,875	18,963
Cash Flows from Investing Activities	<u>-</u>	<u>(334,700)</u>	<u>8,088</u>	<u>(74,639)</u>	<u>(401,251)</u>
Net Change in Cash and Cash Equivalents	119,909	(1,058,935)	(1,929,301)	-	(2,868,327)
Cash and Cash Equivalents - Beginning of Year	<u>-</u>	<u>2,228,547</u>	<u>1,929,301</u>	<u>-</u>	<u>4,157,848</u>
Cash and Cash Equivalents - End of Year	<u>\$ 119,909</u>	<u>\$ 1,169,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,289,521</u>

**KENOSHA COUNTY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2016**

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
<b>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Loss	\$ (127,344)	\$ (1)	\$ (8,088)	\$ (164,452)	\$ (299,885)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:					
Non-cash items included in operating income:					
Depreciation expense	499,088	-	-	-	499,088
Changes in assets and liabilities:					
Accounts receivable	-	6,344	-	3,351	9,695
Due from other funds		(1,473,747)	(2,306,696)	-	(3,780,443)
Prepaid items	-	(4,208)	70,000	-	65,792
Accounts payable	(7,752)	647,473	(984)	(85,513)	553,224
Claims payable	-	99,904	308,379	66,918	475,201
Due to other funds	(270,906)	-	-	100,758	(170,148)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 93,086</u>	<u>\$ (724,235)</u>	<u>\$ (1,937,389)</u>	<u>\$ (78,938)</u>	<u>\$ (2,647,476)</u>
Noncash investing, capital and financing activities:					
None					



**KENOSHA COUNTY**  
**COMBINING BALANCE SHEET - AGENCY FUNDS**  
**December 31, 2016**

	Agency				
	Clerk of Courts	Child Support	Social Services	Other Agency Funds	Totals
<b>ASSETS</b>					
Cash and temporary cash investments	\$ 1,986,658	\$ 140,354	\$ 46,935	\$ 1,184,023	\$ 3,357,970
Miscellaneous receivables	315,630	-	-	-	315,630
<b>Total Assets</b>	<b>\$ 2,302,288</b>	<b>\$ 140,354</b>	<b>\$ 46,935</b>	<b>\$ 1,184,023</b>	<b>\$ 3,673,600</b>
<b>LIABILITIES</b>					
Other accrued liabilities	\$ 2,302,288	\$ 140,354	\$ 46,935	\$ 1,184,023	\$ 3,673,600
<b>Total Liabilities</b>	<b>\$ 2,302,288</b>	<b>\$ 140,354</b>	<b>\$ 46,935</b>	<b>\$ 1,184,023</b>	<b>\$ 3,673,600</b>

**KENOSHA COUNTY**  
**COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES-**  
**ALL AGENCY FUNDS**

**For the Year Ended December 31, 2016**

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
<u>Clerk of Courts</u>				
Assets:				
Cash and temporary cash investments	\$ 1,700,794	\$ 12,600,410	\$ 12,314,546	\$ 1,986,658
Miscellaneous receivables	278,784	313,111	276,265	315,630
Total Assets	<u>\$ 1,979,578</u>	<u>\$ 12,913,521</u>	<u>\$ 12,590,811</u>	<u>\$ 2,302,288</u>
Liabilities:				
Other accrued liabilities	\$ 1,979,578	\$ 12,913,521	\$ 12,590,811	\$ 2,302,288
Total Liabilities	<u>\$ 1,979,578</u>	<u>\$ 12,913,521</u>	<u>\$ 12,590,811</u>	<u>\$ 2,302,288</u>
<u>Child Support</u>				
Assets:				
Cash and temporary cash investments	\$ 140,354	\$ -	\$ -	\$ 140,354
Total Assets	<u>\$ 140,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,354</u>
Liabilities:				
Other accrued liabilities	\$ 140,354	\$ -	\$ -	\$ 140,354
Total Liabilities	<u>\$ 140,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,354</u>
<u>Social Services</u>				
Assets:				
Cash and temporary cash investments	\$ 43,734	\$ 3,201	\$ -	\$ 46,935
Total Assets	<u>\$ 43,734</u>	<u>\$ 3,201</u>	<u>\$ -</u>	<u>\$ 46,935</u>
Liabilities:				
Other accrued liabilities	\$ 43,734	\$ 3,201	\$ -	\$ 46,935
Total Liabilities	<u>\$ 43,734</u>	<u>\$ 3,201</u>	<u>\$ -</u>	<u>\$ 46,935</u>
<u>Other</u>				
Assets:				
Cash and temporary cash investments	\$ 982,880	\$ 3,120,465	\$ 2,919,322	\$ 1,184,023
Total Assets	<u>\$ 982,880</u>	<u>\$ 3,120,465</u>	<u>\$ 2,919,322</u>	<u>\$ 1,184,023</u>
Liabilities:				
Other accrued liabilities	\$ 982,880	\$ 3,120,465	\$ 2,919,322	\$ 1,184,023
Total Liabilities	<u>\$ 982,880</u>	<u>\$ 3,120,465</u>	<u>\$ 2,919,322</u>	<u>\$ 1,184,023</u>
<u>Total</u>				
Assets:				
Cash and temporary cash investments	\$ 2,867,762	\$ 15,724,076	\$ 15,233,868	\$ 3,357,970
Miscellaneous receivables	278,784	313,111	276,265	315,630
Total Assets	<u>\$ 3,146,546</u>	<u>\$ 16,037,187</u>	<u>\$ 15,510,133</u>	<u>\$ 3,673,600</u>
Liabilities:				
Other accrued liabilities	\$ 3,146,546	\$ 16,037,187	\$ 15,510,133	\$ 3,673,600
Total Liabilities	<u>\$ 3,146,546</u>	<u>\$ 16,037,187</u>	<u>\$ 15,510,133</u>	<u>\$ 3,673,600</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the County Board of Supervisors  
Kenosha County  
Kenosha County, Wisconsin

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenosha County, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Kenosha County's basic financial statements, and have issued our report thereon dated July 26, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Kenosha County, Wisconsin's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kenosha County, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of Kenosha County, Wisconsin's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kenosha County, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kenosha County, Wisconsin's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Kenosha County, Wisconsin's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Schenk & Co.", written in a cursive style.

Certified Public Accountants  
Green Bay, Wisconsin  
July 26, 2017

## FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND THE SCHEDULE OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES**

To the County Board of Supervisors  
Kenosha County  
Kenosha, Wisconsin

***Report on Compliance for Each Major Federal and State Program***

We have audited Kenosha County, Wisconsin's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Kenosha County, Wisconsin's major federal and state programs for the year ended December 31, 2016. Kenosha County, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Kenosha County, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Kenosha County, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Kenosha County, Wisconsin's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, Kenosha County, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2016.

## **Other Matters**

### **Report on Internal Control Over Compliance**

Management of Kenosha County, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kenosha County, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kenosha County, Wisconsin's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal controls over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
September 28, 2017 except for the Schedule of  
Federal Awards and State Financial Assistance  
as to which the date is July 26, 2017.

**KENOSHA COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues						Expenditures	Federal Funds Transmitted to Subrecipients
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues			
FEDERAL PROGRAMS											
U.S. Department of Agriculture											
Special Supplemental Food Program for Women, Infants, and Children	10.557	DHS	Type 730/630	\$ (145,375)	\$ (3,294)	\$ 979,856	\$ 77,406	\$ 908,593	\$ 908,593	\$ 883,337	
SNAP Cluster											
State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	Type 730/630	(1,288)	-	21,187	11,160	31,059	31,059	28,249	
State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	Type 515/615	(315,085)	-	1,632,479	551,212	1,868,606	1,868,606	849,910	
Total SNAP Cluster				(316,373)	-	1,653,666	562,372	1,899,665	1,899,665	878,159	
WIC Grants To States (WGS)	10.578	DHS	Type 730/630	(3,294)	3,294	-	-	-	-	-	
Total U.S. Department of Agriculture				(465,042)	-	2,633,522	639,778	2,808,258	2,808,258	1,761,496	
U.S. Department of Housing and Urban Development											
Direct Funding											
Lead Hazard Reduction Demonstration Grant	14.905	NA	WILHD0267-14	(163,639)	-	878,902	201,186	916,449	916,449	-	
Total U.S. Department of Housing and Urban Development				(163,639)	-	878,902	201,186	916,449	916,449	-	
U.S. Department of Justice											
Direct Funding											
Organized Crime Drug Enforcement Task Forces	16.xxx	NA	GL-WIE-185	-	-	1,106	14,254	15,360	15,360	-	
State Criminal Alien Assistance Program	16.606	NA	2016-AP-BX-0318	-	-	37,099	-	37,099	37,099	-	
Paul Coverdell Forensic Sciences Improvement Grant	16.742	NA	2016-CD-BX-0031	-	-	6,000	-	6,000	6,000	-	
Equitable Sharing Program 1	16.922	NA	#WIEQ00164	344,011	-	64,751	(380,843)	27,919	27,919	-	
JAG Program Cluster											
Edward Byrne Memorial Justice Assistance Grant	16.738	C/Kenosha	2016-DJ-BX-0986	-	-	12,230	-	12,230	12,230	-	
Edward Byrne Memorial Justice Assistance Grant	16.738	C/Kenosha	2014-DJ-BX-0915	(11,598)	-	11,598	-	-	-	-	
Edward Byrne Memorial Justice Assistance Grant	16.738	DOJ	11091	(32,954)	-	107,019	32,628	106,693	106,693	-	
Edward Byrne Memorial Justice Assistance Grant	16.738	Racine Co	2015-DJ-01-11711	(1,895)	-	14,451	17,367	29,923	29,923	-	
Total JAG Program Cluster				(46,447)	-	145,298	49,995	148,846	148,846	-	
Cease Grant	16.595	DOJ	WI Approp #100.241	-	-	1,524	-	1,524	1,524	-	
Public Safety Partnership and Community											
Policing Grants	16.710	Racine Co	Anti-Heroin Grant	-	-	20,933	19,119	40,052	40,052	-	
Total U.S. Department of Justice				297,564	-	276,711	(297,475)	276,800	276,800	-	

*Note 1 - Received by the Kenosha Drug Operational (KDOG) Task Force and reported by Kenosha County.*

See notes to schedule of expenditures of federal and state awards.



**KENOSHA COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Total Revenues	Expenditures	Federal Funds Transmitted to Subrecipients
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance				
FEDERAL PROGRAMS continued											
U.S. Department of Labor											
WIA/WIOA Program Cluster											
WIA/WIOA Adult Program	17.258	DWD	no identifier	(107,776)	-	962,149	75,868	930,241	930,241	516,360	
WIA/WIOA Youth Activities	17.259	DWD	no identifier	(133,723)	-	1,228,430	138,739	1,233,446	1,233,446	974,984	
WIA/WIOA Dislocated Worker Formula Grants	17.278	DWD	no identifier	(85,212)	-	836,619	87,474	838,881	838,881	578,780	
Total WIA/WIOA Program Cluster				(326,711)	-	3,027,198	302,081	3,002,568	3,002,568	2,070,124	
H-1B Job Training Grants	17.268	MAWIB	13-JAWG-47 M2	(26,737)	-	28,484	-	1,747	1,747	1,747	
H-1B Job Training Grants	17.268	DWD	no identifier	-	-	9,736	5,585	15,321	15,321	14,604	
Total H-1B Job Training Grants				(26,737)	-	38,220	5,585	17,068	17,068	16,351	
Workforce Innovation Fund	17.283	WDBSCW	WDBSCW - YR 3	(21,505)	-	21,505	-	-	-	-	
Workforce Innovation Fund	17.283	WWDA	WWDA Saleforce	-	-	2,940	1,680	4,620	4,620	-	
Total Workforce Innovation Fund				(21,505)	-	24,445	1,680	4,620	4,620	-	
Total U.S. Department of Labor				(374,953)	-	3,089,863	309,346	3,024,256	3,024,256	2,086,475	
U.S. Department of Transportation											
Highway Planning and Construction Cluster											
Highway Planning and Construction	20.205	DOT	3736-06-00/70	-	-	20,650	-	20,650	20,650	-	
Highway Planning and Construction	20.205	DOT	3330-00-05/75	-	-	41,936	-	41,936	41,936	-	
Highway Planning and Construction	20.205	DOT	3766-00-01/71	-	-	29,612	-	29,612	29,612	-	
Total Highway Planning and Construction Cluster				-	-	92,198	-	92,198	92,198	-	
Formula Grants for Rural Areas	20.509	DOT	no identifier	(50,923)	-	220,065	64,223	233,365	233,365	-	
Transit Services Programs Cluster											
New Freedom Program	20.521	DOT	no identifier	(11,573)	-	35,691	9,255	33,373	33,373	-	
Total Transit Services Programs Cluster				(11,573)	-	35,691	9,255	33,373	33,373	-	
Highway Safety Cluster											
Alcohol Impaired Driving Countermeasures+A72											
Incentive Grants I	20.601	Racine Co	Racine Sheriff Dept	(1,716)	-	6,973	477	5,734	5,734	-	
Child Safety and Child Booster Seat Incentive Grant	20.613	DOT	FG-2016-Kenosha-03124	-	-	4,000	-	4,000	4,000	-	
Total Highway Safety Cluster				(1,716)	-	10,973	477	9,734	9,734	-	
Interagency Hazardous Materials Public Sector											
Training and Planning Grants	20.703	DOT	15-HMEP-FED-04-010655-SE-01	-	-	10,206	-	10,206	10,206	-	
Interagency Hazardous Materials Public Sector											
Training and Planning Grants	20.703	DOT	15-HMEP-FED-04-010655-SE-01	-	-	6,247	-	6,247	6,247	-	
Total Interagency Hazardous Materials Public Sector				-	-	16,453	-	16,453	16,453	-	
Training and Planning Grants				-	-	16,453	-	16,453	16,453	-	
Total U.S. Department of Transportation				(64,212)	-	375,380	73,955	385,123	385,123	-	

See notes to schedule of expenditures of federal and state awards.

**KENOSHA COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Total Revenues	Expenditures	Federal Funds Transmitted to Subrecipients
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance				
FEDERAL PROGRAMS continued											
U.S. Environmental Protection Agency											
State Indoor Radon Grants	66.032	DHS	Type 730/630	(7,079)	-	10,016	5,169	8,106	8,106	-	
Total U.S. Environmental Protection Agency				(7,079)	-	10,016	5,169	8,106	8,106	-	
U. S. Department of Education											
Special Education - Grants for Infants and Families	84.181	DHS	Type 610	-	-	151,537	-	151,537	151,537	-	
Total U.S. Department of Education				-	-	151,537	-	151,537	151,537	-	
U. S. Department of Health and Human Services											
Environmental Public Health and Emergency Response	93.070	DHS	Type 730/630	(31,813)	-	99,498	26,531	94,216	94,216	-	
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	DHS	Type 730/630	(8,747)	-	118,205	70,790	180,248	180,248	-	
ACA Health Profession Opportunity Grants	93.093	GTC	10/15 - 09/16	(13,441)	-	35,988	-	22,547	22,547	22,547	
ACA Health Profession Opportunity Grants	93.093	MAWIB	15-HPOG-47	(22,955)	-	22,955	-	-	-	-	
Total ACA Health Profession Opportunity Grants				(36,396)	-	58,943	-	22,547	22,547	22,547	
Injury Prevention and Control Research and State and Community Based Programs	93.136	DHS	Type 730/630	-	-	40,918	-	40,918	40,918	-	
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	DHS	Type 610	(7,972)	-	74,070	-	66,098	66,098	-	
Immunization Cooperative Agreements	93.268	DHS	Type 730/630	(34,337)	-	52,472	30,863	48,998	48,998	-	
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	DHS	Type 730/630	-	-	3,052	54	3,106	3,106	-	
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505	DCF	CORe	-	(187,250)	932,613	494,171	1,239,534	1,239,534	-	
Promoting Safe and Stable Families	93.556	DCF	CORe	-	-	57,103	-	57,103	57,103	-	
TANF Cluster											
Block Grants for Temporary Assist for Needy Families	93.558	DCF	CORe	(135,890)	-	1,295,393	269,524	1,429,027	1,429,027	-	
Block Grants for Temporary Assist for Needy Families	93.558	DHS	Type 610	-	-	345,161	336	345,497	345,497	-	
Total TANF Cluster				(135,890)	-	1,640,554	269,860	1,774,524	1,774,524	-	
Child Support Enforcement	93.563	DCF	CORe	(911,267)	33,844	3,608,369	1,084,336	3,815,282	3,815,282	-	
Child Support Enforcement Research	93.564	DCF	CORe	-	-	111,561	33,180	144,741	144,741	-	
Low Income Home Energy Assistance Block Grant	93.568	DOA	no identifier	(31,581)	-	208,638	45,647	222,704	222,704	222,704	
Community Based Child Abuse Prevention Grants	93.590	DCF	CORe	-	-	57,553	1,336	58,889	58,889	-	

See notes to schedule of expenditures of federal and state awards.

**KENOSHA COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Total Revenues	Expenditures	Federal Funds Transmitted to Subrecipients
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance				
FEDERAL PROGRAMS continued											
U.S. Department of Health and Human Services continued											
CCDF Cluster											
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	CORe	(178,981)	-	576,750	114,625	512,394	512,394	-	
Total CCDF Cluster				(178,981)	-	576,750	114,625	512,394	512,394	-	
Chafee Education and Training Vouchers Program	93.599	DCF	CORe	(2,026)		10,369	1,156	9,499	9,499	-	
Social Services Block Grant	93.667	DHS	Type 610	-	-	650,044	633	650,677	650,677	-	
Child Welfare Services Grant - State Grants	93.645	DCF	CORe	-	-	132,914	-	132,914	132,914	-	
Child Welfare Services Grant - State Grants	93.645	DOC	no identifier	(3,563)	3,563	-	-	-	-	-	
Total Child Welfare Services Grant - State Grants				(3,563)	3,563	132,914	-	132,914	132,914	-	
Foster Care Title - IV-E	93.658	DCF	CORe	-	-	1,176,594	17,763	1,194,357	1,194,357	-	
Foster Care Title - IV-E	93.658	DOC	no identifier	(2,137)	2,137	-	-	-	-	-	
Total Foster Care Title - IV-E				(2,137)	2,137	1,176,594	17,763	1,194,357	1,194,357	-	
Adoption Assistance	93.659	DCF	CORe	-	-	49,007	9,550	58,557	58,557	-	
Chafee Foster Care Independence Program	93.674	DCF	CORe	-	-	51,700	-	51,700	51,700	-	
Children's Health Insurance Program	93.767	DHS	Type 515/615	(38,948)	-	208,160	72,170	241,382	241,382	108,002	
Medicaid Cluster											
Medical Assistance Program	93.778	DHS	Type 610	(8,253)	-	25,777	6,583	24,107	24,107	-	
Medical Assistance Program	93.778	DHS	Type 525/425	(248,640)	-	1,053,721	253,910	1,058,991	1,058,991	-	
Medical Assistance Program	93.778	DHS	Type 515/615	(371,319)	-	2,441,385	1,165,912	3,235,978	3,235,978	1,334,439	
Medical Assistance Program	93.778	DHS	Type 730/630	(3,044)	-	3,906	3,080	3,942	3,942	-	
Medical Assistance Program	93.778	GWAAR	no identifier	-	-	40,798	-	40,798	40,798	-	
Medical Assistance Program	93.778	DHS	TPA-CLTS	-	-	1,515,065	-	1,515,065	1,515,065	-	
Medical Assistance Program - WIMCR	93.778	DHS	no identifier	-	-	339,391	-	339,391	339,391	-	
Total Medicaid Cluster				(631,256)	-	5,420,043	1,429,485	6,218,272	6,218,272	1,334,439	
Maternal, Infant and Early Childhood Home Visiting											
Grant Program	93.870	DCF	CORe	(93,625)	93,625	-	-	-	-	-	
Block Grants for Community Mental Health Services	93.958	DHS	Type 610	-	-	85,353	-	85,353	85,353	-	
Block Grants for Prevention & Treat. of Substance Abuse	93.959	DHS	Type 610	(34,724)	-	850,932	25,246	841,454	841,454	-	
Block Grants for Prevention & Treat. of Substance Abuse	93.959	DCF	CORe	(9,770)	-	9,770	-	-	-	-	
Total Block Grants for Prevention and Treatment of Substance Abuse				(44,494)	-	860,702	25,246	841,454	841,454	-	
HIV Care Formula Grants	93.917	DHS	Type 730/630	(6,007)	-	6,786	562	1,341	1,341	-	
HIV Prevention Activities_Health Department Based	93.940	DHS	Type 730/630	(3,743)	-	4,991	901	2,149	2,149	-	
Maternal and Child Health Services Block Grant	93.994	DHS	Type 730/630	(88,369)	-	184,572	123,585	219,788	219,788	193,653	

See notes to schedule of expenditures of federal and state awards.

**KENOSHA COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended December 31, 2016

Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Expenditures	Federal Funds Transmitted to Subrecipients	
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues			
FEDERAL PROGRAMS continued											
U.S. Department of Health and Human Services continued											
Special Programs for the Aging											
Title III, Part D - Preventive Health	93.043	GWAAR	no identifier	585	-	9,243	(501)	9,327	9,327	-	
Title III, Part E - National Family Support	93.052	GWAAR	no identifier	(2,865)	-	48,639	10,671	56,445	56,445	-	
Medicare Enrollment Assistance Program	93.071	GWAAR	MIPPA	(4,323)	-	17,844	6,759	20,280	20,280	-	
CMS Research, Demonstrations, and Evaluations	93.779	GWAAR	SHIP	-	-	9,300	-	9,300	9,300	-	
Aging Cluster											
Title III, Part B - Grants for Supportive Services	93.044	GWAAR	no identifier	2,429	-	105,928	7,926	116,283	116,283	-	
Title III, Part C - Nutrition Services	93.045	GWAAR	no identifier	(30,300)	-	230,273	55,666	255,639	255,639	255,639	
Nutritional Services Incentive Program	93.053	GWAAR	no identifier	-	-	48,451	-	48,451	48,451	48,451	
Total Aging Cluster				(27,871)	-	384,652	63,592	420,373	420,373	304,090	
Total U.S. Department of Health and Human Services				(2,325,626)	(54,081)	16,951,212	3,932,965	18,504,470	18,504,470	2,185,434	
Executive Office of the President											
High Intensity Drug Trafficking Area (HIDTA)	95.001	NA	G16ML0008A	-	-	30,969	2,007	32,976	32,976	-	
High Intensity Drug Trafficking Area (HIDTA)	95.001	NA	G15ML0008A	(1,500)	-	1,500	-	-	-	-	
Total High Intensity Drug Trafficking Area (HIDTA)				(1,500)	-	32,469	2,007	32,976	32,976	-	
Total Executive Office of the President				(1,500)	-	32,469	2,007	32,976	32,976	-	
U. S. Department of Homeland Security											
Flood Mitigation Assistance	97.029	DMA	FMA-PJ-05-WI-2013-01.	(4,148)	-	4,148	-	-	-	-	
Emergency Management Performance Grants	97.042	DMA	no identifier	(65,809)	-	132,373	21,808	88,372	88,372	-	
Pre-Disaster Mitigation Grant	97.047	DMA	PDMC-PL-05-WI-2014-001	(10,000)	2,500	7,500	7,500	7,500	7,500	-	
Homeland Security Grant Program	97.067	DMA	2015-HSW-04-10611		-	4,227	-	4,227	4,227	-	
Total U.S. Department of Homeland Security				(79,957)	2,500	148,248	29,308	100,099	100,099	-	
TOTAL FEDERAL PROGRAMS				\$ (3,184,444)	\$ (51,581)	\$ 24,547,860	\$ 4,896,239	\$ 26,208,074	\$ 26,208,074	\$ 6,033,405	

See notes to schedule of expenditures of federal and state awards.

# KENOSHA COUNTY

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2016

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
STATE PROGRAMS								
Wisconsin Department of Agriculture, Trade, and Consumer Protection								
County Staff and Support	115.15	\$ (41,304)	\$ -	\$ 161,738	\$ -	\$ 120,434	\$ 120,434	
Land and Water Resource Management	115.40	(31,543)	-	36,317	60,920	65,694	65,694	
Total WI Department of Agriculture,Trade, and Consumer Protection		(72,847)	-	198,055	60,920	186,128	186,128	
Wisconsin Department of Public Instruction								
Public Library Systems Aid	255.002	299,006	-	410,675	(290,006)	419,675	419,675	
Total Wisconsin Department of Public Instruction		299,006	-	410,675	(290,006)	419,675	419,675	
Wisconsin Department of Natural Resources								
Dam Maintenance, Repair, Modification, Abandonment, and Removal	s31.385	-	-	-	-	-	-	
Local Park Aids Stewardship - ADLP	370.421	-	-	-	246,320	246,320	246,320	
Snowmobile Enforcement	370.485	-	-	2,013	-	2,013	2,013	
Recreational Aids - Snowmobile Trail and Area	370.485	-	-	19,225	-	19,225	19,225	
Boating Enforcement Aids	370.550	(18,095)	-	18,095	15,095	15,095	15,095	
Urban and Community Forestry	370.572	-	-	-	-	-	-	
Transient Non-Community Water Sampling Contracts	370.QBHI4824	(8,971)	-	28,932	8,549	28,510	28,510	
Total Wisconsin Department of Natural Resources		(27,066)	-	68,265	269,964	311,163	311,163	
Wisconsin Department of Transportation								
Pretrial Intoxicated Driver Intervention Grant	s20.395(5)(jr)	-	-	51,347	-	51,347	51,347	
Elderly and Handicapped County Aids	395.101	80,000	302	353,926	(75,440)	358,788	358,788	
Planning Commission Program	395.102	-	-	48,185	-	48,185	48,185	
Transit Operating Aids	395.104	(5,138)	5,138	45,148	5,017	50,165	50,165	
Total Wisconsin Department of Transportation		74,862	5,440	498,606	(70,423)	508,485	508,485	

See notes to schedule of expenditures of federal and state awards.

# KENOSHA COUNTY

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2016

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expenditures	
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
STATE PROGRAMS continued								
Wisconsin Department of Corrections								
Community Corrections Program	410.111	(6,666)	-	43,333	3,333	40,000	40,000	
Windows to Work	410.112	(20,584)	-	137,874	8,548	125,838	125,838	
Youth Aids - Early Intervention	410.313	(7,969)	-	7,969	-	-	-	
Youth Aids	410.313	(231,815)	-	231,815	-	-	-	
Total Wisconsin Department of Corrections		(267,034)	-	420,991	11,881	165,838	165,838	
Wisconsin Department of Health Services								
Reproductive Health SLOH	435.152002	(18,000)	-	18,000	36,000	36,000	36,000	
Family Health - Women's Health	435.152020	(22,121)	-	53,621	-	31,500	31,500	
WIC Total Grants	435.154710	-	-	1,176	112	1,288	1,288	
WIC Farmers Market Grant	435.154720	(1,267)	-	3,185	1,218	3,136	3,136	
HIV Prevention PS & Linkages	435.155957	-	-	1,223	883	2,106	2,106	
WWWP - GPR CC	435.157010	(61,031)	-	61,031	70,279	70,279	70,279	
Childhood Lead - Consolidated	435.157720	(14,392)	-	31,597	4,107	21,312	21,312	
Preventative Health and Health Services	435.159220	-	-	13,739	-	13,739	13,739	
Maternal Child Health - Consolidated	435.159320	(3,044)	-	3,906	3,080	3,942	3,942	
Reproductive Health	435.159321	(25,987)	-	87,675	50,643	112,331	112,331	
Family Plan 253.07(4)(A)	435.159327	(70,642)	-	248,552	47,090	225,000	225,000	
Tobacco Prevention and Control Program - Wisconsin Wins	435.181005	-	-	21,338	255	21,593	21,593	
Tobacco Prevention and Control Program - Community Interventions - LHD	435.181012	(1,230)	-	119,073	(1,242)	116,601	116,601	
Fraud Prevention Investigation, State Share	435.060	-	-	49,073	-	49,073	49,073	
IMAA State Share ACA	435.276	(187,843)	-	376,313	48,154	236,624	236,624	
IMAA Fed Share ACA	435.277	(1,033)	-	2,309	326	1,602	1,602	
IMAA State Share	435.283	(17,059)	-	1,754,905	-	1,737,846	1,737,846	
IMAA Federal Share	435.284	(2,978)	-	23,070	8,788	28,880	28,880	
Adult Protective Services	435.312	-	-	159,031	-	159,031	159,031	
Children's COP	435.377	-	-	92,999	12,004	105,003	105,003	

See notes to schedule of expenditures of federal and state awards.

# KENOSHA COUNTY

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2016

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expenditures
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
STATE PROGRAMS continued							
Wisconsin Department of Health Services continued							
Coordinated Services County	435.515	-	-	49,237	-	49,237	49,237
Community Mental Health	435.516	-	-	708,894	-	708,894	708,894
IMD Rebalancing Initiative	435.518	-	-	-	645	645	645
Birth to Three Initiative	435.550	-	-	145,871	-	145,871	145,871
Basic County Allocation	435.561	-	-	3,926,445	3,821	3,930,266	3,930,266
Family Support	435.577	(22,475)	-	22,475	-	-	-
AODA Juvenile Justice	435.679	-	-	78,169	4,486	82,655	82,655
State County Match	435.681	-	-	540,751	-	540,751	540,751
CLTS OTHER GPR	435.871	-	-	511,148	-	511,148	511,148
CLTS AUTISM GPR	435.874	-	-	409,799	-	409,799	409,799
CLTS Other - Co Administrative Costs, State Share	435.877	(2,064)	-	7,118	1,899	6,953	6,953
CLTS Autism - Co Administrative Costs, State Share	435.880	(6,196)	-	21,349	5,694	20,847	20,847
CLTS Autism - Co Administrative Costs, Fed Share	435.881	-	-	2,675	1,005	3,680	3,680
ED Crisis Assessment	435.81080	-	-	13,824	-	13,824	13,824
ADRC MFP - NH Relocation, State Share	435.560065	-	-	33,073	(1,217)	31,856	31,856
Aging and Disability Resource Centers	435.560100	-	-	1,044,431	570	1,045,001	1,045,001
ADRC Dementia Care Project	435.560158	(207)	-	80,207	-	80,000	80,000
Dementia Care Innovation	435.560203	-	-	4,356	3,805	8,161	8,161
Environmental Monitoring of Nuclear Power Plants for Radiological Emissions	435.DPH 90013 DC	-	-	8,250	-	8,250	8,250
HIV Counseling, Testing and Referral Program	435.FAI10019.	-	-	4,185	810	4,995	4,995
Increasing Human Papillomavirus (HPV) Vaccination Coverage Among Adolescents Grant	435.FAE 50318	-	-	8,413	-	8,413	8,413

See notes to schedule of expenditures of federal and state awards.

# KENOSHA COUNTY

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2016

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expenditures
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
STATE PROGRAMS continued							
Wisconsin Department of Health Services continued							
Passed Through Greater WI Agency on Aging Resources							
Elderly Benefit Specialist Program	435.560320	-	-	33,438	-	33,438	33,438
Elderly Benefit Specialist OCI	435.560327	-	-	7,360	-	7,360	7,360
State Senior Community Services	435.560330	-	-	9,389	-	9,389	9,389
Congregate Meals	435.560350	(6,906)	-	166,887	18,064	178,045	178,045
Home Delivered Meals	435.560360	(2,088)	-	7,803	2,923	8,638	8,638
Alzheimer's Family and Caregiver Support	435.560381	(3,147)	-	41,364	20,991	59,208	59,208
Elder Abuse	435.560490	(24,512)	-	45,760	25,756	47,004	47,004
Total Wisconsin Department of Health Services		(494,222)	-	11,054,487	370,949	10,931,214	10,931,214
Wisconsin Department of Children and Families							
Child Abuse & Neglect Prevention Board - GPR	433.6071	(10,044)	-	27,416	-	17,372	17,372
Child Abuse & Neglect Prevention Board - Parent							
Education Child Abuse	433.6093	-	-	30,212	5,343	35,555	35,555
Food Stamp Agency Incentives	437.965	-	(1,661)	26,261	3,718	28,318	28,318
AFDC Agency Incentives	437.975	-	-	196	-	196	196
Medicaid Agency incentives	437.980	-	(2,554)	14,427	1,707	13,580	13,580
Home Visiting Program	437.1008	(93,625)	93,625	-	-	-	-
Program Payments	437.1170	(28,289)	-	28,289	-	-	-
Community Intervention Program	437.3410	-	-	106,650	-	106,650	106,650
Youth Aids AODA	437.3411	-	-	53,569	-	53,569	53,569
Youth Aids Early Intervention	437.3412	-	-	34,876	-	34,876	34,876
Youth Aids	437.3413	-	-	3,108,637	-	3,108,637	3,108,637
Brighter Future Initiative	437.3540	(11,489)	-	261,489	-	250,000	250,000
Children & Families Allocation	437.3561	-	-	1,335,717	-	1,335,717	1,335,717
Children & Families Allocation - State/County Match	437.3681	-	-	106,035	-	106,035	106,035
WiSACWIS Annual Operation Maintenance Fee	437.3935	-	-	(21,004)	-	(21,004)	(21,004)
CS State GPR/PR Funding Alloca	437.7502	-	-	450,538	25,202	475,740	475,740
Total Wisconsin Department of Children and Family		(143,447)	89,410	5,563,308	35,970	5,545,241	5,545,241

See notes to schedule of expenditures of federal and state awards.



# KENOSHA COUNTY

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2016

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expenditures	
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
STATE PROGRAMS continued								
Wisconsin Department of Justice								
Treatment Alternatives and Diversion	455.xxx	(15,680)	-	85,179	15,893	85,392	85,392	
DNA Sample Reimbursement Grant	455.221	-	-	10,600	-	10,600	10,600	
Law Enforcement Training Fund Local Assistance	455.231	-	-	45,933	25,432	71,365	71,365	
Victim and Witness Assistance Program - Part A	455.532	(126,446)	(9,075)	253,386	122,725	240,590	240,590	
Youth Diversion - Aids - Gang - PR	455.629	(35,574)	-	62,255	39,582	66,263	66,263	
Passed through Racine County								
Drug Crimes Enforcement	455.225	-	-	21,345	-	21,345	21,345	
Total Wisconsin Department of Justice		(177,700)	(9,075)	478,698	203,632	495,555	495,555	
Wisconsin Department of Military Affairs								
Emergency Response Equipment Grant	465.308	-	(194)	7,140	8,479	15,425	15,425	
Emergency Planning Grant	465.337	(24,482)	-	49,493	-	25,011	25,011	
Total Wisconsin Department of Military Affairs		(24,482)	(194)	56,633	8,479	40,436	40,436	
Wisconsin Department of Veteran Affairs								
County Veterans Service Officer	485.001	-	(2,568)	13,000	-	10,432	10,432	
Total Wisconsin Department of Veteran Affairs		-	(2,568)	13,000	-	10,432	10,432	
Wisconsin Department of Administration								
Land Information Board Grants	505.116	1,000	-	26,000	(26,000)	1,000	1,000	
Public Benefits	505.371	(1,084)	-	109,004	62,222	170,142	170,142	
Total Wisconsin Department of Administration		(84)	-	135,004	36,222	171,142	171,142	
TOTAL STATE PROGRAMS		\$ (833,014)	\$ 83,013	\$ 18,897,722	\$ 637,588	\$ 18,785,309	\$ 18,785,309	

See notes to schedule of expenditures of federal and state awards.

## KENOSHA COUNTY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2016

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#### NOTE 1 – REPORTING ENTITY

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This report on Federal and State Awards includes the federal and state awards of Kenosha County. The reporting entity for the County is based upon criteria established by the Governmental Accounting Standards Board.

The schedule includes only those programs required to be included in accordance with the *State Single Audit Guidelines*.

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#### NOTE 2 – BASIS OF PRESENTATION

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The accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., 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. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance and the *State Single Audit Guidelines*.

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#### NOTE 3 – DIRECT PAYMENTS – STATE OF WISCONSIN

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Direct payments to individuals from the State of Wisconsin on behalf of Kenosha County for the year ended December 31, 2016 included:

<u>Program</u>	<u>CFDA No.</u>	<u>Unaudited Amount</u>
Food Share Wisconsin Program	10.561	\$ 31,503,595

## KENOSHA COUNTY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2016

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#### NOTE 4 – DIRECT PAYMENTS – WISCONSIN MEDICAL ASSISTANCE

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The County received the following payments from Wisconsin Medical Assistance in 2016:

<u>County Department of Human Services:</u>	<u>Provider Number</u>	<u>Unaudited Amount</u>
Division of Aging & Disability Services	43072900	\$ 78,465
Division of Aging & Disability Services	43422900	527,027
Division of Aging & Disability Services	32975900	1,289,195
Division of Aging & Disability Services	100038404	4,785,563
Division of Children & Family Services	43073000	276,695
Brookside Care Center	20130300	3,440,191
Division of Health Services	41862400	7,759
Division of Health Services	42010200	28,692
Division of Health Services	43084000	<u>140,830</u>
Total		<u>\$ 10,574,417</u>

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#### NOTE 5 – CARS/CORE REPORT DATES

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The Schedule of Expenditures of Federal and State Awards include adjustments through Community Aids Reporting System reports dated May 2017 and the CORE reports for December 2016.

## KENOSHA COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

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#### SECTION I – Summary of Auditors' Results

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##### ***Financial Statements***

Type of Auditor's report issued:	Unmodified
Internal control over financial reporting:	
<ul style="list-style-type: none"><li>• Material weakness identified?</li><li>• Significant deficiencies identified that are not considered to be material weaknesses?</li></ul>	No None reported
Noncompliance material to financial statements noted?	No

##### ***Federal or State Awards***

Internal control over major programs:	
<ul style="list-style-type: none"><li>• Material weakness identified?</li><li>• Significant deficiencies identified that are not considered to be material weaknesses?</li></ul>	No None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	No
Auditee qualified as low-risk auditee for federal programs?	Yes
Auditee qualified as low-risk auditee for state programs?	Yes

**KENOSHA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2016

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**SECTION I – Summary of Auditors’ Results continued**

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Identification of major federal programs:

CFDA Number	Name of Federal Programs
	<i>SNAP Cluster</i>
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program
	<i>Child Care and Development Fund Cluster</i>
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
	<i>Medicaid Cluster</i>
93.778	Medical Assistance Program

**KENOSHA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2016

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**SECTION I- Summary of Auditors' Results (continued)**

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Identification of major state programs:

State ID Number	Name of State Programs
255.002	Public Library Systems Aid
N/A	Child Care
435.276	IMAA State Share ACA
435.277	IMAA Fed Share ACA
435.283	IMAA State Share
435.284	IMAA Federal Share
435.516	Community Mental Health
435.560	ADRC
435.871	CLTS OTHER GPR
435.874	CLTS AUTISM GPR

	<u>Federal</u>	<u>State</u>	
		<u>DHS</u>	<u>All Others</u>
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 786,242</u>	<u>\$ 327,936</u>	<u>\$ 250,000</u>

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**SECTION II – Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards.**

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None

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**SECTION III – Federal and State Award Findings and Questioned Costs**

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None


## KENOSHA COUNTY

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

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#### Section IV – Other Issues

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1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? yes    X    no
2. Does the audit report show audit issues (i.e., material non-compliance, non-material noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with *the State Single Audit Guidelines*:
- |  |     |   |    |
|--|-----|---|----|
| Department of Agriculture, Trade and Consumer Protection | yes | X | no |
| Department of Public Instruction                         | yes | X | no |
| Department of Natural Resources                          | yes | X | no |
| Department of Transportation                             | yes | X | no |
| Department of Corrections                                | yes | X | no |
| Department of Health Services                            | yes | X | no |
| Department of Children and Families                      | yes | X | no |
| Department of Workforce Development                      | yes | X | no |
| Department of Justice                                    | yes | X | no |
| Department of Military Affairs                           | yes | X | no |
| Department of Veteran Affairs                            | yes | X | no |
| Department of Administration                             | yes | X | no |
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? X    yes    no
4. Name and signature of partner   
Paul G. Denis, Shareholder
5. Date of report July 26, 2017

## KENOSHA COUNTY

### SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN For the Year Ended December 31, 2016

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#### Prior Year Audit Findings

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**Finding 2015-001: Uniform Grant Guidance Implementation**

CFDA #: All federal programs

Condition: This finding was a significant deficiency stating that county-wide policies and procedures had not been evaluated to ensure compliance with the requirements of Uniform Guidance.

Recommendation: The auditor recommended that the County finalize the assessment of its financial management system and related internal controls over federal awards during the 2016 fiscal year. This assessment should include evaluate existing policies and procedures to determine where additional enhancements should be made or new policies created, a plan to communicate these policies to County employees, and procedures to periodically review and update, as considered necessary.

Current Status: As recommended, the County enhanced its documentation in 2016 as required by the Uniform Grant Guidance, ensuring that the documentation of policies and procedures is comprehensive and well designed. Furthermore, in conjunction with the 2017 implementation of the County's new ERP system, the implementation teams will address various areas of the fiscal operations and contribute further to this guidance so that internal controls over compliance continue to be in place and documented.

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#### Corrective Action Plan

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None required.



## ADDITIONAL AUDITORS' REPORT

**INDEPENDENT AUDITORS' REPORT ON STATE FINANCIAL REPORT FORM**

To the County Board of Supervisors  
Kenosha County  
Kenosha, Wisconsin

State of Wisconsin – Department of Revenue  
Division of State and Local Finance  
Bureau of Local Financial Assistance  
2135 Rimrock Road #6-97  
P.O. Box 8971  
Madison, Wisconsin 53708-8933

In connection with our audit of the basic financial statements of Kenosha County, Wisconsin for the year ended December 31, 2016, we have also examined the 2016 Financial Report Form A required to be submitted to the Wisconsin Department of Revenue (WDR) by Wisconsin Administrative Rule, Tax 16. The 2016 Financial Report Form A has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion the 2016 Financial Report Form A is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountants  
Green Bay, Wisconsin  
July 26, 2017