

KENOSHA COUNTY

Kenosha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2003

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KENOSHA COUNTY

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INDEPENDENT AUDITORS' REPORT

To the County Board of Supervisors
Kenosha County
Kenosha, Wisconsin

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, as of and for the year ended December 31, 2003, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kenosha County's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Kenosha County, Wisconsin, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Human Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued a report on our consideration for Kenosha County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

To the County Board of Supervisors
Kenosha County

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The management's discussion and analysis on pages 2 through 15 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kenosha County's basic financial statements. The combining financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Madison, Wisconsin
June 9, 2004

Vuchow-Krause + Company LLP

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2003.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets 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 16. 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 Assets 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 and liabilities 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 assets and changes in them. You can think of the County's net assets - the difference between assets and liabilities - as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets 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 Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program 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 Assets 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, Health Insurance, Workers Compensation, and Liability Insurance.
- Health includes the Health Division, and Disability Services.
- Public Works includes the infrastructure depreciation.

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities (continued):

- Public Safety includes the Sheriff, Joint Services, and Emergency Services.
- Human Services includes Division of Children and Family Services, Division of Workforce Development, Aging, and Veterans.
- Education and Recreation includes Parks, UW Extension, and the Library.
- Conservation and Development includes Planning and Development and the Housing Authority.

Business-type activities: The County charges a fee to customers to help it cover all or most of the cost of certain services it provides. Brookside Nursing Home, Highway and the Golf Courses are reported here.

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 Assets 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, and GIS (Geographical Information System) 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, Financial Services, 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, Aging, Health, Child Support, and Disability Services.

The GIS Fund is used to account for certain activities within the Department of Planning and Development related to automated mapping and planning activities funded by developers.

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 Assets 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-

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

Reporting the County's Most Significant Funds (continued)

wide statements but provide more detail and additional information, such as cash flows. The proprietary funds include Golf, Brookside, Highway, Insurance, 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 with the Brookside Care Center because it is a non-expendable 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

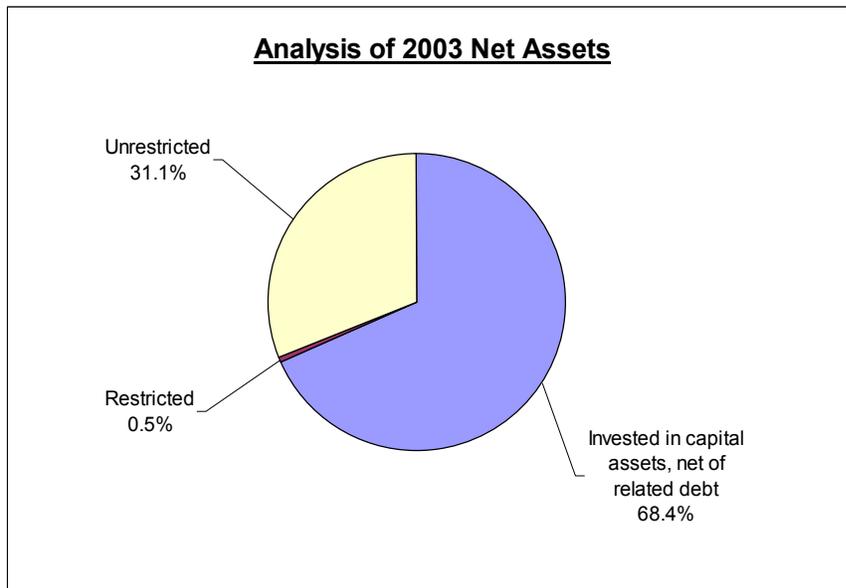
Government-wide Financial Analysis

The condensed financial statements on the next two pages present the net assets of the County, and changes in net assets. These statements are presented with comparisons to 2002.

Net Assets may serve over time as a useful indicator of a government's financial position. In 2003, the County's assets exceeded liabilities by \$36,588,212. The largest portion (68.4 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 assets, which are subject to external restrictions on how they may be used, comprise 0.5 percent of the net assets.

The remaining of the County's net assets (31.1 percent) is the category of unrestricted net assets which may be used to meet the County's ongoing obligations to citizens and creditors.



**KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**KENOSHA COUNTY
NET ASSETS
As of December 31, 2003
(Rounded to Millions)**

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 79.02	\$ 73.11	\$ 7.83	\$ 7.97	\$ 86.85	\$ 81.08
Capital assets	108.16	77.69	18.76	19.69	126.92	97.38
Total Assets	<u>187.18</u>	<u>150.80</u>	<u>26.59</u>	<u>27.66</u>	<u>213.77</u>	<u>178.46</u>
Long-term liabilities outstanding	94.09	85.22	8.45	9.04	102.54	94.26
Other liabilities	68.22	63.33	6.42	6.06	74.64	69.39
Total liabilities	<u>162.31</u>	<u>148.55</u>	<u>14.87</u>	<u>15.10</u>	<u>177.18</u>	<u>163.65</u>
Net assets:						
Invested in capital assets, net of related debt	13.80	(7.98)	11.23	10.65	25.03	2.67
Restricted	0.17	0.33	-	-	0.17	0.33
Unrestricted	10.90	9.90	0.49	1.91	11.39	11.81
Total Net Assets	<u>\$ 24.87</u>	<u>\$ 2.25</u>	<u>\$ 11.72</u>	<u>\$ 12.56</u>	<u>\$ 36.59</u>	<u>\$ 14.81</u>

The County's total net assets increased by \$21.78 million. This was primarily due to the addition of infrastructure to County assets in 2003. Please refer to "The County's Funds" section of this report on page 10 for further discussion of the addition of infrastructure to the County's assets. The statements are restated in 2003 to include the historical cost of infrastructure. The 2002 column does not include the retroactive restatement of infrastructure. Long-term liabilities increased primarily due to the refinancing of the Unfunded Actuarial Pension Liability (UAL). Please refer to "The County's Funds" section of this report on page 10 for further discussion of the refunding of the UAL.

The "Unrestricted" net assets in the governmental type column for 2003 includes carryovers of \$5.2 million which is designated for use in 2004 and is not available for general use. In the business-type column for 2003, the "Unrestricted" net assets includes \$0.9 million of carryovers designated for 2004.

**KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**KENOSHA COUNTY
CHANGES IN NET ASSETS
Year Ended December 31, 2003
(Rounded to Millions)**

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for services	\$ 6.35	\$ 5.73	\$ 14.76	\$ 13.88	\$ 21.11	\$ 19.61
Operating grants and contributions	61.34	57.22	3.42	3.65	64.76	60.87
Capital grants and contributions	1.17	1.76	0.01	0.30	1.18	2.06
General revenues:						
Property taxes	32.77	29.86	4.94	4.86	37.71	34.72
Other taxes	18.62	18.16	-	-	18.62	18.16
Grants and contributions not restricted to specific programs	4.63	4.58	-	-	4.63	4.58
Other	1.28	1.12	0.06	0.06	1.34	1.18
Total revenues	126.16	118.43	23.19	22.75	149.35	141.18
Expenses:						
General government	20.13	16.45	-	-	20.13	16.45
Health	20.43	19.50	-	-	20.43	19.50
Public works	1.26	0.07	-	-	1.26	0.07
Public safety	33.80	28.70	-	-	33.80	28.70
Social services	44.82	41.70	-	-	44.82	41.70
Education and recreation	3.62	3.40	-	-	3.62	3.40
Conservation and development	2.03	2.11	-	-	2.03	2.11
Interest on long-term debt	4.39	3.95	-	-	4.39	3.95
Nursing home	-	-	10.99	9.53	10.99	9.53
Highway	-	-	8.56	9.48	8.56	9.48
Golf Course	-	-	3.42	3.21	3.42	3.21
Total expenses	130.48	115.88	22.97	22.22	153.45	138.10
Increase in net assets before transfers	(4.32)	2.55	0.22	0.53	(4.10)	3.08
Transfers	1.05	0.73	(1.05)	(0.73)	-	-
Increase (decrease) in net assets	(3.27)	3.28	(0.83)	(0.20)	(4.10)	3.08
Net assets beginning of year (deficit)	28.14	(1.03)	12.55	12.76	40.69	11.73
Net assets end of year	<u>\$ 24.87</u>	<u>\$ 2.25</u>	<u>\$ 11.72</u>	<u>\$ 12.56</u>	<u>\$ 36.59</u>	<u>\$ 14.81</u>

Revenue for governmental activities was increased by \$7.7 million when compared to 2002. Key elements of this increase are as follows:

- increased Register of Deeds revenue of \$0.7 million (7/10ths of \$1 million)
- increased W-2 revenue of \$2 million
- increased federal inmate revenue of \$1.2 million
- increased State grants for parkland acquisition of \$0.3 million (3/10ths of \$1 million)
- increased bio-terrorism grants of \$0.4 million (4/10ths of \$1 million)
- increased property tax of \$2.9 million

**KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Expenditures for governmental activities increased by \$14.60 million when compared to 2002. Key elements of this increase are as follows:

- the one-time charge for the unfunded actuarial liability (UAL) of \$7.7 million (see "The County Funds" section of this report on page 10 for a discussion of UAL)
- increased grant-funded Human Services costs such as the Community Options \$0.6 million and W-2 programs \$2.3 million
- infrastructure depreciation of \$1.2 million
- increased health insurance cost of \$1.2 million

Revenue for the Business-type activities increased by \$428,201 in 2003 when compared to 2002. Key elements of this increase are as follows:

- Brookside operating revenue and grants increased by \$513,078
- Golf Course revenue increased by \$95,523
- Highway Local Road Improvement Revenue declined by \$293,082
- property taxes increased by \$78,186

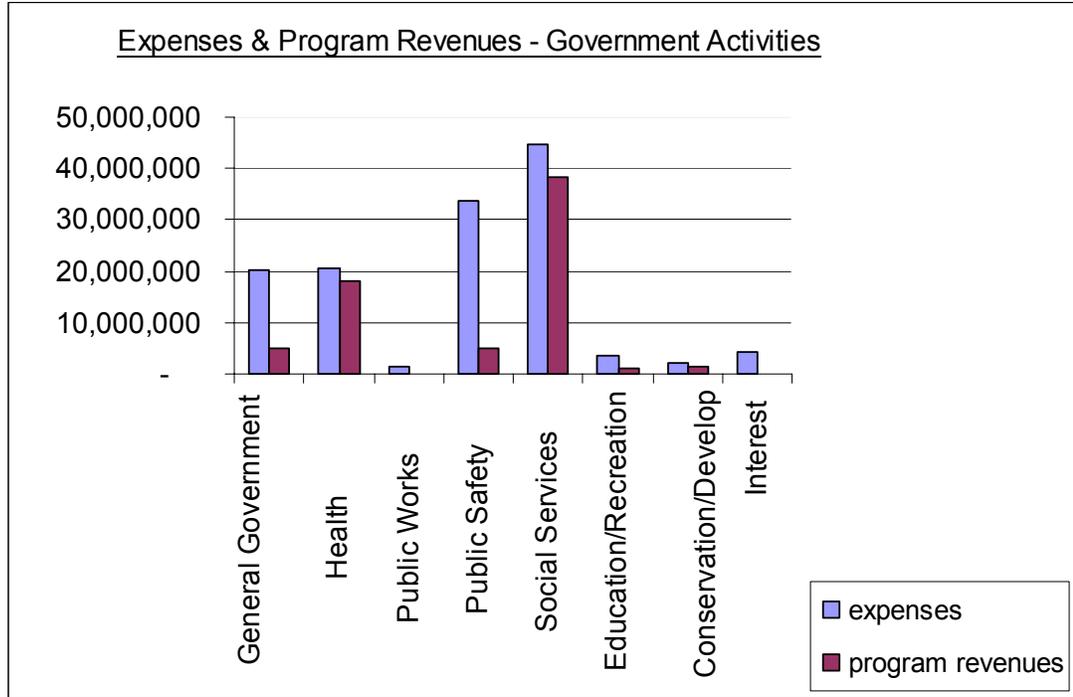
Expenses for Business-type activities increased a net of \$0.75 million in 2003 when compared to 2002. Key elements of this increase are as follows:

- the one-time charge for the unfunded actuarial liability (UAL) of \$2.1 million
- increased health expense of \$279,383
- increased State and local Highway work \$369,822
- decreased due to capitalization of infrastructure according to GASB 34 in the amount of \$2.0 million. Infrastructure was shown as an expense in 2002. In 2003, the infrastructure cost is shown as a transfer out and not as an expense.

**KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

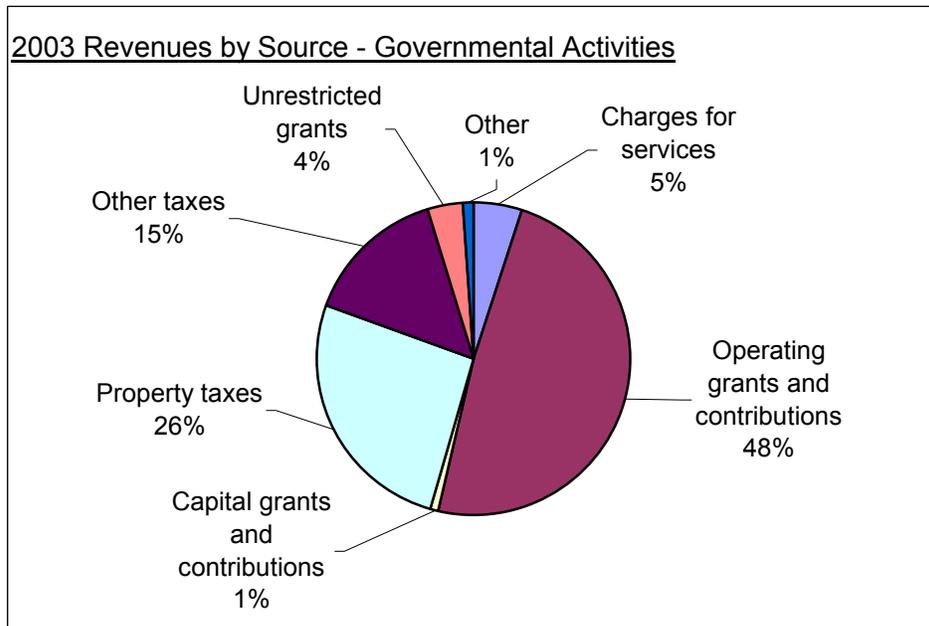
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for 2003.



REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

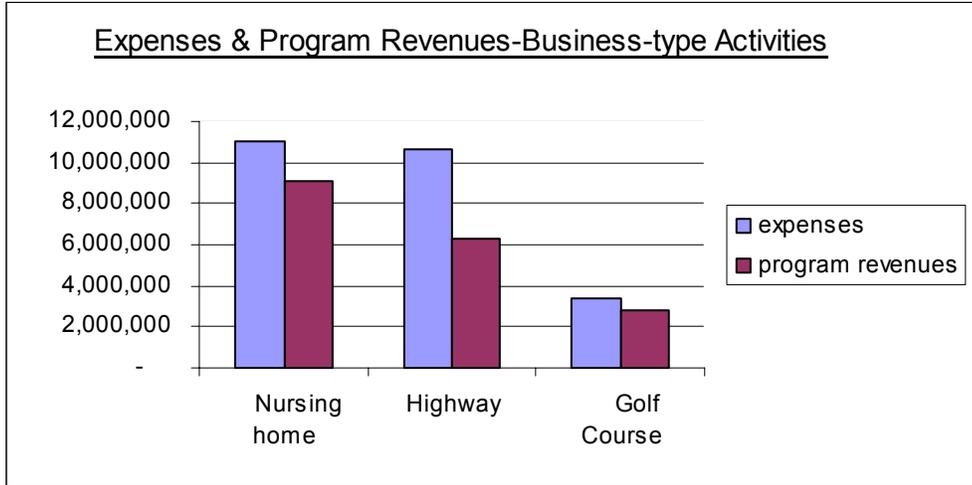
This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2003.



**KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

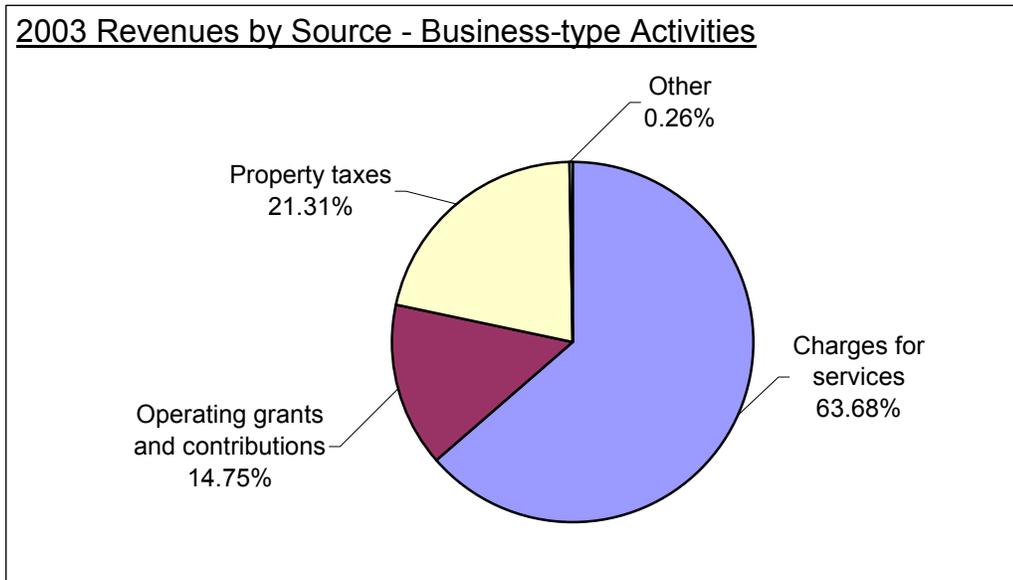
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2003.



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2003.



**KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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.

One significant event that occurred in 2003 was the refunding of the County Unfunded Actuarial Pension Liability (UAL). The UAL became a liability for the County in the mid-eighties as a result of unfunded pension improvements acted into law by the State of Wisconsin. The outstanding UAL refinanced was \$9,052,659. This transaction has a material impact upon the appearance of the 2003 statement of revenues, expenditures and changes in fund balance for all funds. For example, in this statement for the Human Services Fund reflects a surplus before transfers of about \$600,000. However, this includes a one-time charge to expenditures for the cost of the UAL of \$1.3 million. Without the UAL charge, the surplus before transfers for the Human Services fund would be over \$1.9 million. This charge was funded with the issuance of bonds. The proceeds of the bonds are transferred into each affected fund and reflected in the "transfers in" section of the statement of revenues, expenditures and changes in fund balance. Therefore, each fund is made whole relative to the UAL charge. It is important to consider this one-time event when reading this report, and when reviewing the County Financial Statements. A summary of the UAL charge for each fund is shown in the following chart:

<u>Fund</u>	<u>UAL Charge</u>
General Fund	\$5,049,751
Social Services Fund	\$1,350,810
Aging Fund	\$100,402
Health Division Fund	\$478,299
Land Information Fund	\$10,781
Brookside Fund	\$1,093,962
Golf Fund	\$321,687
Highway Fund	\$646,967
<u>Total Charge</u>	<u>\$9,052,659</u>

General Fund

The General Fund closed out 2003 with an increase of about \$2.3 million in total fund balance. This was primarily due to fund lapses from:

- the Human Services Fund because of surpluses in juvenile placements
- the Highway Fund because of milder than anticipated weather and increased State highway work
- the Brookside Fund because of higher than expected nursing home revenue.

In accord with County Board policy, available expendable resources from all funds have been transferred into the General Fund.

Although the jail experienced a surplus of over \$1 million in revenue for housing federal inmates, this surplus was transferred to the jail construction capital project fund for purposes of expanding jail inmate capacity. It also was used to cover other revenue shortfalls in the Sheriff's budget.

The unreserved, undesignated fund balance increased from \$8.1 million in 2002 to \$10.4 million in 2003. The unreserved, undesignated 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 unreserved undesignated fund balance in the General Fund is provided on page 12.

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

Human Services and Health Division Special Revenue Funds

The Human Services and Health Division Funds had a combined surplus before transfers and unfunded actuarial liability (UAL) of \$2.1 million. Of this amount, \$1.6 million was available and expendable, and was lapsed to the general fund.

- For the Human Services Fund, the surplus was primarily due to savings in child placements. The savings in juvenile placements occurred because of a new program instituted by Human Services designed to reduce placement costs.
- For the Health Division Fund, the savings was primarily related to lower rental costs and higher nursing rate revenue.

The County Board approved a resolution to appropriate \$250,000 for the homeless program in 2004. This one-time cost for the Kenosha County homeless program was not lapsed to the general fund. Total County Board approved carryovers for both funds that did not lapse to the general fund was about \$430,000. Please refer to page 12 for a summary of major amounts lapsed to the general fund from the Human Services and Health Division funds.

Brookside Enterprise Fund

The Brookside Fund had a surplus of \$2.1 million before transfers and UAL. \$1 million of this surplus relates to intergovernmental transfer revenue (IGT), and was planned as part of the adoption of the 2003 budget. The balance of the surplus relates to savings from health insurance and increased Medicaid and private pay revenue. The total amount lapsed excluding IGT and health insurance was just under \$600,000.

Highway Enterprise Fund

The Highway Fund experienced a surplus of \$814,737 in 2003. This amount does not include the highway health insurance surplus. \$228,700 was transferred to the Golf Course Enterprise Fund because of the deficit experienced by the golf course. \$586,037 was lapsed to the general fund. The primary cause of the surplus in the Highway fund related to higher than expected state work and state reimbursements, and mild weather. Of the \$586,737 lapsed to the general fund, \$481,653 was from higher than expected State reimbursements.

Golf Course Enterprise Fund

The Golf Course experienced a loss before transfers and UAL of \$282,948 in 2003. Because of other transactions impacting cash, the Fund had a negative cash position of \$304,000. To balance this deficit, \$75,300 was transferred from the Park budget and \$228,700 was transferred from the Highway Fund. The deficit occurred primarily because rounds of play were down when compared to budgeted rounds. The cash deficit in this fund covered with transfers in 2002 was \$630,000.

Health Insurance Internal Service Fund

Health Insurance became self-insured in 2003. In accord with actuaries' estimates, budgetary savings were about \$1.3 million in 2003. The County Board authorized retaining \$1 million of this savings in the Health Insurance fund as a self-insurance reserve. In addition, the County established an IBNR amount of \$1.1 million in the Health Insurance Fund in accord with actuarial estimates.

**KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Summary of 2003 Operations: Review of Major Elements of Lapsed Surplus

General Fund		
Sales tax	\$ (330,405)	- State based payments on estimates during computer conversion - repaid in 2003
Register of deeds	749,452	- Primarily from real estate transfers
Parking structure	(320,000)	- For construction project - parking structure
Treasurer	(339,437)	- Shortfall in interest on investments net of tax payments on delinquencies
Pension liability refunding	642,130	- Unanticipated intergovernmental revenue collected - refunding of pension liability
Sheriff	1,050,192	- Surplus in federal inmate revenue
Sheriff	(761,000)	- Transfer sheriff surplus to jail construction project
Sheriff	(127,098)	- Shortfall in telephone revenue
Sheriff	(365,900)	- Shortfall in state parole hold payments
Parks	(75,300)	- Park surplus transferred to cover golf deficit
Parks	75,300	- Personnel and supply cost surplus - transferred to cover golf deficit
Kemper Center	(100,000)	- One-time contribution for art and cultural center - in 2004 adopted budget
Homeless project	(250,000)	- One-time contribution for homeless program
Budgeted vacancy factor	(666,259)	- Reduced turnover
Property tax delinquencies	161,784	- Reduction in total tax delinquencies 2002 to 2003
All other General Fund changes	(18,543)	- Net
Lapsed Deficit	(675,084)	
Public Works		
Golf	(304,000)	- Deficit covered within Public Works
Highway	586,037	- Weather and State work surplus
Highway	228,700	- Weather and State work surplus transferred to Golf
Lapsed deficit	510,737	
Human Services		
Human Services	1,434,330	- Surplus in out-of-home placements
Brookside	592,613	- Medicaid rate increase, private pay census - net of personnel surplus
Health Division	177,033	- Surplus in rent and nursing rate revenue
Lapsed Surplus	2,203,976	
Health Insurance		
Health Insurance	1,238,574	- Surplus from change to self-funded, and benefit changes (excludes Human Service and Health Division surplus)
Health Insurance Reserve	(1,000,000)	- Reserve in Health Insurance fund
Lapsed Surplus	238,574	
Total Major 2003 lapsed surplus	\$ 2,278,203	
General Fund 2002	\$ 8,142,089	
Major lapsed surplus	2,278,203	
General Fund 2003	\$ 10,420,292	

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The first category includes amendments for carryover funds 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 certain increases in appropriations to prevent budget overruns. All of the transfers in this third category were done within budget.
- The fourth category included transfers from the general fund approved by the County Board for two purposes. The first purpose was to transfer \$320,850 to fund a parking structure capital project. The second purpose was to transfer \$16,500 to fund the Medical Examiners office for costs related to a higher than expected number of autopsies. 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 23 for more detail.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2003 financial statements reflect the second year of growth of surplus in the general fund. The trend began 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 a reduction in juvenile placement costs and new revenue from the Sheriff for housing federal inmates enabled the County to adopt the 2003 budget without the use of accumulated surplus. This allowed the County to present 2002 financial statements reflecting an increase in undesignated and unreserved fund balance in the General Fund. This balance grew from \$5.7 million in 2001 to \$8.1 in 2002. The trend continued when the County Board adopted the 2004 budget without the use of substantial surplus for a second year. This, along with the fund lapses described on page 12, allowed the General Fund undesignated fund balance to increase from \$8.1 million in 2002 to \$10.4 million in 2003.

At this time, there are certain known factors that may impact the financial statements. The County Board has adopted advisory resolutions relative to the 2004 and 2005 budgets. These resolutions have recommended levy increases at levels significantly below the true growth in County cost increases relative to negotiated collective bargaining agreements and other cost growth. However, with the adoption of the 2004 budget, the County does have \$2.4 million of additional levy capacity allowable under State law. The County Board has also directed that a review of County reserve policy be done. This direction was an outgrowth of the significant increase in reserves that occurred in 2003.

**KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2003, the County had \$127.01 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

2003 represents the first year that all infrastructure acquired from 1980 to date (primarily roads and bridges) is recorded on the financial statements. This recording of infrastructure added \$6 million to land improvements and \$30.2 million to infrastructure when compared to 2002. Land increased by \$900,000 due to the acquisition of the west-end parkland. However, overall, the land total decreased in 2003 due to the removal of tax deeded property as a capital asset. The increase in machinery and equipment primarily relates to the acquisition of computer equipment of \$1.3 million and vehicles of \$458,662. See Notes to the Financial Statements page 51 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Construction in progress	\$ -	\$ 3.01	\$ -	\$ -	\$ -	\$ 3.01
Land	15.08	15.28	0.34	0.34	15.42	15.62
Land improvements	8.87	2.54	4.18	4.11	13.05	6.65
Buildings	72.49	68.20	15.11	15.05	87.60	83.25
Machinery & equipment	13.00	11.45	15.79	15.44	28.79	26.89
Roads	33.18	1.21	-	-	33.18	1.21
Total capital assets	<u>142.62</u>	<u>101.69</u>	<u>35.42</u>	<u>34.94</u>	<u>178.04</u>	<u>136.63</u>
Less: accumulated depreciation	(34.37)	(24.02)	(16.66)	(15.25)	(51.03)	(39.27)
Total net capital assets	<u>\$ 108.25</u>	<u>\$ 77.67</u>	<u>\$ 18.76</u>	<u>\$ 19.69</u>	<u>\$ 127.01</u>	<u>\$ 97.36</u>

Debt

At year-end, the County had \$106,547,578 in outstanding general obligation debt. That is a decrease of one percent as shown in the following table.

Bonded debt outstanding at 12/31/02	\$ 98,712,340
Pension unfunded actuarial liability at 12/31/02	9,052,659
Total debt at 12/31/02	<u>107,764,999</u>
Principal retired in 2003	(7,159,762)
Principal retired - refunded	(7,750,000)
Debt issued for refunding	9,285,000
Debt - UAL principal repaid to the State of Wisconsin	(9,052,659)
Debt issued for refunding of UAL	8,140,000
Eight year notes issued to fund 2003 capital projects	5,320,000
Debt outstanding at 12/31/03	<u>\$ 106,547,578</u>

New debt issued included two refinancings. New principal issued in excess of principal being refinanced was \$622,341. The refinancings were done for purposes of savings. However, had the additional principal not been issued as part the refinancings, total debt outstanding would have declined by \$1,839,762 or 1.7%.

**KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Taxable Note Anticipation Notes in the amount of \$9,065,000 were issued for the purpose of paying off the outstanding balance of the County's unfunded prior service liability contributions under the Wisconsin Retirement System. These Notes were called for prior payment on March 24, 2003, with the issuance of \$9,285,000 Taxable General Obligation Refunding Bonds, series 2003A. Repayment will begin on September 1, 2004. The average interest is 5.124%. The UAL became a liability for the County in the mid-eighties as a result of unfunded pension improvements acted into law by the State of Wisconsin. The outstanding UAL refinanced was \$9,052,659. Savings estimated by the County Financial Advisor from refunding the UAL was \$5,588,946.

The County also issued general obligation refunding bonds series 2003B in the amount of \$8,140,000. This refinancing was done for the purpose of savings, estimated to be \$486,903. Total outstanding principal refinanced was \$7,750,000.

The County received an increase in its credit rating in 2003. The rating received from Standard & Poor's increased from AA- to AA. In 2004, Moody's placed a positive outlook on the County's A1 rating.

See Notes to the Financial Statements page 56 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
Finance Director
Kenosha County, Wisconsin

KENOSHA COUNTY
STATEMENT OF NET ASSETS
As of December 31, 2003

ASSETS	Governmental Activities	Business-type Activities	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Cash and temporary cash investments	17,276,211	1,045,539	18,321,750
Receivables			
Property taxes receivable	42,409,419	5,011,101	47,420,520
Delinquent taxes	5,462,650	-	5,462,650
Due from other governments	9,405,250	2,060,338	11,465,588
Miscellaneous	2,278,494	66,394	2,344,888
Internal balances	653,227	(653,227)	-
Prepaid expenses	48,139	-	48,139
Inventories	7,087	303,499	310,586
Restricted assets			
Cash	317,737	-	317,737
Deposit with Wisconsin Municipal Mutual Insurance Co.	1,157,860	-	1,157,860
Capital assets			
Land, improvements, and construction in progress	21,817,405	338,258	22,155,663
Other capital assets, net of depreciation	86,342,727	18,421,553	104,764,280
Total Capital Assets	<u>108,160,132</u>	<u>18,759,811</u>	<u>126,919,943</u>
Total Assets	<u>187,176,206</u>	<u>26,593,455</u>	<u>213,769,661</u>
 LIABILITIES			
Accounts payable	10,076,854	284,285	10,361,139
Accrued compensation	2,876,669	-	2,876,669
Other liabilities	2,211,100	91,858	2,302,958
Special deposits	2,846	-	2,846
Due to other governments	944,318	283,290	1,227,608
Due to special districts	1,018,384	-	1,018,384
Deferred property tax revenue	42,409,419	5,011,101	47,420,520
Other deferred revenue	526,878	-	526,878
Long-term liabilities			
Due within one year	8,151,050	748,988	8,900,038
Due in more than one year	94,092,352	8,452,057	102,544,409
Total Liabilities	<u>162,309,870</u>	<u>14,871,579</u>	<u>177,181,449</u>
 NET ASSETS			
Invested in capital assets, net of related debt	13,795,134	11,230,170	25,025,304
Restricted for:			
Debt service	168,490	-	168,490
Unrestricted	10,902,712	491,706	11,394,418
Total Net Assets	<u>\$ 24,866,336</u>	<u>\$ 11,721,876</u>	<u>\$ 36,588,212</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2003**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 20,131,814	\$ 2,902,217	\$ 1,895,969	\$ -	\$ (15,333,628)	\$ -	\$ (15,333,628)
Health	20,425,155	1,362,919	16,599,995	-	(2,462,241)	-	(2,462,241)
Public works	1,261,100	-	-	-	(1,261,100)	-	(1,261,100)
Public safety	33,804,878	1,189,980	3,821,584	-	(28,793,314)	-	(28,793,314)
Social services	44,820,515	8,983	38,359,420	50,820	(6,401,292)	-	(6,401,292)
Education and recreation	3,620,962	168,736	498,475	501,751	(2,452,000)	-	(2,452,000)
Conservation and development	2,029,032	719,511	159,679	617,660	(532,182)	-	(532,182)
Interest on long-term debt	4,394,888	-	-	-	(4,394,888)	-	(4,394,888)
Total Governmental Activities	130,488,344	6,352,346	61,335,122	1,170,231	(61,630,645)	-	(61,630,645)
Business-type activities:							
Nursing home	10,992,594	8,090,921	1,050,392	-	-	(1,851,281)	(1,851,281)
Highway	8,564,841	3,904,843	2,361,850	7,583	-	(2,290,565)	(2,290,565)
Golf Course	3,422,518	2,763,156	7,600	-	-	(651,762)	(651,762)
Total Business-Type Activities	22,979,953	14,758,920	3,419,842	7,583	-	(4,793,608)	(4,793,608)
Total Primary Government	\$ 153,468,297	\$ 21,111,266	\$ 64,754,964	\$ 1,177,814	(61,630,645)	(4,793,608)	(66,424,253)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					32,774,829	4,936,633	37,711,462
Property taxes, levied for debt service					9,814,021	-	9,814,021
Sales tax - County					8,708,924	-	8,708,924
Dog track admissions tax					96,574	-	96,574
Grants and contributions not restricted to specific programs					4,633,931	-	4,633,931
Unrestricted investment earnings					496,003	3,275	499,278
Miscellaneous					779,614	54,094	833,708
Transfers					1,045,202	(1,045,202)	-
Total general revenues, special items, and transfers					58,349,098	3,948,800	62,297,898
Change in net assets					(3,281,547)	(844,808)	(4,126,355)
Net assets-beginning (as restated)					28,147,883	12,566,684	40,714,567
Net assets-ending					\$ 24,866,336	\$ 11,721,876	\$ 36,588,212

See accompanying notes to the financial statements.

**KENOSHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2003**

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 8,679,299	\$ -	\$ 174,427	\$ 4,315,544	\$ 13,169,270
Receivables					
Property taxes receivables	21,267,362	7,679,118	10,670,394	2,792,545	42,409,419
Delinquent taxes	5,462,650	-	-	-	5,462,650
Miscellaneous	305,189	18,569	-	269,623	593,381
Due from other governments	2,857,406	5,383,316	-	1,146,304	9,387,026
Due from other funds	3,123,551	-	-	-	3,123,551
Prepaid items	7,784	12,284	-	-	20,068
Inventories	7,087	-	-	-	7,087
Loans receivable	-	-	-	1,519,812	1,519,812
TOTAL ASSETS	\$ 41,710,328	\$ 13,093,287	\$ 10,844,821	\$ 10,043,828	\$ 75,692,264
LIABILITIES AND FUND BALANCES					
Liabilities					
Vouchers payable	\$ 893,136	\$ 3,613,928	\$ 5,937	\$ 1,256,963	\$ 5,769,964
Accrued compensation	2,876,669	-	-	-	2,876,669
Other liabilities	934,660	-	-	-	934,660
Special deposits	9,233	2,846	-	-	12,079
Due to other governments	1,457,025	381,720	-	123,957	1,962,702
Due to other funds	-	993,970	-	81,481	1,075,451
Deferred property tax revenue	21,267,362	7,679,118	10,670,394	2,792,545	42,409,419
Other deferred revenue	158,436	18,277	-	1,869,977	2,046,690
Total Liabilities	<u>27,596,521</u>	<u>12,689,859</u>	<u>10,676,331</u>	<u>6,124,923</u>	<u>57,087,634</u>
Fund Balance					
Reserved for delinquent tax certificate receivables	3,319,863	-	-	-	3,319,863
Reserved for encumbrances	34,258	-	-	16,113	50,371
Reserved for inventories	7,087	-	-	-	7,087
Reserved for prepaid items	7,787	12,284	-	-	20,071
Reserved for debt service	-	-	168,490	-	168,490
Unreserved, reported in:					
General Fund, designated	324,520	-	-	-	324,520
General Fund, undesignated	10,420,292	-	-	-	10,420,292
Special Revenue Funds, designated	-	293,368	-	595,080	888,448
Special Revenue Funds, undesignated	-	97,776	-	14,208	111,984
Capital Projects Funds, designated	-	-	-	3,293,504	3,293,504
Total Fund Balances	<u>14,113,807</u>	<u>403,428</u>	<u>168,490</u>	<u>3,918,905</u>	<u>18,604,630</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,710,328	\$ 13,093,287	\$ 10,844,821	\$ 10,043,828	\$ 75,692,264

See accompanying notes to the financial statements.

KENOSHA COUNTY
Reconciliation of the Governmental Fund Balance Sheet
and the Statement of Net Assets
As of December 31, 2003

Fund Balance - Total Governmental Funds	\$ 18,604,630
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	100,942,130
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(97,107,992)
Interest expense is not accrued in the governmental funds	(1,251,371)
Proceeds of loans receivable collected are recorded as revenue in government-wide not deferred revenue.	1,519,812
Internal service funds are classed as proprietary funds in the fund statements but are governmental type in the entity wide statements.	<u>2,159,127</u>
	<u><u>\$ 24,866,336</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, 2003

	<u>General</u>	<u>Human Services</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 31,738,704	\$ 7,148,384	\$ 9,814,021	\$ 2,693,191	\$ 51,394,300
Licenses and permits	362,931	-	-	298,478	661,409
Intergovernmental revenues	8,394,163	43,411,114	-	12,736,644	64,541,921
Charges for services	5,028,315	3,842	-	1,453,428	6,485,585
Fines, forfeits & penalties	1,097,182	-	-	-	1,097,182
Investment income	324,782	-	44,784	42,154	411,720
Miscellaneous income	809,041	(73,387)	-	593,656	1,329,310
Total Revenues	<u>47,755,118</u>	<u>50,489,953</u>	<u>9,858,805</u>	<u>17,817,551</u>	<u>125,921,427</u>
EXPENDITURES					
Current					
General government	16,517,372	-	-	-	16,517,372
Health	2,511	16,042,455	-	4,252,217	20,297,183
Public safety	33,098,716	-	-	-	33,098,716
Social services	250,272	33,849,821	-	10,511,191	44,611,284
Education and recreation	1,806,944	-	-	1,577,373	3,384,317
Conservation and development	1,606,346	-	-	489,872	2,096,218
Capital Outlay	121,814	5,566	-	3,435,311	3,562,691
Debt Service					
Principal retirement	-	-	7,018,207	-	7,018,207
Interest, fiscal charges and debt issuance costs	-	-	4,577,386	81,206	4,658,592
Total Expenditures	<u>53,403,975</u>	<u>49,897,842</u>	<u>11,595,593</u>	<u>20,347,170</u>	<u>135,244,580</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, 2003

	<u>General</u>	<u>Human Services</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over expenditures	<u>(5,648,857)</u>	<u>592,111</u>	<u>(1,736,788)</u>	<u>(2,529,619)</u>	<u>(9,323,153)</u>
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	-	17,425,000	3,203,208	20,628,208
Payment to escrow agent	-	-	(6,767,284)	-	(6,767,284)
Transfers from other funds	9,051,083	1,350,810	-	1,843,597	12,245,490
Transfers to other funds	<u>(1,157,150)</u>	<u>(1,909,265)</u>	<u>(9,080,186)</u>	<u>(2,114,587)</u>	<u>(14,261,188)</u>
	<u>7,893,933</u>	<u>(558,455)</u>	<u>1,577,530</u>	<u>2,932,218</u>	<u>11,845,226</u>
Net change in fund balance	2,245,076	33,656	(159,258)	402,599	2,522,073
FUND BALANCES					
Beginning of year	<u>11,868,731</u>	<u>369,772</u>	<u>327,748</u>	<u>3,516,306</u>	<u>16,082,557</u>
FUND BALANCES - END OF YEAR	<u>\$ 14,113,807</u>	<u>\$ 403,428</u>	<u>\$ 168,490</u>	<u>\$ 3,918,905</u>	<u>\$ 18,604,630</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, 2003

Net Change in Fund Balances - Total Governmental Funds	\$	2,522,073
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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 depreciation (\$4,418,901) exceeded capital outlay (\$3,585,637) in the current period.

		(833,264)
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The net effect of various miscellaneous transactions involving capital assets (i.e., disposals and adjustments) is to increase net assets.

		916,064
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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.

		(64,604)
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Bond issues provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded debt issued.

		(6,482,310)
--	--	-------------

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.

		(504,036)
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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 revenue (expense) of certain internal service funds is reported with governmental activities.

		1,164,530
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	\$	(3,281,547)
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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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive(Negative)
	Original	Final		
Revenues				
Taxes	\$ 31,589,246	\$ 31,605,528	\$ 31,738,704	\$ 133,176
Licenses and permits	298,850	298,850	362,931	64,081
Intergovernmental revenues	9,396,515	10,744,139	8,394,163	(2,349,976)
Charges for services	3,319,083	3,455,028	5,028,315	1,573,287
Fines, forfeits & penalties	1,052,268	1,052,268	1,097,182	44,914
Investment income	1,085,000	1,085,000	324,782	(760,218)
Miscellaneous income	735,164	765,398	809,041	43,643
Carryovers	46,850	46,850	-	(46,850)
Bonding	342,300	342,300	-	(342,300)
Total revenues	<u>47,865,276</u>	<u>49,395,361</u>	<u>47,755,118</u>	<u>(1,640,243)</u>
Expenditures				
General government	13,814,908	15,880,360	16,517,372	(637,012)
Health	2,511	2,511	2,511	-
Public safety	30,095,224	34,305,045	33,098,716	1,206,329
Social services	234,668	267,875	250,272	17,603
Education/recreation	1,801,249	2,012,957	1,806,944	206,013
Conservation & development	1,500,661	1,717,043	1,606,346	110,697
Capital outlay	416,055	173,637	121,814	51,823
Total expenditures	<u>47,865,276</u>	<u>54,359,428</u>	<u>53,403,975</u>	<u>955,453</u>
Excess of revenues over expenditures	<u>-</u>	<u>(4,964,067)</u>	<u>(5,648,857)</u>	<u>(684,790)</u>
Other Financing Sources (Uses)				
Transfers in	-	9,051,084	9,051,083	(1)
Transfers out	-	(1,157,150)	(1,157,150)	-
Total other financing sources and uses	<u>-</u>	<u>7,893,934</u>	<u>7,893,933</u>	<u>(1)</u>
Net changes in fund balances	<u>-</u>	<u>2,929,867</u>	<u>2,245,076</u>	<u>(684,791)</u>
Fund balances - beginning	11,868,731	11,868,731	11,868,731	-
Fund balances - ending	<u>\$ 11,868,731</u>	<u>\$ 14,798,598</u>	<u>\$ 14,113,807</u>	<u>\$ (684,791)</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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive(Negative)
	Original	Final		
Revenues				
Taxes	\$ 7,148,384	\$ 7,148,384	\$ 7,148,384	\$ -
Intergovernmental revenues	42,244,927	44,483,765	43,411,114	(1,072,651)
Charges for services	27,000	27,000	3,842	(23,158)
Miscellaneous income	-	-	(73,387)	(73,387)
Total revenues	49,420,311	51,659,149	50,489,953	(1,169,196)
Expenditures				
Health	15,511,783	16,118,535	16,042,455	76,080
Social services	33,902,428	37,074,191	33,849,821	3,224,370
Capital outlay	6,100	8,100	5,566	2,534
Total expenditures	49,420,311	53,200,826	49,897,842	3,302,984
Excess of revenues over expenditures	-	(1,541,677)	592,111	2,133,788
Other Financing Sources (Uses)				
Transfers in	-	1,350,810	1,350,810	-
Transfers out	-	(1,909,265)	(1,909,265)	-
Total other financing sources and uses	-	(558,455)	(558,455)	-
Net changes in fund balances	-	(2,100,132)	33,656	2,133,788
Fund balances - beginning	369,772	369,772	369,772	-
Fund balances - ending (deficit)	\$ 369,772	\$ (1,730,360)	\$ 403,428	\$ 2,133,788

See accompanying notes to the financial statements.

**KENOSHA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2003**

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Golf Course	Totals	Internal Service
ASSETS					
Cash and investments	\$ 179,182	\$ 866,357	\$ -	\$ 1,045,539	\$ 4,106,940
Accounts receivable	35,057	64,742	1,652	101,451	165,301
Property taxes receivable	2,860,659	2,150,442	-	5,011,101	-
Due from other governments	1,289,999	735,282	-	2,025,281	18,223
Inventories	36,254	256,682	10,563	303,499	-
Prepaid items	-	-	-	-	28,073
Deposit in WMMIC	-	-	-	-	1,157,860
Restricted cash and investments	-	-	-	-	317,737
Land, buildings and improvements	5,288,802	8,352,779	5,987,383	19,628,964	7,656,856
Machinery and equipment	4,207,959	10,061,929	1,524,959	15,794,847	82,132
Accumulated depreciation	(3,644,991)	(9,720,492)	(3,298,517)	(16,664,000)	(520,986)
Total Assets	\$ 10,252,921	\$ 12,767,721	\$ 4,226,040	\$ 27,246,682	\$ 13,012,136
LIABILITIES					
Accounts payable	\$ 119,765	\$ 138,177	\$ 26,125	\$ 284,067	\$ 1,100,795
Claims payable	-	-	-	-	3,163,791
Accrued compensation	407,255	282,913	63,228	753,396	-
Due to other funds	651,896	-	1,331	653,227	1,394,873
Due to other governments	-	283,291	-	283,291	-
Other liabilities	91,858	-	-	91,858	58,140
Current portion of long-term debt payable	520,000	-	200,000	720,000	542,226
Deferred property tax revenue	2,860,659	2,150,442	-	5,011,101	-
General obligation debt payable	5,625,000	-	3,020,000	8,645,000	4,593,184
Unamortized discount on debt	(449,987)	-	(467,147)	(917,134)	-
Total Liabilities	9,826,446	2,854,823	2,843,537	15,524,806	10,853,009
NET ASSETS					
Invested in capital assets, net of related debt	156,757	9,612,441	1,460,972	11,230,170	2,685,170
Restricted for:					
Capital projects	-	559,058	-	559,058	-
Other purpose	179,182	-	-	179,182	-
Unrestricted (deficit)	90,536	(258,601)	(78,469)	(246,534)	(526,043)
Total Net Assets	\$ 426,475	\$ 9,912,898	\$ 1,382,503	\$ 11,721,876	\$ 2,159,127

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2003

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Golf Course	Totals	Internal Service
OPERATING REVENUES					
Charges for services	\$ 8,090,921	\$ 3,904,843	\$ 2,770,755	\$ 14,766,519	\$ 14,402,652
Total operating revenues	8,090,921	3,904,843	2,770,755	14,766,519	14,402,652
OPERATING EXPENSES					
Operations and maintenance	9,566,705	8,856,587	2,875,495	21,298,787	14,436,186
General and administrative	680,613	842,017	-	1,522,630	-
Depreciation and amortization	403,726	927,137	310,081	1,640,944	145,080
Total operating expense	10,651,044	10,625,741	3,185,576	24,462,361	14,581,266
Operating income (loss)	(2,560,123)	(6,720,898)	(414,821)	(9,695,842)	(178,614)
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	2,884,496	2,052,137	-	4,936,633	-
Intergovernmental grants	1,050,392	2,376,399	-	3,426,791	-
Investment income	3,275	-	-	3,275	151,851
Sale of county property	-	-	-	-	280,171
Insurance reimbursement	-	-	47,126	47,126	-
Amortization of debt discount and loss on refinancing	(52,587)	-	(38,914)	(91,501)	-
Interest and fiscal charges	(288,962)	-	(198,026)	(486,988)	(88,878)
Total non-operating revenues (expenses)	3,596,614	4,428,536	(189,814)	7,835,336	343,144
Income (loss) before transfers	1,036,491	(2,292,362)	(604,635)	(1,860,506)	164,530
TRANSFERS					
Transfers in	1,093,962	2,344,677	625,687	4,064,326	1,000,000
Transfers out	(2,056,350)	(992,278)	-	(3,048,628)	-
Total transfers	(962,388)	1,352,399	625,687	1,015,698	1,000,000
Change in net assets	74,103	(939,963)	21,052	(844,808)	1,164,530
Total net assets at the beginning of year	352,372	10,852,861	1,361,451	12,566,684	994,597
Total net assets at end of year	\$ 426,475	\$ 9,912,898	\$ 1,382,503	\$ 11,721,876	\$ 2,159,127

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, 2003

	Business-type Activities			Governmental	
	Brookside Care Center	Highway	Golf Course	Totals	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 7,272,888	\$ 3,929,257	\$ 2,816,990	\$ 14,019,135	\$ 14,327,632
Paid to suppliers and employees for goods and services	(9,610,598)	(9,532,887)	(2,923,774)	(22,067,259)	(11,358,285)
Cash Flows from Operating Activities	<u>(2,337,710)</u>	<u>(5,603,630)</u>	<u>(106,784)</u>	<u>(8,048,124)</u>	<u>2,969,347</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	2,884,496	2,052,137	-	4,936,633	-
Intergovernmental grants	1,050,392	2,376,399	-	3,426,791	-
Transfers	(962,388)	1,352,399	625,687	1,015,698	1,000,000
	<u>2,972,500</u>	<u>5,780,935</u>	<u>625,687</u>	<u>9,379,122</u>	<u>1,000,000</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES					
Debt retired	(505,000)	-	(175,000)	(680,000)	(1,744,271)
Interest paid	(288,962)	-	(198,026)	(486,988)	(88,878)
Insurance proceeds	-	-	47,126	47,126	-
Debt issued	-	-	-	-	2,116,792
Sale of county property	-	-	-	-	280,171
Acquisition and construction of capital assets	(60,228)	(78,523)	(193,003)	(331,754)	(1,942,487)
Cash Flows from Capital and Financing Activities	<u>(854,190)</u>	<u>(78,523)</u>	<u>(518,903)</u>	<u>(1,451,616)</u>	<u>(1,378,673)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Change in restricted cash	-	-	-	-	(700)
Interest income	3,275	-	-	3,275	151,851
Cash Flows from Investing Activities	<u>3,275</u>	<u>-</u>	<u>-</u>	<u>3,275</u>	<u>151,151</u>
Net Change in Cash and Cash Equivalents	(216,125)	98,782	-	(117,343)	2,741,825
Cash and Cash Equivalents - Beginning of Year	<u>395,307</u>	<u>767,575</u>	<u>-</u>	<u>1,162,882</u>	<u>1,365,115</u>
Cash and Cash Equivalents - End of Year	<u>\$ 179,182</u>	<u>\$ 866,357</u>	<u>\$ -</u>	<u>\$ 1,045,539</u>	<u>\$ 4,106,940</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2003**

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Golf Course	Totals	Internal Service
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (2,560,123)	\$ (6,720,898)	\$ (414,821)	\$ (9,695,842)	\$ (178,614)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:					
Depreciation expense and amortization	403,726	927,137	310,081	1,640,944	145,080
Changes in assets and liabilities:					
Accounts receivable	(35,058)	168,158	46,235	179,335	(75,018)
Due from other governments	(784,241)	(143,744)	-	(927,985)	-
Inventories	1,264	(189,262)	1,977	(186,021)	-
Prepaid items	-	-	-	-	(28,072)
Accounts payable	(49,020)	75,231	(51,587)	(25,376)	2,105,865
Due to other funds	651,896	-	1,331	653,227	1,000,106
Other current liabilities	33,846	279,748	-	313,594	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (2,337,710)</u>	<u>\$ (5,603,630)</u>	<u>\$ (106,784)</u>	<u>\$ (8,048,124)</u>	<u>\$ 2,969,347</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY

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

December 31, 2003

ASSETS

Cash and temporary cash investments	\$	2,830,462
Miscellaneous receivables		<u>238,268</u>
Total Assets		<u><u>3,068,730</u></u>

LIABILITIES

Other liabilities		<u>3,068,730</u>
Total Liabilities	\$	<u><u>3,068,730</u></u>

See accompanying notes to the financial statements.

KENOSHA COUNTY

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December 31, 2003

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KENOSHA COUNTY

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KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Kenosha, Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. 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. This report does not contain any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net assets 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, fund equity, revenues, and expenditure/expenses.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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

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

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.

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.

Fund Financial Statements (cont.)

A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, 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:

Major Governmental Funds

- General Fund – accounts for the County’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- Human Services Fund – Accounts for resources legally restricted to supporting expenditures for Social Services program.
- Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than enterprise fund debt.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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

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

Fund Financial Statements (cont.)

The County reports the following major enterprise funds:

Major Enterprise Funds

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

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

Non-Major Governmental Funds

- Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. These funds are:

Division of Aging	Economic Development
Housing Authority	Federated Library System
Health Department	Geographic Information Systems

- 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:

County Detention Center	Jail Expansion
Parkland Development	Courthouse Security
Parking Structure	Other Capital Projects

Non-Major Enterprise Funds

- The County has no non-major enterprise funds.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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

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

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

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:

Agency Funds:
Clerk of Courts
Child Support
Social Services
Other Funds

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets 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 revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board and have elected not to follow Financial Accounting Standards Board pronouncements issued before November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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

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

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 and victim witness reimbursable grants, for which available is defined as 180 days. 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 revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the County is entitled to the resources and the amounts are available. Amounts owed to the County which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Special assessments 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 deferred revenues. Delinquent special assessments being held for collection by the County are reported as receivables and reserved fund balance in the General Fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments 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 deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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

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

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

Deferred 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 deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds have elected to follow all pronouncements of the Governmental Accounting Standards Board and have elected not to follow Financial Accounting Standards Board pronouncements issued before November 30, 1989. 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.

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 ASSETS 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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

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

1. Deposits and Investments (cont.)

Investment of County funds is restricted by state statutes. 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, or by the University of Wisconsin Hospitals and Clinics 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 amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment 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.

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, 2003, 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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

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

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 revenues. 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 reserved 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 reservation of 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.

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 – 2003 tax roll:

Lien date and levy date	December 2003
Tax bills mailed	December 2003
Payment in full, or	January 31, 2004
First installment due	January 31, 2004
Second installment due	July 31, 2004
Personal property taxes in full	January 31, 2004
Tax sale – 2003 delinquent real estate taxes	October 2006

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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

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

2. Receivables (cont.)

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 Assets. 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 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 revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as designated fund balance in the fund financial statements.

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, 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 assets.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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

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

5. Capital Assets

Government-Wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$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 fixed assets are recorded at their estimated fair value at the date of donation.

Prior to January 2002, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34 governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation.

Retroactive reporting of all major general infrastructure assets is encouraged but not required until January 1, 2006 when GASB 34 requires the County to retroactively report all major general infrastructure assets acquired since January 1, 1980. For the year ended December 31, 2003, the County has retroactively reported all network infrastructure acquired by its governmental fund types.

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. Net interest for the Human Services building capitalized during the current year was \$98,051. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50-100 Years
Land Improvements	20 Years
Machinery and Equipment	5-40 Years
Infrastructure	20-50 Years

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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

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

5. Capital Assets (cont.)

Fund Financial Statements

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

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and in the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the 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 repaid 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.

Accumulated liabilities at December 31, 2003 are determined on the basis of current salary rates and 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 debt 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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

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

8. Long-Term Obligations/Conduit Debt (cont.)

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 straight-line 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 and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the balance sheet.

The County does not engage in conduit debt transactions.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. See Note V. C. on commitments and contingencies.

10. Equity Classifications

Government-Wide Financial Statements

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

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

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

10. Equity Classifications (cont.)

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.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Proprietary fund equity is classified the same as in the government-wide statements. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation.

11. Comparative Data/Reclassifications

Comparative total data for the prior year has not been presented.

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. 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 assets. Following are details of these differences:

Bonds and notes payable	\$ 92,047,168
Vacation/casual day accrual	2,454,455
Post retirement health insurance benefits	3,013,392
Unamortized debt discount and issue costs	<u>(407,023)</u>
Combined adjustment for long-term liabilities	<u>\$ 97,107,992</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	\$ 1,326,276
Health Insurance	941,861
Workers Compensation	(103,952)
General Liability Insurance	<u>(5,058)</u>
Total	<u>\$ 2,159,127</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 assets 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 assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. This is the amount by which repayments exceeded debt issued.”

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

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 issuance costs, 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 \$6,482,310 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (20,628,208)
Less discounts, premium and issuance costs	365,427
Amortization expense	(5,020)
Principal repayments:	
General obligation debt	<u>13,785,491</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (6,482,310)</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 \$504,036 difference are as follows:

Vacation/casual day accrual	\$ (175,382)
Post retirement health insurance benefits	(320,829)
Accrued interest	<u>(7,825)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (504,036)</u>

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

A budget has been adopted for the general fund, special revenue funds, debt service fund, and capital projects funds and comparisons of actual to budget are presented in the general purpose financial statements. 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. Supplemental appropriations during the year were:

General Fund	\$ 7,651,302
Special Revenue Funds	9,317,198
Debt Service Fund	17,608,402
Capital Projects Funds	7,679,829

The 2003 adopted budget appropriated \$14,478,249 for health/dental costs. Actual expenditures for health/dental for the year were \$12,980,909, resulting in a savings of \$1,497,340 compared to the adopted budget.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year are included in designated fund balance as follows:

General Fund	\$ 277,642
Special Revenue Funds	592,932
Capital Projects Funds	3,293,504
Internal Service Funds	1,042,950
Brookside Care Center	53,623
Highway	851,394

B. GOVERNMENTAL FUNDS - EXCESS EXPENDITURES OVER APPROPRIATIONS

The County controls expenditures at the business unit level. There were no expenditure line item accounts that experienced expenditures which exceeded appropriations. The detail of those items can be found in the County's year end budget to actual report. The general fund budget general government appropriation includes a negative amount of \$1,836,326 which is budgeted for vacancies. However, the actual savings are experienced and recorded in all funds. These savings have been lapsed back to the general fund at year end but do not appear in the specific line item to offset the budgeted vacancy amount. Therefore, the general government line appears to have expenditures which exceeded appropriations even though it does not.

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

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

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2003, the following funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Internal Service Funds		
Workers Compensation	\$103,952	The difference between the actuarial estimate for the fund's IBNR and the amount of cash restricted to cover the IBNR.
General Liability	5,058	The difference between the actuarial estimate for the fund's IBNR and the amount of cash restricted to cover the IBNR.

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

As part of Wisconsin's State Budget Bill (1993 Act 16), new legislation was passed that limits the County's future tax levy rates. Generally, the County is limited to its 1992 tax levy rate, based upon current legislation. However, this limitation does not affect debt authorized prior to August 12, 1993 or refunding bonds.

The County may also exceed the limitation by holding a referendum (according to state statutes) authorizing the County board to approve a higher rate. The County may also exceed the rate if it increases the services it provides due to a transfer of these services from another governmental unit.

The State Budget Bill also imposes restrictions on the County's ability to issue new debt. Generally, referendum approval is required to issue unlimited tax general obligation debt, with the following exceptions:

- Refunding debt issues
- 75% approval by the County board
- A reasonable expectation that the new debt can be accommodated within the existing tax rate
- Other exceptions as listed in State Statutes Section 67.045

The County is in compliance with the limitation.

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The County's deposits and investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at year end. Category 1 includes items that are insured or registered or which are collateralized by or evidenced by securities held by the County or its agent in the County's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the County's name, or uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the County's name. Category 3 includes uncollateralized deposits, and uninsured and unregistered investments, with securities held by the counterparty or its trust department or agent but not in the County's name.

	Category			Bank	Book
	1	2	3	Balance	Balance
Local and area banks	\$ 857,949	\$ -	\$ 136,844	\$ 994,793	\$ (1,067,560)
Repurchase agreements	-	3,856,016	-	3,856,016	3,856,016
U.S. Government securities	4,142,625	-	-	4,142,625	4,142,625
Subtotals	\$ 5,000,574	\$ 3,856,016	\$ 136,844	\$ 8,993,434	\$ 6,931,081
Local Government Investment Pool					11,362,920
Money Market funds					2,848,856
Petty cash					9,355
Deposit with WMMIC					317,737
Total Deposits and Investments					\$ 21,469,949
Per Statement of Net Assets - cash and temporary cash investments					18,321,750
Per Statement of Net Assets - restricted cash					317,737
Per Statement of Assets and Liabilities - Fiduciary Funds - Agency Funds					2,830,462
					\$ 21,469,949

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and noninterest bearing accounts. Deposits in credit unions are insured by the NCUA in the amount of \$100,000 for each account.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing the amounts in Category 1 above.

Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2003

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

B. RECEIVABLES (cont.)

At December 31, 2003, delinquent property taxes by year levied consists of the following:

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax Certificates			
2002	\$ 2,600,539	\$ 571,337	\$ 2,029,202
2001	1,228,260	269,848	958,412
2000	239,856	52,696	187,160
1999	57,899	12,720	45,179
1998 and prior	128,046	28,136	99,910
Total Delinquent Property Taxes Receivable	\$ 4,254,600	\$ 934,737	\$ 3,319,863

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.

<u>Population</u>	<u>Maximum Retention</u>
1,000 and under	\$100,000
1,001 - 1,999	\$150,000
2,000 - 3,999	\$250,000
4,000 - 9,999	\$500,000
10,000 and over	\$750,000

At December 31, 2003, the County has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

C. CAPITAL ASSETS

In 2003, the County restated government activities capital assets to reflect historical costs of all County infrastructure assets including roadways, bridges, traffic signals, right-of ways, and culverts. The addition column represents the new assets in 2003 including new infrastructure assets. The deletion column represents the assets that were discarded in 2003. The adjustment column represents the adjustments needed to show the assets at the restated amounts.

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

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

C. CAPITAL ASSETS (cont.)

Capital asset valuation and activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental Activities					
Capital Assets not being depreciated:					
Construction in Progress	\$ 3,014,369	\$ -	\$ (3,014,369)	\$ -	\$ -
Land Improvements	404,600	287,800	-	6,047,400	6,739,800
Land	15,280,470	1,354,467	(410,659)	(1,146,673)	15,077,605
Total Capital Assets not being depreciated	18,699,439	1,642,267	(3,425,028)	4,900,727	21,817,405
Other Capital Assets:					
Land Improvements	2,133,950	-	-	-	2,133,950
Buildings	68,202,658	5,441,171	(1,151,400)	-	72,492,429
Machinery & Equipment	11,452,591	2,017,231	(535,415)	62,159	12,996,566
Infrastructure	1,214,204	1,773,100	-	30,196,196	33,183,500
Total Other Capital Assets at Historical Cost	83,003,403	9,231,502	(1,686,815)	30,258,355	120,806,445
Less: Accumulated Depreciation					
Land Improvements	(1,170,228)	(105,663)	-	700	(1,275,191)
Buildings	(17,145,600)	(1,415,498)	691,134	920,976	(16,948,988)
Machinery & Equipment	(5,631,535)	(1,760,532)	261,503	610,391	(6,520,173)
Infrastructure	(68,500)	(1,282,287)	-	(8,368,579)	(9,719,366)
Total Accumulated Depreciation	(24,015,863)	(4,563,980)	952,637	(6,836,512)	(34,463,718)
Net Total Other Capital Assets	58,987,540	4,667,522	(734,178)	23,421,843	86,342,727
Net Total Government Activities Capital Assets	\$ 77,686,979	\$ 6,309,789	\$ (4,159,206)	\$ 28,322,570	\$ 108,160,132

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 2,310,650
Public Safety	477,127
Public Works	1,261,100
Social Services	148,767
Education & Recreation	225,893
Health	91,033
Conservation & Development	49,410
Total Governmental Activities – Depreciation Expense	\$ 4,563,980

Infrastructure additions for the year totaled \$2,060,900. Of this amount, \$287,800 is considered salvage value and recorded as land improvements and not depreciated. The remaining amount of \$1,773,100 is shown as infrastructure and depreciated.

The historical cost of the county's infrastructure from prior to 2002 has been added to the government wide statements. The total amounts for infrastructure shown in the above schedule in the adjustment column are detailed more fully below. The adjustment includes \$30,196,196 of roadways, right-of-ways, bridges, traffic signals, sewer drainage, and culverts and \$6,047,400 of related salvage value which is recorded as land improvements and not depreciated. Accumulated depreciation related to the infrastructure prior to 2002 was \$8,437,079.

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

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

C. CAPITAL ASSETS (cont.)

Infrastructure Schedule

Category	2002 Additions	2003 Additions	Prior to 2002 Adjustments	Total
Roadways	\$ 1,214,100	\$ 863,500	\$ 18,279,100	\$ 20,356,700
Right-of-ways	-	-	7,230,700	7,230,700
Bridges	-	612,400	1,884,500	2,496,900
Traffic signals	-	225,800	2,446,400	2,672,200
Sewer drainage	-	-	355,600	355,600
Culverts	-	71,400	-	71,400
Infrastructure	<u>1,214,100</u>	<u>1,773,100</u>	<u>30,196,300</u>	<u>33,183,500</u>
Land Improvements	<u>404,600</u>	<u>287,800</u>	<u>6,047,400</u>	<u>6,739,800</u>
Total	<u>1,618,700</u>	<u>2,060,900</u>	<u>36,243,700</u>	<u>39,923,300</u>
Less Accumulated Depreciation	<u>(68,500)</u>	<u>(1,282,287)</u>	<u>(8,368,579)</u>	<u>(9,719,366)</u>
	<u>\$ 1,550,200</u>	<u>\$ 778,613</u>	<u>\$ 27,875,121</u>	<u>\$ 30,203,934</u>

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Business - Type Activities					
Capital Assets not being depreciated:					
Land	\$ 338,734	\$ -	\$ -	\$ (476)	\$ 338,258
Total Capital Assets not being depreciated	<u>338,734</u>	<u>-</u>	<u>-</u>	<u>(476)</u>	<u>338,258</u>
Other Capital Assets:					
Land Improvements	4,113,428	68,054	-	476	4,181,958
Buildings	15,052,381	56,368	-	-	15,108,749
Machinery & Equipment	15,435,224	626,756	(267,134)	-	15,794,846
Total Other Capital Assets at Historical Cost	<u>34,601,033</u>	<u>751,178</u>	<u>(267,134)</u>	<u>476</u>	<u>35,085,553</u>
Less: Accumulated Depreciation					
Land Improvements	(1,670,134)	(174,864)	-	-	(1,844,998)
Buildings	(5,937,221)	(649,319)	-	-	(6,586,541)
Machinery & Equipment	(7,641,936)	(816,760)	226,235	-	(8,232,461)
Total Accumulated Depreciation	<u>(15,249,291)</u>	<u>(1,640,944)</u>	<u>226,235</u>	<u>-</u>	<u>(16,664,000)</u>
Net Total Other Capital Assets	<u>19,351,742</u>	<u>(889,766)</u>	<u>(40,899)</u>	<u>476</u>	<u>18,421,553</u>
Net Total Business - Type Activities Capital Assets	<u>\$ 19,690,476</u>	<u>\$ (889,766)</u>	<u>\$ (40,899)</u>	<u>\$ -</u>	<u>\$ 18,759,811</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Brookside Care Center	\$ 403,726
Highway	927,137
Golf Courses	310,081
Total Business – Type Activities Depreciation Expense	<u>\$ 1,640,944</u>

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2003

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

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>
General Fund		\$ 3,123,551
	Liability Insurance	(316,263)
	Human Services	(993,970)
	Job Center	(1,078,610)
	Division of Aging	(18,369)
	Health Department	(63,112)
	Brookside Care Center	(651,896)
	Golf Course	(1,331)

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 assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Reason</u>
Capital Projects - Parkland Development		29,815	Allocate to correct fund
	Capital Projects - Other Capital Projects	(29,815)	
Capital Projects - House of Corrections		711,000	Allocate to correct fund
Capital Projects - Jail Expansion		50,000	
	General Fund	(761,000)	
Capital Projects - Parking Structure		320,850	Board approved transfer of funds for parking structure
	General Fund	(320,850)	
General Fund		1,050,392	Allocation of intergovernmental transfer to General Fund
	Brookside Care Center	(1,050,392)	
General Fund		65,000	Move IV-E related costs
	Social Services	(65,000)	

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

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

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

Interfund Transfer schedule continued:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Reason</u>
Capital Projects - Parking Structure		35,650	Allocate Bond Proceeds to correct accounts
Capital Projects - Courthouse Security		75,000	
Capital Projects - Jail Expansion		31,800	
Highway - Capital		1,697,710	
	Capital Projects - Other Capital Projects	(1,840,160)	
General Fund		5,077,278	To cover unfunded pension expenses in each fund
Human Services		1,350,810	
Division of Aging		100,402	
Health Department		478,299	
Land Information		10,781	
Brookside Care Center		1,093,962	
Golf Course		321,687	
Highway		646,967	
	Debt Service	(9,080,186)	
Golf Course		304,000	Transfer to cover Golf Course deficit
	General Fund	(75,300)	
	Highway	(228,700)	
General Fund		2,094,835	To record lapsing funds at year end
Health Insurance		1,000,000	
	Brookside Care Center	(1,005,958)	
	Health Department	(177,033)	
	Division of Aging	(67,579)	
	Human Services	(1,844,265)	
General Fund		763,578	To lapse unrestricted highway funds to the General Fund
	Highway	(763,578)	

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.

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 88,667,340	\$ 22,745,000	\$ 14,229,762	\$ 97,182,578	\$ 7,228,424
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	(46,616)	(365,427)	(5,020)	(407,023)	(35,336)
Human Services Building-Land Contract	1,300,000	-	1,300,000	-	-
Total Bonds And Notes Payable	<u>89,920,724</u>	<u>22,379,573</u>	<u>15,524,742</u>	<u>96,775,555</u>	<u>7,193,088</u>
Other Liabilities:					
Post Retirement Benefits	2,692,563	320,829	-	3,013,392	802,920
Vested Vacation and Casual Days	2,279,073	175,382	-	2,454,455	155,042
Total Other Liabilities	<u>4,971,636</u>	<u>496,211</u>	<u>-</u>	<u>5,467,847</u>	<u>957,962</u>
Total Governmental Activities-					
Long-Term Liabilities	<u>\$ 94,892,360</u>	<u>\$ 22,875,784</u>	<u>\$ 15,524,742</u>	<u>\$ 102,243,402</u>	<u>\$ 8,151,050</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 10,045,000	\$ -	\$ 680,000	\$ 9,365,000	\$ 720,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)	(1,008,635)	-	(91,501)	(917,134)	-
Total Bonds And Notes Payable	<u>9,036,365</u>	<u>-</u>	<u>588,499</u>	<u>8,447,866</u>	<u>720,000</u>
Other Liabilities:					
Vested Vacation and Casual Days	714,536	38,643	-	753,179	28,988
Total Other Liabilities	<u>714,536</u>	<u>38,643</u>	<u>-</u>	<u>753,179</u>	<u>28,988</u>
Total Business-Type Activities-					
Long-Term Liabilities	<u>\$ 9,750,901</u>	<u>\$ 38,643</u>	<u>\$ 588,499</u>	<u>\$ 9,201,045</u>	<u>\$ 748,988</u>

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, 2003, was \$505,333,830. Total general obligation debt outstanding at year end was \$106,547,578.

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2003

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2003</u>
Governmental Activities - General Obligation Debt					
Corporate Building Bonds	1992	2004	5.75-5.80%	\$ 5,000,000	\$ 300,000
Corporate Building Bonds	1992	2004	5.30-5.75%	1,500,000	100,000
Corporate Purpose Bonds	1993	2004	5.15-5.40%	4,500,000	300,000
Corporate Purpose Bonds	1993	2012	4.65-5.00%	3,980,000	200,000
Corporate Purpose Bonds	1994	2013	4.40-5.25%	3,640,000	300,000
Corporate Purpose Bonds	1994	2013	4.40-5.25%	1,460,000	100,000
Corporate Purpose Bonds	1997	2009	5.10-5.60%	29,025,000	5,950,000
Corporate Purpose Bonds	1997	2017	4.75-5.25%	9,080,000	8,930,000
Corporate Purpose Bonds	1998	2017	4.15-4.20%	4,525,000	4,225,000
Refunding Bonds	1999	2013	3.40-4.50%	13,130,000	10,535,000
Promissory Notes	1999	2007	4.30-4.85%	4,150,000	2,700,000
State Trust Fund Loan	1999	2009	5.25%	693,721	502,578
Promissory Notes	2000	2008	4.40-4.75%	4,080,000	3,120,000
Refunding Bonds	2001	2017	3.50-5.00%	25,755,000	24,535,000
Promissory Notes	2001	2009	3.25-3.85%	4,100,000	3,385,000
Refunding Bonds	2002	2007	2.00-4.00%	7,015,000	5,685,000
Promissory Notes	2002	2010	3.15%	4,270,000	3,570,000
Promissory Notes	2003	2011	1.50%-3.00%	5,320,000	5,320,000
Refunding Bonds	2003	2013	1.50%-3.35%	8,140,000	8,140,000
Refunding Bonds	2003	2022	3.25%-5.50%	9,285,000	<u>9,285,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 97,182,578</u>

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2003</u>
Business-Type Activities - General Obligation Debt					
Corporate Purpose Bonds	1994	2004	5.25%	\$ 8,310,000	\$ 425,000
Corporate Purpose Bonds	1994	2004	5.25%	760,000	50,000
Promissory Notes	1996	2015	4.90-5.375%	4,225,000	3,220,000
Refunding Bonds	1999	2013	3.40-4.50%	5,825,000	<u>5,670,000</u>
Total Business-Type Activities - General Obligation Debt					<u>\$ 9,365,000</u>

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Years	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2004	\$ 7,228,424	\$ 4,066,642	\$ 720,000	\$ 432,014
2005	7,802,279	3,775,520	745,000	395,566
2006	8,456,336	3,495,826	790,000	364,511
2007	8,705,606	3,181,000	810,000	330,886
2008	8,100,101	2,838,165	845,000	296,124
2009-2013	32,674,832	9,561,474	4,775,000	879,039
2014-2018	20,820,000	3,233,968	680,000	55,363
2019-2022	3,395,000	395,388	-	-
Totals	\$ 97,182,578	\$ 30,547,983	\$ 9,365,000	\$ 2,753,503

Capital Leases

Refer to Note IV. G. There are no material capital leases.

Other Debt Information

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

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.

Advance Refunding

On July 1, 2003 the County issued \$8,140,000 in general obligation bonds with an average interest rate of 2.45% to advance refund \$7,750,000 of outstanding principal with an average interest rate of 5.01%. The net proceeds of \$8,097,631 (after payment of \$109,911 in discount, underwriting fees, insurance and other issuance costs) plus an additional \$129,875 of County monies were used to purchase U.S government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the \$7,750,000. As a result, the general obligation bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2003

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Advance Refunding (cont.)

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$9,964,832.50 from 2003 through 2013. The cash flow requirements on the 2003 refunding bonds are \$9,320,442.78 from 2003 through 2013. The advance refunding resulted in an economic gain of \$486,903 (present value dollars).

Prior-Year Defeasance of Debt

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2003, the call dates of the bonds held in escrow and amounts of bonds outstanding and considered defeased are as follows:

<u>Call Date</u>	<u>Balance at 12/31/03</u>
09/01/04	\$ 6,600,000
09/01/04	2,930,000
11/01/04	1,000,000
11/01/04	2,515,000
11/01/04	935,000
12/01/04	5,460,000
02/01/07	22,625,000

Deferred Amount on Refunding

Deferred amounts on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deduction from debt payable in the government-wide and proprietary fund statements. Amortization for 2003 was \$96,521 of which \$5,020 is for the governmental activities, \$52,587 for Brookside Care Center and \$38,914 is for the Golf Course.

F. 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 \$317,737 is restricted in purpose for liability insurance at WMMIC.

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2003

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

G. LEASE DISCLOSURES

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 through 2007. 2003 revenues of \$488,729 related to these leases are 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 \$13,100,000 with a net book value of \$7,336,000.

Future minimum lease payments receivable under existing terms of the non-cancelable operating leases at December 31, 2003, are as follows:

Year Ending December 31,		
	2004	\$ 488,729
	2005	488,729
	2006	488,729
	2007	<u>488,729</u>
	Total Minimum Lease	
	Payments Receivable	<u>\$ 1,954,916</u>

Lessee – Operating Leases

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

Capital Leases – Lessee/Lessor

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2003 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land and land improvements	\$ 21,817,405
Other capital assets, net of accumulated depreciation	86,342,727
Less: related long-term debt outstanding (net of unspent proceeds of debt)	<u>(94,364,998)</u>
Total Invested in Capital Assets	<u>13,795,134</u>

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

Restricted

General debt service	168,490
Total Restricted	<u>168,490</u>

Unrestricted

Total Governmental Activities Net Assets	<u>\$ 24,866,336</u>
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Governmental fund balances reported on the fund financial statements at December 31, 2003 include the following:

Reserved

Major Funds

General Fund

Delinquent tax certificate receivables	\$ 3,319,863
Encumbrances	34,258
Inventories	7,087
Prepaid items	<u>7,787</u>
Total	<u>\$ 3,368,995</u>

Human Service Fund

Reserved for prepaid items	<u>\$ 12,284</u>
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General Debt Service Fund

Reserved for debt service	<u>\$ 168,490</u>
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Special Revenue Fund

Health department

Reserved for encumbrances	<u>\$ 16,113</u>
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Unreserved (designated)

Major Funds

General Fund, subsequent year expenditures	\$ 277,642
General Fund, sheriff special deposit	<u>46,878</u>
Total	<u>324,520</u>

Human Services Fund, subsequent year expenditures	<u>293,368</u>
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Total Major Funds	<u>\$ 617,888</u>
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KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2003

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

Non-Major Funds

Special Revenue Funds	
Division of Aging, subsequent year expenditures	\$ 2,313
Housing Authority, designated grant funding	295,516
Health Department, subsequent year expenditures	115,513
Federated Library System, designated grant funding	61,000
GIS Fund, subsequent year expenditures	<u>120,738</u>
Total Special Revenue Funds	<u>\$ 595,080</u>
Capital Project Funds, all subsequent year expenditures	
County Detention Center	\$1,799,841
Parkland Development	356,434
Parking Structure	419,371
Jail Expansion	50,279
Courthouse Security	4,856
Other Capital Projects	<u>662,723</u>
Total Capital Projects Funds	<u>\$ 3,293,504</u>

I. RESTATEMENT OF NET ASSETS

Net assets for January 1, 2003 have been restated due to the following items:

Governmental Activities - Net Assets -	
December 31, 2002 (as reported)	\$ 2,247,500
Add:	
Net capital assets from prior years	(6,999)
Net Infrastructure from prior years	27,806,517
Net job center capital assets restated	793,428
Less:	
Post retirement benefits from prior years	<u>(2,692,563)</u>
Net assets - January 1, 2003 (as restated)	<u><u>\$ 28,147,883</u></u>

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

NOTE V – Other Information

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible County employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.2% of their salary (3.9% for Executives and Elected Officials, 3.8% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the System for the year ended December 31, 2003 was \$42,147,070; the employer's total payroll was \$42,711,958. The total required contribution for the year ended December 31, 2003 was \$4,404,400 or 10.45 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2002 and 2001 were \$4,436,990 and \$4,316,143, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. Retirement benefits are calculated as 1.6% (2.0% for Executives, Elected Officials, and Protective Occupations with Social Security and 2.5% for Protective Occupations without Social Security). The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit.

For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, 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 are immediately vested.

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

A bond issued in January 2003 paid the System for the County's unfunded actuarial pension related debt as of December 31, 2002, which was \$9,052,659. This liability was determined in accordance with provisions of GASB Statement 27 regarding pension-related debt. See Note IV. E. for more information on this bond issue.

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

NOTE V – Other Information (cont.)

B. 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 are 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 \$100,000 per employee exposure. There were no significant reductions in coverage compared to the prior year.

Public Entity Risk Pool

During 1987, the County, together with certain other units of government within the State of Wisconsin, created the Wisconsin Municipal Mutual Insurance Company (WMMIC), a nonassessable mutual company which provides liability insurance and risk management services to its members. The County became a member of WMMIC in 1987 by issuing a general obligation note for \$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 \$5,000,000 per occurrence and \$10,000,000 annual aggregate on an excess basis above members per occurrence and annual aggregate self-insured retentions. The County's self-insured retention limit \$100,000 for each occurrence and \$600,000 annual aggregate. WMMIC's exposure in its layer of insurance is limited to \$500,000 per occurrence in that the company purchases \$4,500,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage.

WMMIC is governed by one entity-one vote. Member entities include Kenosha County and the counties of Brown, Chippewa, Dane, Dodge, LaCrosse, Manitowoc, Marathon, Outagamie, St. Croix and Waukesha, and the cities of Eau Claire and Madison. All member entities participate in the governing of the company. Its Board of Directors is made up of at least five representatives of the participating entities and the company's charter allows for the appointment of two at-large members to the Board of Directors. The 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 THE FINANCIAL STATEMENTS December 31, 2003

NOTE V – Other Information (cont.)

B. RISK MANAGEMENT (cont.)

The participant's share in the operation of WMMIC as of December 31, 2003 is as follows:

	<u>Percentage</u>
Brown County	8.06
Chippewa County	3.68
Dane County	9.90
Dodge County	4.03
City of Eau Claire	4.20
Kenosha County	6.11
LaCrosse County	4.12
City of Madison	20.16
Manitowoc County	6.81
Marathon County	6.06
Outagamie County	7.55
St. Croix County	3.67
Waukesha County	12.51
Eau Claire County	<u>3.14</u>
 Total	 <u>100.00</u>

The County's investment in WMMIC is reported on the Risk Management Fund balance sheet as a deposit. The amount reported is the original capitalization of \$1,157,860. The market value of the original capitalization as December 31, 2003 is \$1,963,689. The financial statements can be obtained from WMMIC at their address of 4785 Hayes Road, Madison, Wisconsin, 53704-7364.

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.

	<u>2003</u>	<u>2002</u>
Claims Liability- WMMIC		
Unpaid claims, including IBNR – beginning of year	\$ 254,371	\$ 582,992
Current year claims and changes in estimates	505,086	(216,169)
Claim payments	<u>(90,091)</u>	<u>(112,452)</u>
Unpaid claims – end of year	<u>\$ 669,366</u>	<u>\$ 254,371</u>

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2003

NOTE V – Other Information (cont.)

B. RISK MANAGEMENT (cont.)

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 \$250,000 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, 2003, the County has established a future claims insurance reserve in the amount of \$1,367,325 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.

Claims Liability	2003	2002
Unpaid claims, including IBNR – beginning of year	\$ 1,362,424	\$ 1,341,653
Current year claims and changes in estimates	577,838	654,873
Claim payments	(572,937)	(634,102)
Unpaid Claims – end of year	\$ 1,367,325	\$ 1,362,424

Self-Insurance – Health Insurance

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	2003
Unpaid claims, including IBNR – beginning of year	\$ -
Current year claims and changes in estimates	10,525,854
Claim payments	(9,399,114)
Unpaid Claims – end of year	\$ 1,126,740

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

NOTE V – Other Information (cont.)

C. 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 2003, the County borrowed \$5,320,000 for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the various Capital Project, Highway, and Job Center 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 and Health Department totaled \$50,371 at year end and is included in reserve 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.

D. JOINT VENTURES

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.

KENOSHA COUNTY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2003

NOTE V – Other Information (cont.)

D. JOINT VENTURES (cont.)

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 \$2,738,322 to the Board for 2003. The County believes that the organization will continue to provide services in the future at similar rates.

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. The County has an equity interest in the organization equal to the percentage share of participation. Financial information of the Board as of December 31, 2003 is available directly from the Board's office.

E. OTHER POSTEMPLOYMENT BENEFITS

The County provides postemployment health insurance benefits for all eligible employees. Eligibility is based on age of retirement and years of service. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the County. Funding for those costs is provided out of the current operating budget of the County. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were \$716,760. The number of participants currently eligible to receive benefits is 60. The total amount outstanding at year end to be paid in the future is \$3,013,392.

F. SUBSEQUENT EVENTS

In February, 2004, the county issued \$10,630,000 general obligation refunding bonds, Series 2004A, dated February 1, 2004, which will begin repayment on December 1, 2005. The average interest is 3.211%. The proceeds are being used to refund two outstanding debt issues from previous years.

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SUPPLEMENTAL INFORMATION

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2003**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 864,987	\$ 3,450,557	\$ 4,315,544
Receivables			
Property taxes receivables	2,792,545	-	2,792,545
Miscellaneous	269,623	-	269,623
Due from other governments	1,124,923	21,381	1,146,304
Loans receivable	1,519,812	-	1,519,812
TOTAL ASSETS	<u>\$ 6,571,890</u>	<u>\$ 3,471,938</u>	<u>\$ 10,043,828</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Vouchers payable	\$ 1,078,529	\$ 178,434	\$ 1,256,963
Due to other governments	123,957	-	123,957
Due to other funds	81,481	-	81,481
Deferred revenue	1,869,977	-	1,869,977
Deferred property tax revenue	2,792,545	-	2,792,545
Total Liabilities	<u>5,946,489</u>	<u>178,434</u>	<u>6,124,923</u>
Fund Balance			
Reserved for encumbrances	16,113	-	16,113
Unreserved			
Designated	595,080	3,293,504	3,888,584
Undesignated	14,208	-	14,208
Total Fund Balances	<u>625,401</u>	<u>3,293,504</u>	<u>3,918,905</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,571,890</u>	<u>\$ 3,471,938</u>	<u>\$ 10,043,828</u>

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2003**

	Division of Aging	Housing Authority	Health Department	Economic Development	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and investments	\$ 103,717	\$ 294,529	\$ 366	\$ -	\$ 345,465	\$ 120,910	\$ 864,987
Receivables							
Property taxes receivables	809,347	-	817,118	-	1,166,080	-	2,792,545
Miscellaneous	78,890	-	190,733	-	-	-	269,623
Due from other governments	793,107	11,103	308,394	-	-	12,319	1,124,923
Loans receivable	-	1,519,812	-	-	-	-	1,519,812
TOTAL ASSETS	\$ 1,785,061	\$ 1,825,444	\$ 1,316,611	\$ -	\$ 1,511,545	\$ 133,229	\$ 6,571,890
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers payable	\$ 927,957	\$ 7,933	\$ 142,639	\$ -	\$ -	\$ -	\$ 1,078,529
Due to other governments	14,890	-	109,067	-	-	-	123,957
Due to other funds	18,369	-	63,112	-	-	-	81,481
Deferred revenue	12,185	1,521,995	53,049	-	282,748	-	1,869,977
Deferred property tax revenue	809,347	-	817,118	-	1,166,080	-	2,792,545
Total Liabilities	<u>1,782,748</u>	<u>1,529,928</u>	<u>1,184,985</u>	<u>-</u>	<u>1,448,828</u>	<u>-</u>	<u>5,946,489</u>
Fund Balance							
Reserved for encumbrances	-	-	16,113	-	-	-	16,113
Unreserved							
Designated	2,313	295,516	115,513	-	61,000	120,738	595,080
Undesignated	-	-	-	-	1,717	12,491	14,208
Total Fund Balances	<u>2,313</u>	<u>295,516</u>	<u>131,626</u>	<u>-</u>	<u>62,717</u>	<u>133,229</u>	<u>625,401</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,785,061	\$ 1,825,444	\$ 1,316,611	\$ -	\$ 1,511,545	\$ 133,229	\$ 6,571,890

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
December 31, 2003**

	County Detention Center	Parkland Development	Parking Structure	Jail Expansion	Courthouse Security	Other Capital Projects	Total Nonmajor Capital Projects Funds
ASSETS							
Cash and investments	\$ 1,800,000	\$ 356,434	\$ 419,371	\$ 50,279	\$ 41,698	\$ 782,775	\$ 3,450,557
Due from other governments	-	-	-	-	-	21,381	21,381
TOTAL ASSETS	<u>\$ 1,800,000</u>	<u>\$ 356,434</u>	<u>\$ 419,371</u>	<u>\$ 50,279</u>	<u>\$ 41,698</u>	<u>\$ 804,156</u>	<u>\$ 3,471,938</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers payable	\$ 159	\$ -	\$ -	\$ -	36,842	\$ 141,433	\$ 178,434
Total Liabilities	<u>159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,842</u>	<u>141,433</u>	<u>178,434</u>
Fund Balance							
Unreserved							
Designated	1,799,841	356,434	419,371	50,279	4,856	662,723	3,293,504
Total Fund Balances	<u>1,799,841</u>	<u>356,434</u>	<u>419,371</u>	<u>50,279</u>	<u>4,856</u>	<u>662,723</u>	<u>3,293,504</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,800,000</u>	<u>\$ 356,434</u>	<u>\$ 419,371</u>	<u>\$ 50,279</u>	<u>\$ 41,698</u>	<u>\$ 804,156</u>	<u>\$ 3,471,938</u>

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2003

REVENUES	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Taxes	\$ 2,693,191	\$ -	\$ 2,693,191
Licenses and permits	298,478	-	298,478
Intergovernmental revenues	12,380,205	356,439	12,736,644
Charges for services	1,388,094	65,334	1,453,428
Investment income	2,132	40,022	42,154
Miscellaneous income	343,656	250,000	593,656
Total Revenues	<u>17,105,756</u>	<u>711,795</u>	<u>17,817,551</u>
 EXPENDITURES			
Current			
Health	4,252,217	-	4,252,217
Social services	10,511,191	-	10,511,191
Education and recreation	1,577,373	-	1,577,373
Conservation and development	489,872	-	489,872
Capital Outlay	554,926	2,880,385	3,435,311
Debt Service			
Interest, fiscal charges and debt issuance costs	-	81,206	81,206
Total Expenditures	<u>17,385,579</u>	<u>2,961,591</u>	<u>20,347,170</u>
Excess (deficiency) of revenues over expenditures	(279,823)	(2,249,796)	(2,529,619)
 OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	3,203,208	3,203,208
Transfers from other funds	589,482	1,254,115	1,843,597
Transfers to other funds	(244,612)	(1,869,975)	(2,114,587)
Total Other Financing Sources (Uses)	<u>344,870</u>	<u>2,587,348</u>	<u>2,932,218</u>
 Net change in fund balance	 65,047	 337,552	 402,599
 FUND BALANCES			
Beginning of year	<u>560,354</u>	<u>2,955,952</u>	<u>3,516,306</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 625,401</u>	 <u>\$ 3,293,504</u>	 <u>\$ 3,918,905</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, 2003

	Division of Aging	Housing Authority	Health Department	Economic Development	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
REVENUES							
Taxes	\$ 750,840	\$ -	\$ 810,234	\$ -	\$ 1,132,117	\$ -	\$ 2,693,191
Licenses and permits	-	-	298,478	-	-	-	298,478
Intergovernmental revenues	9,703,340	501,660	1,544,802	116,000	446,725	67,678	12,380,205
Charges for services	-	-	1,308,875	-	-	79,219	1,388,094
Investment income	85	2,047	-	-	-	-	2,132
Miscellaneous income	19,223	221,983	102,450	-	-	-	343,656
Total Revenues	<u>10,473,488</u>	<u>725,690</u>	<u>4,064,839</u>	<u>116,000</u>	<u>1,578,842</u>	<u>146,897</u>	<u>17,105,756</u>
EXPENDITURES							
Current							
Health	-	-	4,252,217	-	-	-	4,252,217
Social services	10,511,191	-	-	-	-	-	10,511,191
Education and recreation	-	-	-	-	1,577,373	-	1,577,373
Conservation and development	-	181,676	-	116,000	-	192,196	489,872
Capital Outlay	-	478,667	62,959	-	-	13,300	554,926
Total Expenditures	<u>10,511,191</u>	<u>660,343</u>	<u>4,315,176</u>	<u>116,000</u>	<u>1,577,373</u>	<u>205,496</u>	<u>17,385,579</u>
Excess (deficiency) of revenues over expenditures	(37,703)	65,347	(250,337)	-	1,469	(58,599)	(279,823)
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	100,402	-	478,299	-	-	10,781	589,482
Transfers to other funds	(67,579)	-	(177,033)	-	-	-	(244,612)
Total Other Financing Sources (Uses)	<u>32,823</u>	<u>-</u>	<u>301,266</u>	<u>-</u>	<u>-</u>	<u>10,781</u>	<u>344,870</u>
Net change in fund balance	(4,880)	65,347	50,929	-	1,469	(47,818)	65,047
FUND BALANCES							
Beginning of year	<u>7,193</u>	<u>230,169</u>	<u>80,697</u>	<u>-</u>	<u>61,248</u>	<u>181,047</u>	<u>560,354</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,313</u>	<u>\$ 295,516</u>	<u>\$ 131,626</u>	<u>\$ -</u>	<u>\$ 62,717</u>	<u>\$ 133,229</u>	<u>\$ 625,401</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, 2003

	County Detention Center	Parkland Development	Parking Structure	Jail Expansion	Courthouse Security	Other Capital Projects	Total Nonmajor Capital Projects Funds
REVENUES							
Intergovernmental revenues	\$ -	\$ 251,751	\$ -	\$ -	\$ -	\$ 104,688	\$ 356,439
Charges for services	-	-	-	-	-	65,334	65,334
Investment income	13,887	999	-	-	-	25,136	40,022
Miscellaneous income	-	250,000	-	-	-	-	250,000
Total Revenues	<u>13,887</u>	<u>502,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,158</u>	<u>711,795</u>
EXPENDITURES							
Capital Outlay	159	888,369	480	102,481	70,144	1,818,752	2,880,385
Debt Service							
Interest, fiscal charges and debt issuance costs	-	-	-	-	-	81,206	81,206
Total Expenditures	<u>159</u>	<u>888,369</u>	<u>480</u>	<u>102,481</u>	<u>70,144</u>	<u>1,899,958</u>	<u>2,961,591</u>
Excess (deficiency) of revenues over expenditures	13,728	(385,619)	(480)	(102,481)	(70,144)	(1,704,800)	(2,249,796)
OTHER FINANCING SOURCES (USES)							
General obligation debt issued	-	-	-	-	-	3,203,208	3,203,208
Transfers from other funds	711,000	29,815	356,500	81,800	75,000	-	1,254,115
Transfers to other funds	-	-	-	-	-	(1,869,975)	(1,869,975)
Total Other Financing Sources (Uses)	<u>711,000</u>	<u>29,815</u>	<u>356,500</u>	<u>81,800</u>	<u>75,000</u>	<u>1,333,233</u>	<u>2,587,348</u>
Net change in fund balance	724,728	(355,804)	356,020	(20,681)	4,856	(371,567)	337,552
FUND BALANCES							
Beginning of year	1,075,113	712,238	63,351	70,960	-	1,034,290	2,955,952
FUND BALANCES - END OF YEAR	<u>\$ 1,799,841</u>	<u>\$ 356,434</u>	<u>\$ 419,371</u>	<u>\$ 50,279</u>	<u>\$ 4,856</u>	<u>\$ 662,723</u>	<u>\$ 3,293,504</u>

KENOSHA COUNTY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2003

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
ASSETS					
Cash and investments	\$ -	\$ 2,629,724	\$ 1,477,216	\$ -	\$ 4,106,940
Accounts receivable	-	45,126	-	120,175	165,301
Due from other governments	18,223	-	-	-	18,223
Prepaid items	-	28,073	-	-	28,073
Deposit in WMMIC	-	-	-	1,157,860	1,157,860
Restricted cash and investments	-	-	-	317,737	317,737
Land, buildings and improvements	7,656,856	-	-	-	7,656,856
Machinery and equipment	82,132	-	-	-	82,132
Accumulated depreciation	(520,986)	-	-	-	(520,986)
Total Assets	<u>\$ 7,236,225</u>	<u>\$ 2,702,923</u>	<u>\$ 1,477,216</u>	<u>\$ 1,595,772</u>	<u>\$ 13,012,136</u>
LIABILITIES					
Accounts payable	\$ 298,507	\$ 576,182	\$ 213,843	\$ 12,263	\$ 1,100,795
Claims payable	-	1,126,740	1,367,325	669,726	3,163,791
Due to other funds	1,078,610	-	-	316,263	1,394,873
Other liabilities	-	58,140	-	-	58,140
Current portion of long-term debt payable	443,802	-	-	98,424	542,226
General obligation debt payable	4,089,030	-	-	504,154	4,593,184
Total Liabilities	<u>5,909,949</u>	<u>1,761,062</u>	<u>1,581,168</u>	<u>1,600,830</u>	<u>10,853,009</u>
NET ASSETS					
Invested in capital assets, net of related debt	2,685,170	-	-	-	2,685,170
Unrestricted (deficit)	(1,358,894)	941,861	(103,952)	(5,058)	(526,043)
Total Net Assets	<u>\$ 1,326,276</u>	<u>\$ 941,861</u>	<u>\$ (103,952)</u>	<u>\$ (5,058)</u>	<u>\$ 2,159,127</u>

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2003

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
OPERATING REVENUES					
Charges for services	\$ 182,773	\$ 12,922,770	\$ 851,474	\$ 445,635	\$ 14,402,652
Total operating revenues	<u>182,773</u>	<u>12,922,770</u>	<u>851,474</u>	<u>445,635</u>	<u>14,402,652</u>
OPERATING EXPENSES					
Operations and maintenance	-	12,980,909	685,325	769,952	14,436,186
Depreciation and amortization	145,080	-	-	-	145,080
Total operating expenses	<u>145,080</u>	<u>12,980,909</u>	<u>685,325</u>	<u>769,952</u>	<u>14,581,266</u>
Operating income (loss)	37,693	(58,139)	166,149	(324,317)	(178,614)
NON-OPERATING REVENUES (EXPENSES)					
Investment income	-	-	20,320	131,531	151,851
Sale of county property	280,171	-	-	-	280,171
Interest and fiscal charges	(53,005)	-	-	(35,873)	(88,878)
Total non-operating revenues (expenses)	<u>227,166</u>	<u>-</u>	<u>20,320</u>	<u>95,658</u>	<u>343,144</u>
Income (loss) before transfers	264,859	(58,139)	186,469	(228,659)	164,530
TRANSFERS	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Change in net assets	264,859	941,861	186,469	(228,659)	1,164,530
Total net assets (deficit) at the beginning of year	<u>1,061,417</u>	<u>-</u>	<u>(290,421)</u>	<u>223,601</u>	<u>994,597</u>
Total net assets (deficit) at end of year	<u>\$ 1,326,276</u>	<u>\$ 941,861</u>	<u>\$ (103,952)</u>	<u>\$ (5,058)</u>	<u>\$ 2,159,127</u>

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2003

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 164,550	\$ 12,877,643	\$ 851,474	\$ 433,965	\$ 14,327,632
Paid to suppliers for goods and services	979,455	(11,358,281)	(545,298)	(434,161)	(11,358,285)
Cash Flows from Operating Activities	<u>1,144,005</u>	<u>1,519,362</u>	<u>306,176</u>	<u>(196)</u>	<u>2,969,347</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers	-	1,000,000	-	-	1,000,000
Cash Flows from Noncapital Financing Activities	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES					
Debt retired	(1,649,509)	-	-	(94,762)	(1,744,271)
Interest paid	(53,005)	-	-	(35,873)	(88,878)
Debt issued	2,116,792	-	-	-	2,116,792
Sale of county property	280,171	-	-	-	280,171
Acquisition and construction of fixed assets	(1,942,487)	-	-	-	(1,942,487)
Cash Flows from Capital and Financing Activities	<u>(1,248,038)</u>	<u>-</u>	<u>-</u>	<u>(130,635)</u>	<u>(1,378,673)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Change in restricted cash	-	-	-	(700)	(700)
Investment income	-	-	20,320	131,531	151,851
Cash Flows from Investing Activities	<u>-</u>	<u>-</u>	<u>20,320</u>	<u>130,831</u>	<u>151,151</u>
Net Change in Cash and Cash Equivalents	(104,033)	2,519,362	326,496	-	2,741,825
Cash and Cash Equivalents - Beginning of Year	<u>104,033</u>	<u>110,362</u>	<u>1,150,720</u>	<u>-</u>	<u>1,365,115</u>
Cash and Cash Equivalents - End of Year	<u>\$ -</u>	<u>\$ 2,629,724</u>	<u>\$ 1,477,216</u>	<u>\$ -</u>	<u>\$ 4,106,940</u>

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2003

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 37,693	\$ (58,139)	\$ 166,149	\$ (324,317)	(178,614)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:					
Non-cash items included in operating income:					
Depreciation expense	145,080	-	-	-	145,080
Changes in assets and liabilities:					
Accounts receivable	(18,223)	(45,126)	-	(11,669)	(75,018)
Prepaid items	-	(28,072)	-	-	(28,072)
Accounts payable	(99,155)	1,650,699	140,027	414,294	2,105,865
Due to other funds	1,078,610	-	-	(78,504)	1,000,106
	<u>\$ 1,144,005</u>	<u>\$ 1,519,362</u>	<u>\$ 306,176</u>	<u>\$ (196)</u>	<u>\$ 2,969,347</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES					

KENOSHA COUNTY
AGENCY FUNDS - COMBINING BALANCE SHEET
December 31, 2003

	Agency				Totals
	Clerk of Courts	Child Support	Social Services	Other Agency Funds	
ASSETS					
Cash and temporary cash investments	\$ 1,959,680	\$ 140,354	\$ 31,925	\$ 698,503	\$ 2,830,462
Miscellaneous receivables	238,268	-	-	-	238,268
Total Assets	<u>\$ 2,197,948</u>	<u>\$ 140,354</u>	<u>\$ 31,925</u>	<u>\$ 698,503</u>	<u>\$ 3,068,730</u>
LIABILITIES AND FUND BALANCE					
Liabilities	\$ 2,197,948	\$ 140,354	\$ 31,925	\$ 698,503	\$ 3,068,730
Total Liabilities	<u>\$ 2,197,948</u>	<u>\$ 140,354</u>	<u>\$ 31,925</u>	<u>\$ 698,503</u>	<u>\$ 3,068,730</u>

KENOSHA COUNTY

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

For the Year Ended December 31, 2003

	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
<u>Clerk of Courts</u>				
Assets:				
Cash and temporary cash investments	\$ 1,719,579	\$ 9,185,361	\$ 8,945,260	\$ 1,959,680
Miscellaneous receivables	169,247	238,561	169,540	238,268
Total Assets	1,888,826	9,423,922	9,114,800	2,197,948
Liabilities:				
Other accrued liabilities	1,888,826	9,423,922	9,114,800	2,197,948
Total Liabilities	1,888,826	9,423,922	9,114,800	2,197,948
<u>Child Support</u>				
Assets:				
Cash and temporary cash investments	140,354	-	-	140,354
Total Assets	140,354	-	-	140,354
Liabilities:				
Other accrued liabilities	140,354	-	-	140,354
Total Liabilities	140,354	-	-	140,354
<u>Social Services</u>				
Assets:				
Cash and temporary cash investments	51,160	19,236	38,471	31,925
Total Assets	51,160	19,236	38,471	31,925
Liabilities:				
Other accrued liabilities	51,160	19,236	38,471	31,925
Total Liabilities	51,160	19,236	38,471	31,925
<u>Other</u>				
Assets:				
Cash and temporary cash investments	607,429	5,499,511	5,408,437	698,503
Total Assets	607,429	5,499,511	5,408,437	698,503
Liabilities:				
Other accrued liabilities	607,429	5,499,511	5,408,437	698,503
Total Liabilities	607,429	5,499,511	5,408,437	698,503
<u>Total</u>				
Assets:				
Cash and temporary cash investments	2,518,522	14,704,108	14,392,168	2,830,462
Miscellaneous receivables	169,247	238,561	169,540	238,268
Total Assets	2,687,769	14,942,669	14,561,708	3,068,730
Liabilities:				
Other accrued liabilities	2,687,769	14,942,669	14,561,708	3,068,730
Total Liabilities	\$ 2,687,769	\$ 14,942,669	\$ 14,561,708	\$ 3,068,730