

KENOSHA COUNTY

Kenosha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2007

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, 2007, 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, 2007, and the respective changes in financial position and, where applicable, cash flows 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.

As described in Note I.B., Kenosha County has implemented GASB Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as of December 31, 2007.

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

To the County Board of Supervisors
Kenosha County

The management's discussion and analysis on pages 3 through 19 and the other postemployment benefits plan schedule on page 85 are not a required part of the basic financial statements but are 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
July 18, 2008

Ruchow 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, 2007.

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 21. 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, Medical Examiner, 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.
- Social 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, health department 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, Child Support, Aging, and Disability Services.

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

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

Reporting the County's Most Significant Funds (continued)

Proprietary funds: When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net 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-wide statements, but provide more detail and additional information, such as cash flows. The proprietary funds include Golf, Brookside, Highway, Insurances, and the Human Services building.

The County as Trustee

The County is the trustee, or fiduciary, for the Culich/Schneider Memorial Fund and for the State of Wisconsin. The Culich/Schneider Memorial Fund is reported within the Brookside Care Center 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 2006.

Net Assets may serve over time as a useful indicator of a government's financial position. In 2007, the County's assets exceeded liabilities by \$58,298,354. The largest portion (98.2 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 3.0 percent of the net assets.

The remaining of the County's net assets (negative 1.2 percent) is the category of unrestricted net assets which are normally used to meet the County's ongoing obligations to citizens and creditors. In 2007 this category has a deficit of \$733,249. This was primarily due to the implementation of GASB No. 45 that requires reporting Other Post Employment Benefit expenses.

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

KENOSHA COUNTY NET ASSETS As of December 31, 2007 (Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 87.18	\$ 86.97	\$ 7.13	\$ 9.11	\$ 94.31	\$ 96.08
Capital assets	<u>114.02</u>	<u>110.56</u>	<u>15.28</u>	<u>15.71</u>	<u>129.30</u>	<u>126.27</u>
Total Assets	<u>201.20</u>	<u>197.53</u>	<u>22.41</u>	<u>24.82</u>	<u>223.61</u>	<u>222.35</u>
Long-term liabilities outstanding	74.76	77.71	7.47	6.46	82.23	84.17
Other liabilities	<u>77.17</u>	<u>73.69</u>	<u>5.91</u>	<u>5.93</u>	<u>83.08</u>	<u>79.62</u>
Total liabilities	<u>151.93</u>	<u>151.40</u>	<u>13.38</u>	<u>12.39</u>	<u>165.31</u>	<u>163.79</u>
Net assets:						
Invested in capital assets, net of related debt	47.64	39.33	9.63	9.28	57.27	48.61
Restricted	1.61	1.65	0.16	0.16	1.77	1.81
Unrestricted	<u>0.02</u>	<u>5.15</u>	<u>(0.76)</u>	<u>2.99</u>	<u>(0.74)</u>	<u>8.14</u>
Total Net Assets	<u>\$ 49.27</u>	<u>\$ 46.13</u>	<u>\$ 9.03</u>	<u>\$ 12.43</u>	<u>\$ 58.30</u>	<u>\$ 58.56</u>

The County's total net assets decreased by \$0.26 million. This was primarily due to the implementation of GASB No. 45 that requires reporting Other Post Employment Benefit expenses.

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

KENOSHA COUNTY CHANGES IN NET ASSETS Year Ended December 31, 2007 (Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2007	2006*	2007	2006*	2007	2006*
Revenues:						
Program revenues:						
Charges for services	\$ 7.41	\$ 8.19	\$ 17.37	\$ 16.04	\$ 24.78	\$ 24.23
Operating grants and contributions	64.28	68.46	3.15	3.18	67.43	71.64
Capital grants and contributions	1.08	4.10	0.51	0.39	1.59	4.49
General revenues:						
Property taxes	36.74	36.16	4.55	4.64	41.29	40.80
Other taxes	22.47	21.39	-	-	22.47	21.39
Grants and contributions not restricted to specific programs	3.77	3.80	-	-	3.77	3.80
Other	2.93	2.72	-	-	2.93	2.72
Total revenues	<u>138.68</u>	<u>144.82</u>	<u>25.58</u>	<u>24.25</u>	<u>164.26</u>	<u>169.07</u>
Expenses:						
General government	21.29	19.68	-	-	21.29	19.68
Health	22.34	25.28	-	-	22.34	25.28
Public works	1.55	1.52	-	-	1.55	1.52
Public safety	39.84	34.02	-	-	39.84	34.02
Social services	46.57	48.44	-	-	46.57	48.44
Education and recreation	4.07	3.75	-	-	4.07	3.75
Conservation and development	2.96	2.34	-	-	2.96	2.34
Interest on long-term debt	3.29	3.52	-	-	3.29	3.52
Nursing home	-	-	13.12	11.34	13.12	11.34
Highway	-	-	10.30	7.48	10.30	7.48
Golf Course	-	-	3.42	3.07	3.42	3.07
Total expenses	<u>141.91</u>	<u>138.55</u>	<u>26.84</u>	<u>21.89</u>	<u>168.75</u>	<u>160.44</u>
Increase (decrease) in net assets before transfers	(3.23)	6.27	(1.26)	2.36	(4.49)	8.63
Transfers	<u>2.14</u>	<u>2.65</u>	<u>(2.14)</u>	<u>(2.65)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(1.09)	8.92	(3.40)	(0.29)	(4.49)	8.63
Net assets beginning of year (as restated)	50.36	37.21	12.43	12.72	62.79	49.93
Net assets end of year	<u>\$ 49.27</u>	<u>\$ 46.13</u>	<u>\$ 9.03</u>	<u>\$ 12.43</u>	<u>\$ 58.30</u>	<u>\$ 58.56</u>

*2006 amounts have not been restated

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenue for governmental activities decreased by \$6.1 million when compared to 2006. Key elements of this decrease are as follows:

- Decreased Community Option revenues of \$2.7 million
- Decreased HUD and Emergency Services Grants of \$1.5 million
- Decreased state aids for Disability Services of \$2.9 million
- Parking structure completed therefore a decrease in State funds of \$3.0 million
- Law and Ordinance Violation revenue decreased by \$0.1 million
- Increased property tax of \$1.5 million
- Increase in Human Services grants of \$1.1 million
- Increase of \$1.5 million in inmate housing

Expenditures for governmental activities increased by \$3.3 million when compared to 2006. Key elements of this increase are as follows:

- Decrease in Disability Services purchased services of \$4.1 million
- Decreased Community Option expenses of \$3.6 million
- Increased health insurance costs of \$1.3 million
- \$0.9 million increase in Sheriff personnel costs
- Increase in Pretrial, Kenosha County Detention Center and Facilities expenses of \$1.2 million
- One time expense of Joint Services' unfunded pension liability of \$0.3 million
- \$0.5 million increase in Circuit Court and District Attorney expenses
- Increase of \$0.8 million in Health Division expenses
- Increased Maintenance Administration expenses of \$0.4 million
- \$5.6 million increase in expenses due to change in accounting methods (GASB 45) for Other Post Employment Benefits (OPEB)

Revenue for the Business-type activities increased by \$1.3 million in 2007 when compared to 2006. Key elements of this decrease are as follows:

- Brookside operating revenue and grants increased by \$0.6 million
- Highway revenue increased by \$0.7 million due to more State projects

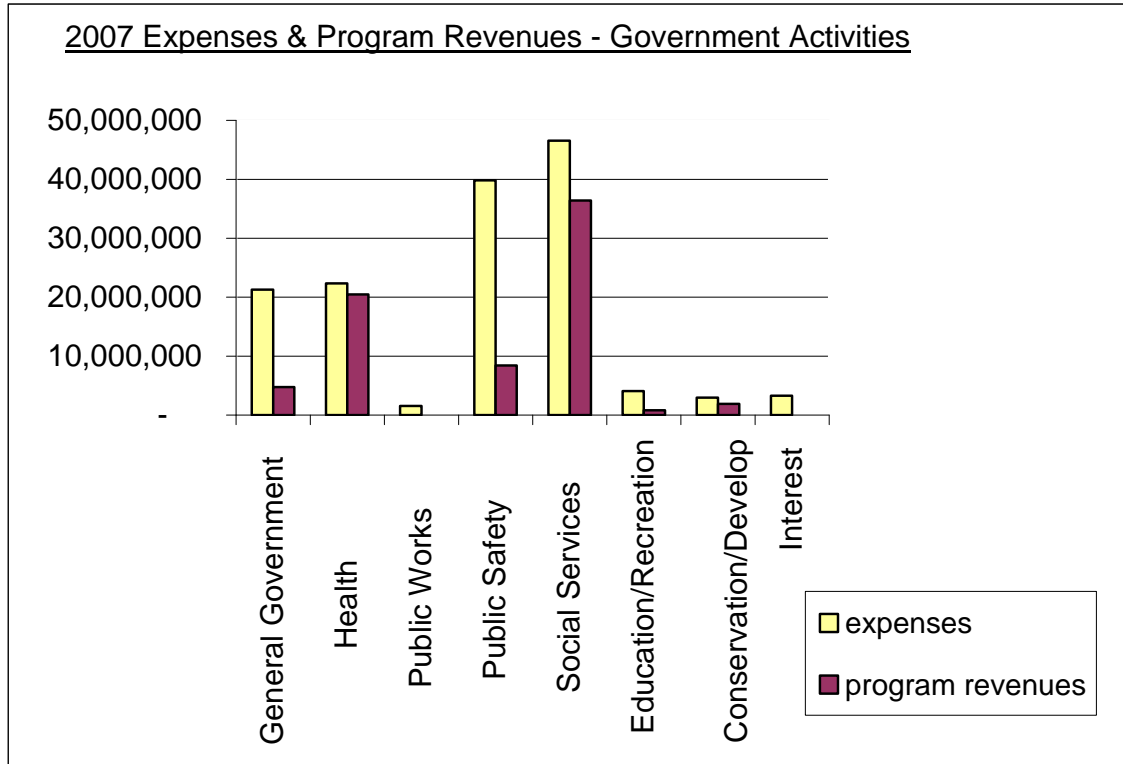
Expenses for Business-type activities increased \$5.0 million in 2007 when compared to 2006. Key elements of this increase are as follows:

- Increased personnel costs of \$0.9 million for Brookside
- \$0.3 million spent in upgrading the golf courses
- Increase in expenses for Highway maintenance and State projects of \$1.1 million
- \$1.7 million increase in expenses due to change in accounting methods (GASB 45) for Other Post Employment Benefits (OPEB)
- Increase in various expenses of \$1.0 million

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

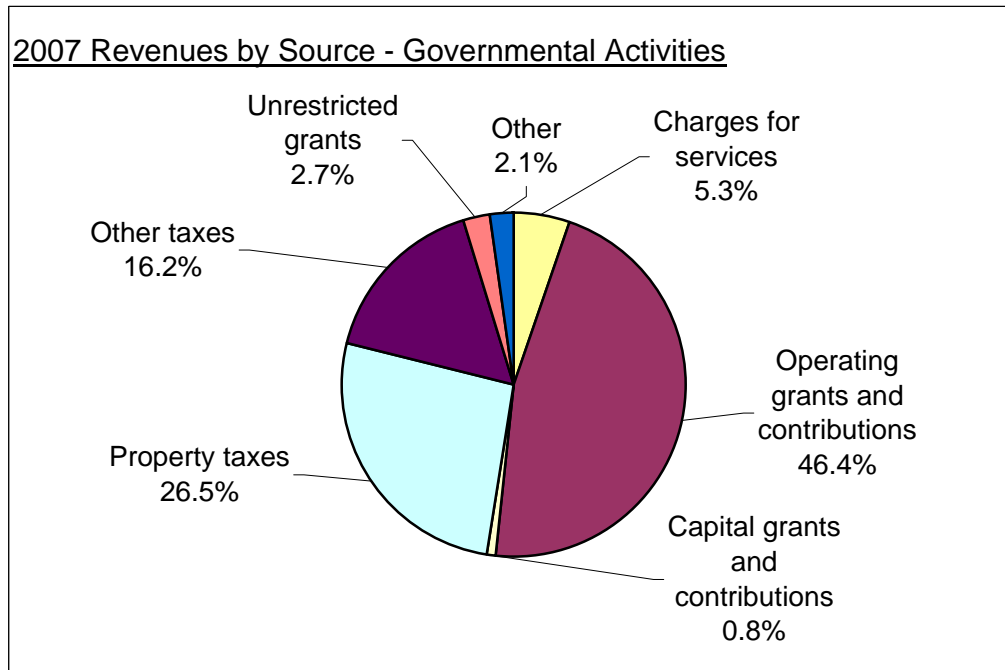
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for 2007.



REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

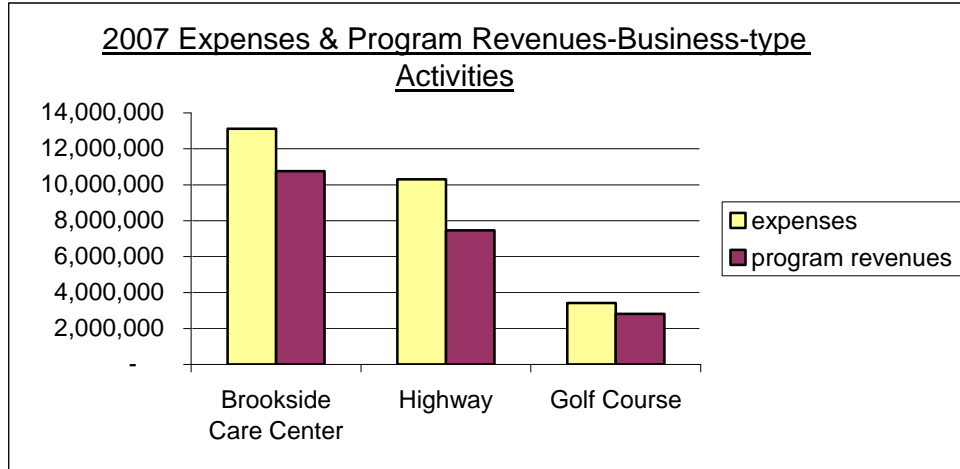
This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2007.



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

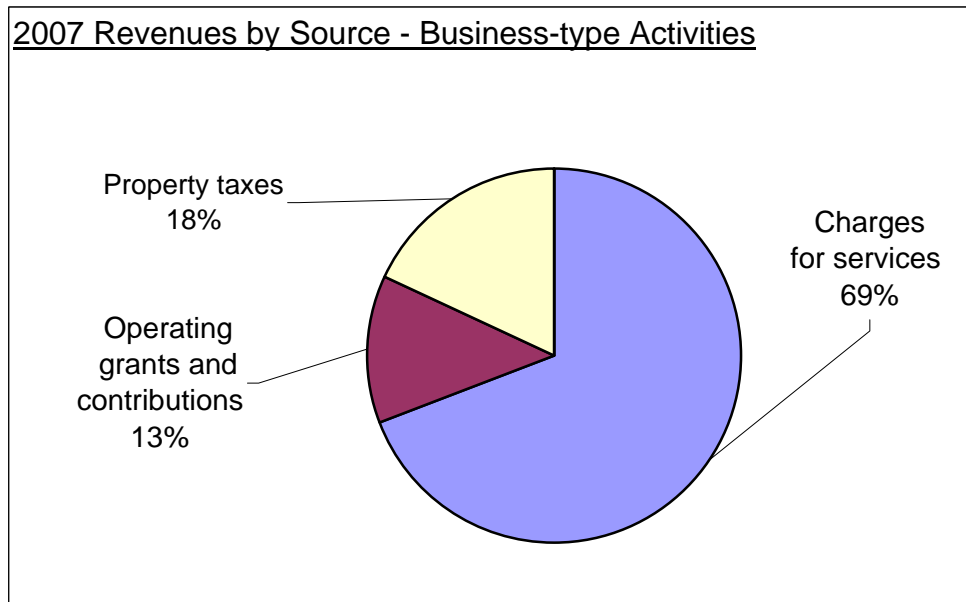
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2007.



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2007.



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.

General Fund

The General Fund experienced a decline in the total available with a decrease in unreserved, undesignated fund balance over the 2006 balance of \$1.6 million. The unreserved, undesignated fund balance decreased to \$8.2 million in 2007 compared to \$9.8 million in 2006. The primary reason for this decline is that tax delinquencies increased by \$889,065, the vacancy adjustment was \$979,165 below budget, and sales tax collections were \$597,190 below budget.

The County continues to move closer to its goal of reducing its debt to one-half of the 1999 amount of \$112.9 million. Adjusted for inflation, the 2007 County debt outstanding is now only 58.8% of the 1999 amount.

Because of the approval of the Health Insurance internal service reserve policy, funds that otherwise would have lapsed to the General Fund now remain in the Health Insurance internal service fund. Because reserves dropped below the 17% policy amount, all cash reserves in the Brookside fund were lapsed to the General Fund. The following chart shows total reserve balances when the Health Insurance and Brookside funds are included:

	2002	2003	2004	2005	2006	2007
General Fund	\$8,142,089	\$ 10,420,292	\$10,620,741	\$11,453,188	\$ 9,772,776	\$8,202,767
Health Insurance	-	1,000,000	1,000,000	1,500,000	1,500,000	1,500,000
Brookside	-	-	1,017,075	1,164,018	1,064,755	-
Total	<u>\$8,142,089</u>	<u>\$ 11,420,292</u>	<u>\$12,637,816</u>	<u>\$14,117,206</u>	<u>\$12,337,531</u>	<u>\$9,702,767</u>

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 14.

In 2004, two reserve policies were adopted that impacted the General Fund:

1. The adoption of a new fund balance reserve policy applicable to the General Fund
2. The adoption of a non-lapsing policy relative to the Brookside Nursing Home enterprise fund.

The General Fund Balance Reserve Policy is discussed in this section. The Brookside non-lapsing policy is discussed in the Brookside section.

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

- To maintain the fund balance of the General Fund at levels sufficient to protect the County's creditworthiness as well as its financial positions from unforeseeable emergencies.
- To ensure sufficient liquidity to provide for County obligations as they become due.
- To maintain the proper balance between maintaining a prudent level of reserves that is neither too low nor too high. The new policy requires that the County maintain 17% of General Fund expenditures as unreserved, undesignated fund balance in the General Fund. The County was below the 17% threshold by \$1.5 million at year-end 2007. See the summary on page 14 for an analysis of this.

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

THE COUNTY'S FUNDS (continued)

General Fund (continued)

In accord with this policy, available balances within the General Fund in excess of 17% may be used for capital expenditures and one-time operating expenditures. An amount not to exceed \$250,000 may be used for ongoing operational expenditures. In the 2007 budget, \$150,000 of funds from the General Fund was used to provide a one-time grant to the City for Joint Services operations costs, \$85,000 was used to fund one-time studies, and \$250,000 was used to fund the Chamber of Commerce, the History Center and the Kemper Center. The Kemper Center provides art and cultural programs. This policy does permit reserves to be used for mid-year budget transfers.

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

The following information summarizes the major items that impacted the undesignated, unreserved fund balance in the General Fund:

Interest on Investments

The County realized a surplus in 2007 of over \$303,455. This occurred because of a full year of higher interest earnings.

Health Insurance Internal Service Fund

Health Insurance had a surplus over budget of \$2 million. Of this amount, \$661,000 is estimated as savings resulting from vacancies. In accord with current Board policy, the balance net of revenue of \$1.3 million is lapsed to the General Fund.

Sheriff's Department

The sheriff's department's surplus for 2007 was about \$100,000.

Joint Services Study

The County Board approved resolution 63 to transfer \$25,000 from the General Fund for the County's share of a fiscal review of Joint Services. Another \$25,000 will be funded by the City of Kenosha. The County also approved a one-time grant of \$150,000 to Joint Services to offset the City's share of the cost of the Joint Services operation.

District Attorney's Office

The County Board approved resolution 85 to transfer \$25,000 from the General Fund to cover higher than anticipated costs due to high profile cases.

Brookside's Use of Health Insurance Surplus

In 2007, Brookside had a deficit in personnel costs because part time positions worked more hours than budgeted. Brookside used their share of the Health Insurance surplus of \$371,043 to help offset this deficit.

Human Services Special Revenue Funds

The County Board approved resolution 101 to transfer \$350,000 to the Human Services Fund because of deficits due to the Out-of-Home placements expense.

Sales Tax

Sales tax was budgeted at \$10,495,850. \$9,898,660 was collected, leaving a deficit of \$597,190.

Register of Deeds

Total collected was \$1,314,135 vs. budgeted of \$1,435,000 for a deficit of \$120,865. This occurred because of a reduction in real estate activity.

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

THE COUNTY'S FUNDS (continued)
General Fund (continued)

Property Tax Delinquencies

Based upon actual collections through December 31, 2007, property tax delinquencies increased from \$3,373,447 in 2006 to \$4,176,021 in 2007. In addition, the County deferred tax increased by \$176,579. This is an increase in tax delinquencies of \$979,153.

Vacancy Adjustment

Kenosha County reduces its total budgeted personnel costs using a vacancy adjustment. Historically, the County has an employee turnover rate in excess of 2%. Therefore, it is not necessary to fund 100% of all budgeted positions. In 2007, the budgeted County vacancy adjustment was \$1,550,000, or 2.1% of total personnel costs. In 2007, countywide savings generated through vacancies were \$660,935, a deficit in its vacancy adjustment of \$889,065.

The County has historically budgeted the majority of the vacancy adjustment in the General Fund. The majority of the vacancy adjustment is not allocated by department throughout the budget. Year-end lapses from the Human Services funds and the Highway fund and Brookside are required to fund the vacancy adjustment. Because of deficits in Human Services placements, Brookside, and the Golf Course, minimal funds were available to lapse back to the General Fund in 2007 that otherwise would have been available to fund the vacancy adjustment. In this respect, the majority of the funds lapsed in 2007 from the Human Services Fund (\$40,931) Highway (\$181,886) and Brookside (\$478,026) account for the non-General Fund share of vacancy savings needed to partially offset the 2007 vacancy deficit.

Because of the decline in vacancy savings, the County reduced the vacancy rate in the 2008 budget to 1.4%.

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

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Summary of 2007 Operations: Review of Major Elements Impacting the Undesignated, Unreserved Fund Balance in the General Fund

<u>General Fund Analysis</u>	
2006 undesignated reserves	\$ 9,772,776
<u>Items expected to increase the General fund</u>	
Interest on investments surplus revenue	303,455
Health Insurance surplus	1,387,833
Sheriff net surplus	100,000
Total Planned Increase to the General Fund	1,791,288
<u>Planned Decreases to the General Fund</u>	
Reserves used to finance Joint Services City Grant for 2008 budget	(150,000)
Reserves used to fund operations for 2008 budget	(240,000)
Reserves used for studies for 2008 budget	(45,000)
2007 budget amendment Res. # 63 - Joint Services Fiscal Study	(25,000)
2007 budget amendment Res. # 85 - District Attorney	(26,500)
Total Planned Decrease to the General Fund	(486,500)
<u>All other net reductions to Fund balance</u>	
Human Services placement deficit	(350,000)
Brookside use of health insurance surplus	(371,043)
Sales Tax deficit	(597,190)
Register of Deeds Deficit	(120,865)
Increase in outstanding tax delinquencies	(979,153)
Vacancy adjustment deficit	(889,065)
All other deficit - amount needed to achieve policy	(421,226)
Total all other net reductions to Fund Balance	(3,728,542)
Undesignated reserves before lapsing	7,349,022
<u>Yearend funds lapsed to the General Fund</u>	
Plus: Lapse from Brookside reserves	478,026
Plus: Lapse from Land Information Fund	179,043
Plus: Lapse from all expendable available funds	196,676
Total undesignated reserves after lapse	8,202,767
Less: County Board requirement of 17% of General Fund Expenditures	(9,706,519)
Amount under 17%	\$ (1,503,752)
<u>Calculation of General Fund reserve requirement:</u>	
General Fund Expenditures for 2007	57,097,171
Undesignated reserve as a percent of General Fund expenditures	14.4%

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

THE COUNTY'S FUNDS (continued)

Brookside Enterprise Fund

In 2007, the Brookside Fund had a deficit of \$350,909 before transfers. \$1.2 million was transferred to the General Fund. \$765,604 of this amount relates to intergovernmental transfer revenue (IGT). The transfer of the IGT funds to the General Fund was planned as part of the adoption of the 2007 budget. The remaining amount of \$478,026 was from the reserves. Even though the Enterprise Fund is now non-lapsing, in accordance with a policy adopted by the County Board in 2005, the County may lapse Brookside funds to the General Fund in the event that the General Fund drops below 17% of General Fund spending as happened in 2007.

User fees have historically financed over 80% of the Brookside operation. Not lapsing these funds permits the nursing home to utilize the user fee revenue for the purpose of funding its programs and operations, in accord with customary enterprise fund fiscal practices.

An amount not to exceed one-half of the available and expendable cash reserves may be used to fund Brookside operations.

In 2007, the General Fund undesignated reserves did drop below 17%. Therefore, in accord with adopted policy, the remaining expendable reserve of \$478,026 in the Brookside Enterprise Fund was lapsed to the General Fund.

Golf Course Fund

The golf course closed with a cash deficit of \$573,691. A portion of the Highway fund surplus of \$755,577 was transferred to the Golf Course fund to cover this deficit.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The first category includes amendments for 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 within budget appropriation. \$350,000 was transferred from the General Fund to the Human Services Special Revenue Fund to cover a deficit resulting from out-of-home placements. \$26,500 was transferred to the DA budget to cover a deficit relating to a high profile case.
- The fourth category includes planned transfers from the General Fund approved by the County Board. In 2007, there was one transfer approved totaling \$25,000.
- The fifth category is reprogrammed surplus funds re-budgeted for a new purpose using surplus funds identified as part of the year-end closeout. There were none in this category approved at year-end.

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

The County Board has approved all budget amendments. See "Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual" presented for the General Fund on page 29 for more detail.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

With the close of calendar 2007, the County experienced a decline in the total available in the General Fund.

The County dropped below the 17% general fund requirement. In 2007, total undesignated unreserved funds in the general fund are about \$8.2 million, or 14.36% of general fund operating expense.

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

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

In 2004, the County established a policy to maintain an undesignated, unreserved fund balance in the General Fund of 17% of General Fund expense. The County has determined that it is not a prudent use of public funds to exceed the 17% benchmark by a significant amount. Therefore, the County has used surplus funds in excess of 17% to fund capital expenditures or one-time operating costs, in lieu of bonding or increasing tax levies.

A significant reason reserves declined below the 17% policy requirement is because the County planned to reduce reserves when it used over \$5 million of cash to fund capital projects in lieu of bonding since 2002. The County has about \$2.6 million of cash-funded capital projects in its 2008 budget. A resolution will be brought to the County Board in 2008 requesting that these projects be bonded, and that the cash be restored to the General Fund. If approved by the County Board, this would replenish about one-half of the reserve dollars used to fund capital projects.

At this time, there are certain known factors that may impact the financial statements. The State has adopted a 2% levy cap in 2009. Under this levy cap, and including certain allowable adjustments, it is estimated that the County operating levy may increase by about \$1 million, or 2.7%. It is also contemplated that the Board will adopt an advisory levy cap. However, this is advisory only, and is preempted by the new State levy cap.

Events in the national economy are having an impact upon the County financial statements. In 2007, the County experienced an increase in property tax delinquencies, and a decrease in sales tax revenue. These trends are expected to continue in 2008. Also in 2008, it is expected that the

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

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

County will experience a decline in interest earnings because of the decline in interest rates. Through mid-year 2008, the County is experiencing favorable trends in its self-insured health insurance program. The surplus at year-end 2008 is forecasted to exceed \$1.5 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2007, the County had \$129.31 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

Construction in progress increased by \$3.4 million due to the Kenosha County Detention Center Expansion project. The \$2.7 million increase in machinery and equipment primarily relates to the acquisition of computer equipment, vehicles and a variety of other equipment. See Notes to the Financial Statements page 63 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Construction in progress	\$ 3.49	\$ 0.06	\$ -	\$ -	\$ 3.49	\$ 0.06
Land	16.83	16.48	0.34	0.34	17.17	16.82
Land improvements	9.93	9.32	4.30	4.29	14.23	13.61
Buildings	76.59	76.45	15.29	15.11	91.88	91.56
Machinery & equipment	16.94	14.81	17.03	16.47	33.97	31.28
Infrastructure	39.88	38.45	-	-	39.88	38.45
Total capital assets	163.66	155.57	36.96	36.21	200.62	191.78
Less: accumulated depreciation	(49.64)	(45.01)	(21.67)	(20.50)	(71.31)	(65.51)
Total net capital assets	\$ 114.02	\$ 110.56	\$ 15.29	\$ 15.71	\$ 129.31	\$ 126.27

Debt

At year-end, the County had \$82,629,932 in outstanding general obligation debt. That is a decrease of over seven percent as shown in the following table.

Bonded debt outstanding at 12/31/06	\$ 89,035,538
Principal retired in 2007	(10,455,606)
Eight year notes issued to fund 2007 capital projects	4,050,000
Debt outstanding at 12/31/07	<u>\$ 82,629,932</u>

New principal issued was \$4,050,000. Total debt outstanding declined by \$6,405,606 or 7.2%.

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

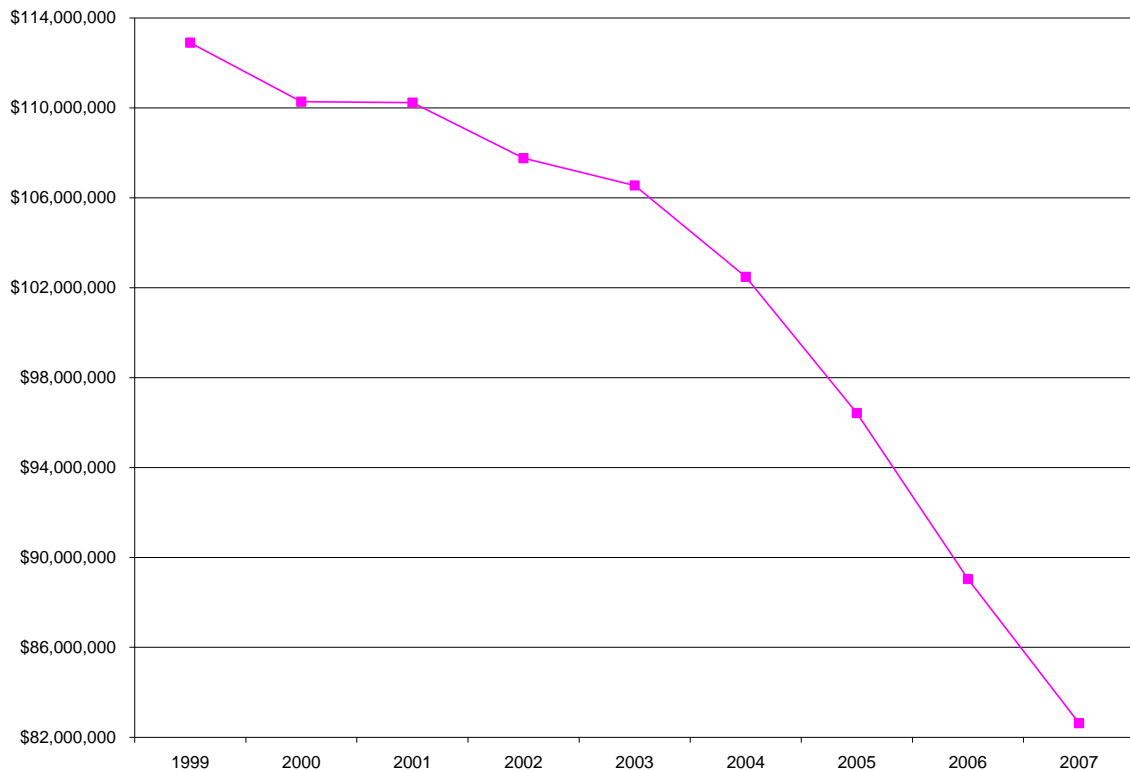
Debt (continued)

Since 1999, the County has done six refinancings, excluding the pension refunding bonds. These refinancings are estimated to achieve savings exceeding \$2.4 million. In order to implement the six refinancings, it was necessary to issue additional principal of about \$2 million. Of this amount, a balance of about \$1.2 million remains at year end 2007.

The County's credit rating did change in 2007. The County received a rating increase from Moody's in 2007, from Aa3 to Aa2. Prior to 2007, the last change in the Moody's rating came in 2004, when it increased from A1 to Aa3. The most recent increase in the County's Standard and Poor's credit rating occurred in 2003 when the County's rating increased from AA- to AA.

Since 1999, the County Executive and the County Board have directed that the County engage in a debt reduction program. County debt hit its highest level of \$112.9 million in 1999, including the County's unfunded actuarial pension liability. As of year end 2007, total County general obligation debt was \$82 million. This amount includes about \$1.2 million of additional principal issued to refinance debt for savings. Adjusting total County debt outstanding as of year-end 2007 for new principal issued for refinancings, and restating the resulting balance in inflation adjusted 1999 dollars, total debt outstanding at year-end 2007 would be \$66 million. This reflects a reduction over 1999 of \$47 million, or 41% over total County debt outstanding in 1999 in inflation adjusted dollars.

Kenosha County Debt Service Reduction (This graph reflects actual debt reduction.)



KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

In June of 2005, the County adopted a resolution authorizing \$20,000,000 of borrowing to be used to finance the County's capital improvement program over the next 5 years. This was done in order to lock in the County's ability to finance capital projects backed by an irrevocable tax levy notwithstanding proposed new State restrictions. The County anticipated that interest costs would increase for debt issued under these potential legislative restrictions. Therefore, the County had determined that it was prudent to authorize the debt under existing law in order to reduce interest expense. To date, the County has used \$9.5 million of this capacity if the 2008 bonded capital is included. In addition, the County authorized \$56,300,000 for the purpose of paying the cost of refinancing County debt. This would preserve the ability of the County to refinance debt at a savings notwithstanding potential new State restrictions. To date, the County has used \$7.645 million of this capacity. These approvals are good until June of 2010.

See Notes to the Financial Statements page 68 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. Geertsens, CPA
Finance Director
Kenosha County, Wisconsin

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KENOSHA COUNTY
STATEMENT OF NET ASSETS
As of December 31, 2007

ASSETS	Governmental Activities	Business-type Activities	Totals
Cash and temporary cash investments	\$ 18,753,112	\$ 162,133	\$ 18,915,245
Receivables			
Property taxes receivable	49,381,991	4,396,384	53,778,375
Delinquent taxes	6,566,233	-	6,566,233
Due from other governments	6,761,229	2,489,636	9,250,865
Miscellaneous	2,418,966	1,252,132	3,671,098
Internal balances	1,564,851	(1,564,851)	-
Prepaid items	61,113	-	61,113
Inventories	-	397,125	397,125
Restricted assets			
Cash	513,151	-	513,151
Deposit with Wisconsin Municipal Mutual Insurance Co.	1,157,860	-	1,157,860
Capital assets			
Land, improvements, and construction in progress	27,015,530	338,258	27,353,788
Other capital assets, net of depreciation	87,003,852	14,946,431	101,950,283
Total Capital Assets	<u>114,019,382</u>	<u>15,284,689</u>	<u>129,304,071</u>
Total Assets	<u>201,197,888</u>	<u>22,417,248</u>	<u>223,615,136</u>
 LIABILITIES			
Accounts payable	8,809,210	614,957	9,424,167
Accrued compensation	1,902,929	-	1,902,929
Other liabilities	967,841	74,507	1,042,348
Special deposits	12,096	-	12,096
Due to other governments	5,309,456	5,075	5,314,531
Unearned property tax revenue	49,381,991	4,396,384	53,778,375
Other unearned revenue	833,386	12,860	846,246
Long-term liabilities			
Due within one year	9,958,143	813,442	10,771,585
Due in more than one year	74,757,695	7,466,810	82,224,505
Total Liabilities	<u>151,932,747</u>	<u>13,384,035</u>	<u>165,316,782</u>
 NET ASSETS			
Invested in capital assets, net of related debt	47,631,564	9,627,308	57,258,872
Restricted for:			
Specific purpose: grants and loans	1,610,598	-	1,610,598
Non-expendable fund use	-	162,133	162,133
Unrestricted (deficit)	22,979	(756,228)	(733,249)
Total Net Assets	<u>\$ 49,265,141</u>	<u>\$ 9,033,213</u>	<u>\$ 58,298,354</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Governmental activities:							
General government	\$ 21,292,569	\$ 3,032,042	\$ 1,646,135	\$ 82,011	\$ (16,532,381)	\$ -	\$ (16,532,381)
Health	22,335,673	2,100,588	18,373,175	-	(1,861,910)	-	(1,861,910)
Public works	1,550,970	-	-	-	(1,550,970)	-	(1,550,970)
Public safety	39,841,983	1,259,163	7,071,055	89,415	(31,422,350)	-	(31,422,350)
Social services	46,567,260	71,479	36,299,370	23,704	(10,172,707)	-	(10,172,707)
Education and recreation	4,073,898	216,397	586,297	8,000	(3,263,204)	-	(3,263,204)
Conservation and development	2,960,744	725,643	308,534	872,832	(1,053,735)	-	(1,053,735)
Interest on long-term debt	3,287,556	-	-	-	(3,287,556)	-	(3,287,556)
Total Governmental Activities	141,910,653	7,405,312	64,284,566	1,075,962	(69,144,813)	-	(69,144,813)
Business-type activities:							
Nursing home	13,116,183	9,984,762	765,604	-	-	(2,365,817)	(2,365,817)
Highway	10,297,991	4,566,154	2,386,509	512,451	-	(2,832,877)	(2,832,877)
Golf Course	3,419,874	2,815,121	-	-	-	(604,753)	(604,753)
Total Business-type Activities	26,834,048	17,366,037	3,152,113	512,451	-	(5,803,447)	(5,803,447)
Totals	<u>\$ 168,744,701</u>	<u>\$ 24,771,349</u>	<u>\$ 67,436,679</u>	<u>\$ 1,588,413</u>	(69,144,813)	(5,803,447)	(74,948,260)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					36,744,288	4,545,430	41,289,718
Property taxes, levied for debt service					12,490,835	-	12,490,835
Sales tax - County					9,898,715	-	9,898,715
Dog track admissions tax					68,333	-	68,333
Grants and contributions not restricted to specific programs					3,770,165	-	3,770,165
Unrestricted investment earnings					2,273,884	8,530	2,282,414
Miscellaneous					660,034	-	660,034
Transfers					2,144,907	(2,144,907)	-
Total general revenues and transfers					68,051,161	2,409,053	70,460,214
Change in net assets					(1,093,652)	(3,394,394)	(4,488,046)
Net assets-beginning (as restated)					50,358,793	12,427,607	62,786,400
Net assets-ending					<u>\$ 49,265,141</u>	<u>\$ 9,033,213</u>	<u>\$ 58,298,354</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007**

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,525,339	\$ 4,563,522	\$ 43,006	\$ 3,704,116	\$ 13,835,983
Receivables					
Property taxes	24,719,590	10,100,774	12,222,819	2,338,808	49,381,991
Delinquent taxes	6,566,233	-	-	-	6,566,233
Miscellaneous	576,764	114,286	-	314,057	1,005,107
Due from other governments	3,263,189	2,433,230	-	1,023,613	6,720,032
Due from other funds	3,749,374	-	-	-	3,749,374
Prepaid items	25,468	-	-	-	25,468
Loans receivable	-	-	-	1,267,001	1,267,001
TOTAL ASSETS	<u>\$ 44,425,957</u>	<u>\$ 17,211,812</u>	<u>\$ 12,265,825</u>	<u>\$ 8,647,595</u>	<u>\$ 82,551,189</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 826,654	\$ 2,613,504	\$ -	\$ 1,068,777	\$ 4,508,935
Accrued compensation	1,889,783	13,146	-	-	1,902,929
Special deposits	9,250	2,846	-	-	12,096
Due to other governments	1,303,755	3,920,832	-	84,869	5,309,456
Due to other funds	-	-	-	978,526	978,526
Deferred property tax revenue	24,719,590	10,100,774	12,222,819	2,338,808	49,381,991
Other deferred revenue	1,166,960	78,914	-	1,913,048	3,158,922
Total Liabilities	<u>29,915,992</u>	<u>16,730,016</u>	<u>12,222,819</u>	<u>6,384,028</u>	<u>65,252,855</u>
Fund Balances					
Reserved for delinquent tax certificate receivables	4,176,021	-	-	-	4,176,021
Reserved for encumbrances	438,210	274,882	-	262,807	975,899
Reserved for prepaid items	25,468	-	-	-	25,468
Reserved for debt service	-	-	43,006	-	43,006
Unreserved, reported in:					
General Fund, designated	1,667,499	-	-	-	1,667,499
General Fund, undesignated	8,202,767	-	-	-	8,202,767
Special Revenue Funds, designated	-	206,914	-	278,447	485,361
Special Revenue Funds, undesignated	-	-	-	1,014	1,014
Capital Projects Funds, designated	-	-	-	2,916,886	2,916,886
Capital Projects Funds, undesignated (deficit)	-	-	-	(1,195,587)	(1,195,587)
Total Fund Balances	<u>14,509,965</u>	<u>481,796</u>	<u>43,006</u>	<u>2,263,567</u>	<u>17,298,334</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 44,425,957</u>	<u>\$ 17,211,812</u>	<u>\$ 12,265,825</u>	<u>\$ 8,647,595</u>	<u>\$ 82,551,189</u>

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, 2007

Fund Balance - Total Governmental Funds	17,298,334
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	107,940,633
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. See Note II.A.	(81,636,910)
Interest expense is not accrued in the governmental funds	(943,878)
Proceeds of loans receivable collected are recorded as revenue in government-wide not as deferred revenue.	1,267,001
Unavailable delinquent tax receivable is recorded as revenue in government-wide not as deferred revenue.	1,058,535
Internal service funds are classed as proprietary funds in the fund statements but are governmental type in the entity wide statements. See Note II.A.	<u>4,281,426</u>
Total Net Assets - Governmental Activities	<u><u>\$ 49,265,141</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, 2007

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 35,239,810	\$ 9,017,600	\$ 12,490,835	\$ 2,277,293	\$ 59,025,538
Licenses and permits	399,383	-	-	330,842	730,225
Intergovernmental revenues	7,983,944	51,823,807	-	4,087,461	63,895,212
Charges for services	7,631,159	580,252	-	1,933,531	10,144,942
Fines, forfeits and penalties	1,142,296	-	-	-	1,142,296
Investment income	1,990,114	-	-	75,531	2,065,645
Miscellaneous income	524,240	6,384	-	415,739	946,363
Total Revenues	<u>54,910,946</u>	<u>61,428,043</u>	<u>12,490,835</u>	<u>9,120,397</u>	<u>137,950,221</u>
EXPENDITURES					
Current					
General government	17,027,724	-	-	-	17,027,724
Health	-	16,715,093	-	5,276,430	21,991,523
Public safety	36,146,865	-	-	-	36,146,865
Social services	261,695	45,100,516	-	-	45,362,211
Education and recreation	1,889,535	-	-	1,794,415	3,683,950
Conservation and development	1,771,352	-	-	1,025,793	2,797,145
Capital Outlay	188,391	-	-	6,532,948	6,721,339
Debt Service					
Principal retirement	-	-	8,746,522	-	8,746,522
Interest, fiscal charges and debt issuance costs	-	-	3,177,797	69,856	3,247,653
Total Expenditures	<u>57,285,562</u>	<u>61,815,609</u>	<u>11,924,319</u>	<u>14,699,442</u>	<u>145,724,932</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, 2007

	<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>(2,374,616)</u>	<u>(387,566)</u>	<u>566,516</u>	<u>(5,579,045)</u>	<u>(7,774,711)</u>
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	-	-	3,850,000	3,850,000
Premium on issuance of debt	-	-	-	1,377	1,377
Transfers from other funds	2,720,682	350,000	-	1,902,080	4,972,762
Transfers to other funds	<u>(1,658,000)</u>	<u>(51,959)</u>	<u>(313,669)</u>	<u>(3,141,659)</u>	<u>(5,165,287)</u>
Total Other Financing Sources (Uses)	<u>1,062,682</u>	<u>298,041</u>	<u>(313,669)</u>	<u>2,611,798</u>	<u>3,658,852</u>
Net change in fund balance	(1,311,934)	(89,525)	252,847	(2,967,247)	(4,115,859)
FUND BALANCES (DEFICIT)					
Beginning of year	<u>15,821,899</u>	<u>571,321</u>	<u>(209,841)</u>	<u>5,230,814</u>	<u>21,414,193</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 14,509,965</u></u>	<u><u>\$ 481,796</u></u>	<u><u>\$ 43,006</u></u>	<u><u>\$ 2,263,567</u></u>	<u><u>\$ 17,298,334</u></u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

Net Change in Fund Balances - Total Governmental Funds	\$	(4,115,859)
--	----	-------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$6,721,339), infrastructure (\$2,027,941), contributed assets (\$97,414) less capital outlay that falls below the threshold (\$201,516) exceeds depreciation (\$4,801,597) in the current period.		3,843,581
---	--	-----------

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase (decrease) net assets.		(113,028)
---	--	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(68,817)
--	--	----------

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. See Note II.B.		4,914,648
--	--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. See Note II.B.		(5,870,595)
--	--	-------------

Delinquent tax receivables not collected within 60 days of year end are recorded as unearned revenue in the governmental funds.		176,581
---	--	---------

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.		139,837
---	--	---------

	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">(1,093,652)</div>
--	----	--

Change in net assets of governmental activities

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	35,867,429	35,867,429	\$ 35,239,810	\$ (627,619)
Licenses and permits	480,670	480,670	399,383	(81,287)
Intergovernmental revenues	8,748,660	9,374,972	7,983,944	(1,391,028)
Charges for services	6,727,352	7,774,909	7,631,159	(143,750)
Fines, forfeits and penalties	1,279,913	1,331,322	1,142,296	(189,026)
Investment income	1,857,598	1,857,598	1,990,114	132,516
Miscellaneous income	678,506	678,506	524,240	(154,266)
Carryovers	683,673	704,646	-	(704,646)
Total Revenues	<u>56,323,801</u>	<u>58,070,052</u>	<u>54,910,946</u>	<u>(3,159,106)</u>
Expenditures				
Current				
General government	16,246,398	16,553,457	17,027,724	(474,267)
Public safety	35,841,848	37,380,101	36,146,865	1,233,236
Social services	266,017	266,172	261,695	4,477
Education/recreation	1,970,368	2,097,476	1,889,535	207,941
Conservation and development	1,947,370	2,979,352	1,771,352	1,208,000
Capital Outlay	51,800	304,100	188,391	115,709
Total Expenditures	<u>56,323,801</u>	<u>59,580,658</u>	<u>57,285,562</u>	<u>2,295,096</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,510,606)</u>	<u>(2,374,616)</u>	<u>(864,010)</u>
Other Financing Sources (Uses)				
Transfers in	-	2,720,682	2,720,682	-
Transfers out	-	(1,658,000)	(1,658,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,062,682</u>	<u>1,062,682</u>	<u>-</u>
Net change in fund balance	-	(447,924)	(1,311,934)	(864,010)
Fund balance - beginning	<u>15,821,899</u>	<u>15,821,899</u>	<u>15,821,899</u>	<u>-</u>
Fund balance - ending	<u>\$ 15,821,899</u>	<u>\$ 15,373,975</u>	<u>\$ 14,509,965</u>	<u>\$ (864,010)</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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 9,017,600	\$ 9,017,600	\$ 9,017,600	\$ -
Intergovernmental revenues	61,248,523	62,814,753	51,823,807	(10,990,946)
Charges for services	1,021,756	1,021,756	580,252	(441,504)
Miscellaneous income	4,700	4,700	6,384	1,684
Total Revenues	<u>71,292,579</u>	<u>72,858,809</u>	<u>61,428,043</u>	<u>(11,430,766)</u>
Expenditures				
Current				
Health	20,776,633	21,040,190	16,715,093	4,325,097
Social services	50,515,946	52,437,634	45,100,516	7,337,118
Total Expenditures	<u>71,292,579</u>	<u>73,477,824</u>	<u>61,815,609</u>	<u>11,662,215</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(619,015)</u>	<u>(387,566)</u>	<u>231,449</u>
Other Financing Sources (Uses)				
Transfers in	-	350,000	350,000	-
Transfers out	-	(51,959)	(51,959)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>298,041</u>	<u>298,041</u>	<u>-</u>
Net change in fund balance	-	(320,974)	(89,525)	231,449
Fund balance - beginning	<u>571,321</u>	<u>571,321</u>	<u>571,321</u>	<u>-</u>
Fund balance - ending	<u>\$ 571,321</u>	<u>\$ 250,347</u>	<u>\$ 481,796</u>	<u>\$ 231,449</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2007

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Golf Course	Totals	Internal Service
ASSETS					
Current assets					
Cash and cash equivalents	\$ 162,133	\$ -	\$ -	\$ 162,133	\$ 4,917,129
Accounts receivable	1,228,703	23,429	-	1,252,132	146,858
Property taxes receivable	1,788,649	2,607,735	-	4,396,384	-
Due from other governments	401,000	2,088,636	-	2,489,636	41,197
Inventories	35,054	338,162	23,909	397,125	-
Prepaid items	-	-	-	-	35,645
Total current assets	<u>3,615,539</u>	<u>5,057,962</u>	<u>23,909</u>	<u>8,697,410</u>	<u>5,140,829</u>
Noncurrent assets					
Restricted cash and investments	-	-	-	-	513,151
Deposit in WMMIC	-	-	-	-	1,157,860
Capital assets					
Land	203	60,409	277,646	338,258	682,623
Buildings and improvements	5,476,365	8,292,370	5,818,135	19,586,870	7,223,006
Machinery and equipment	4,332,274	10,978,701	1,720,653	17,031,628	553,838
Accumulated depreciation	(4,897,754)	(12,321,435)	(4,452,878)	(21,672,067)	(2,380,718)
Total noncurrent assets	<u>4,911,088</u>	<u>7,010,045</u>	<u>3,363,556</u>	<u>15,284,689</u>	<u>7,749,760</u>
Total Assets	<u>8,526,627</u>	<u>12,068,007</u>	<u>3,387,465</u>	<u>23,982,099</u>	<u>12,890,589</u>
LIABILITIES					
Current liabilities					
Accounts payable	151,903	433,968	29,086	614,957	1,098,602
Claims payable	-	-	-	-	3,201,673
Due to other funds	678,569	886,282	-	1,564,851	1,205,997
Due to other governments	-	5,075	-	5,075	-
Other liabilities	74,507	-	-	74,507	23,963
Current portion of long-term debt payable	865,209	223,791	294,678	1,383,678	1,011,430
Unearned property tax revenue	1,788,649	2,607,735	-	4,396,384	-
Other unearned revenue	-	12,860	-	12,860	-
Total current assets	<u>3,558,837</u>	<u>4,169,711</u>	<u>323,764</u>	<u>8,052,312</u>	<u>6,541,665</u>
Noncurrent liabilities					
Long-term obligations	4,442,109	868,390	2,198,693	7,509,192	2,067,498
Unamortized discount on debt	(239,638)	-	(372,980)	(612,618)	-
Total noncurrent assets	<u>4,202,471</u>	<u>868,390</u>	<u>1,825,713</u>	<u>6,896,574</u>	<u>2,067,498</u>
Total Liabilities	<u>7,761,308</u>	<u>5,038,101</u>	<u>2,149,477</u>	<u>14,948,886</u>	<u>8,609,163</u>
NET ASSETS					
Invested in capital assets, net of related debt	1,220,726	7,010,045	1,396,536	9,627,307	3,184,754
Restricted for non-expendable fund use	162,133	-	-	162,133	-
Unrestricted (deficit)	(617,540)	19,861	(158,548)	(756,227)	1,096,672
Total Net Assets	<u>\$ 765,319</u>	<u>\$ 7,029,906</u>	<u>\$ 1,237,988</u>	<u>\$ 9,033,213</u>	<u>\$ 4,281,426</u>

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, 2007

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Golf Course	Totals	Internal Service
OPERATING REVENUES					
Charges for services	\$ 9,984,762	\$ 4,566,163	\$ 2,815,121	\$ 17,366,046	\$ 19,495,306
Total Operating Revenues	9,984,762	4,566,163	2,815,121	17,366,046	19,495,306
OPERATING EXPENSES					
Operations and maintenance	10,457,697	10,630,550	3,020,132	24,108,379	19,307,003
General and administrative	2,053,575	921,573	-	2,975,148	-
Depreciation and amortization	367,064	773,809	310,871	1,451,744	481,904
Total Operating Expenses	12,878,336	12,325,932	3,331,003	28,535,271	19,788,907
Operating Loss	(2,893,574)	(7,759,769)	(515,882)	(11,169,225)	(293,601)
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	2,006,378	2,539,052	-	4,545,430	-
Intergovernmental grants	765,604	2,898,951	-	3,664,555	-
Investment income	8,530	-	-	8,530	258,111
Amortization of debt discount and loss on refinancing	(52,587)	-	(4,811)	(57,398)	-
Interest and fiscal charges	(185,260)	-	(84,060)	(269,320)	(134,164)
Total Non-Operating Revenues (Expenses)	2,542,665	5,438,003	(88,871)	7,891,797	123,947
Loss Before Transfers	(350,909)	(2,321,766)	(604,753)	(3,277,428)	(169,654)
TRANSFERS					
Transfers in	-	1,308,550	573,691	1,882,241	313,669
Transfers out	(1,243,630)	(755,577)	-	(1,999,207)	(4,178)
Total Transfers	(1,243,630)	552,973	573,691	(116,966)	309,491
Change in net assets	(1,594,539)	(1,768,793)	(31,062)	(3,394,394)	139,837
Total net assets at the beginning of year	2,359,858	8,798,699	1,269,050	12,427,607	4,141,589
Total net assets at end of year	\$ 765,319	\$ 7,029,906	\$ 1,237,988	\$ 9,033,213	\$ 4,281,426

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, 2007

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Golf Course	Totals	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 9,387,893	\$ 3,483,812	\$ 2,818,562	\$ 15,690,267	\$ 19,580,780
Paid to suppliers and employees for goods and services	(11,539,824)	(10,599,093)	(2,927,873)	(25,066,790)	(18,850,776)
Cash Flows from Operating Activities	(2,151,931)	(7,115,281)	(109,311)	(9,376,523)	730,004
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	2,006,378	2,539,052	-	4,545,430	-
Intergovernmental grants	765,604	2,898,961	-	3,664,565	-
Negative Cash Implicitly Financed	678,569	886,282	-	1,564,851	-
Transfers	(1,243,630)	552,973	573,691	(116,966)	309,491
Cash Flows from Noncapital Financing Activities	2,206,921	6,877,268	573,691	9,657,880	309,491
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES					
Debt retired	(585,000)	-	(250,000)	(835,000)	(874,084)
Interest paid	(193,060)	-	(84,060)	(277,120)	(134,164)
Debt issued	-	-	-	-	200,000
Acquisition and construction of capital assets	(250,945)	(640,997)	(130,320)	(1,022,262)	(200,000)
Cash Flows from Capital and Financing Activities	(1,029,005)	(640,997)	(464,380)	(2,134,382)	(1,008,248)
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit in WMMIC restricted cash	-	-	-	-	10,847
Investment income	8,530	-	-	8,530	258,111
Cash Flows from Investing Activities	8,530	-	-	8,530	268,958
Net Change in Cash and Cash Equivalents	(965,485)	(879,010)	-	(1,844,495)	300,205
Cash and Cash Equivalents - Beginning of Year	1,127,618	879,010	-	2,006,628	4,616,924
Cash and Cash Equivalents - End of Year	\$ 162,133	\$ -	\$ -	\$ 162,133	\$ 4,917,129

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2007

	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)	\$ (2,893,574)	\$ (7,759,769)	\$ (515,882)	\$ (11,169,225)	\$ (293,601)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Depreciation expense and amortization	367,064	773,809	310,871	1,451,744	481,904
Changes in assets and liabilities:					
Accounts receivable	(596,869)	(23,429)	3,045	(617,253)	85,474
Due from other governments	-	(1,058,922)	396	(1,058,526)	-
Inventories	1,513	98,609	(3,055)	97,067	-
Prepaid items	-	-	-	-	1,149
Accounts payable	43,377	228,093	917	272,387	377,284
Due to other governments	-	(73,505)	-	(73,505)	-
Due to other funds	-	-	-	-	77,794
OPEB payable	925,575	688,781	94,397	1,708,753	-
Other current liabilities	983	11,052	-	12,035	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (2,151,931)</u>	<u>\$ (7,115,281)</u>	<u>\$ (109,311)</u>	<u>\$ (9,376,523)</u>	<u>\$ 730,004</u>
Noncash investing, capital and financing activities:					
Infrastructure transferred to governmental activities	<u>\$ -</u>	<u>\$ 2,027,941</u>	<u>\$ -</u>	<u>\$ 2,027,941</u>	<u>\$ -</u>
Initial OPEB Net ARC	<u>\$ 1,157,000</u>	<u>\$ 861,000</u>	<u>\$ 118,000</u>	<u>\$ 2,136,000</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY

**STATEMENT OF ASSETS & LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
December 31, 2007**

ASSETS

Cash and temporary cash investments	\$ 3,973,673
Miscellaneous receivables	<u>247,931</u>
Total Assets	<u><u>4,221,604</u></u>

LIABILITIES

Other liabilities	<u>4,221,604</u>
Total Liabilities	<u><u>\$ 4,221,604</u></u>

See accompanying notes to the financial statements.

KENOSHA COUNTY

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KENOSHA COUNTY

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KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of Kenosha County. The reporting entity for the County consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

New Accounting Standard

In June 2004, the GASB issued statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement establishes standards for the measurement, regulation, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

The County made the decision to implement this standard effective January 1, 2007.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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

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.

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.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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

Fund Financial Statements (cont.)

- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County reports the following major governmental funds:

- General 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 the Social Services and Aging programs.
- Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than enterprise fund debt.

The County reports the following major enterprise funds:

- Brookside Care Center 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 courses.

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

Housing Authority
Health Department
Economic Development

Federated Library System
Geographic Information Systems

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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

Fund Financial Statements (cont.)

- 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	Safety Building Remodeling
Parkland Development	Wireless 911
Parking Structure	Medical Examiner Remodeling
Jail Expansion	Bike Trail
Courthouse Parking Lot	Other Capital Projects
Courthouse Security	

- The County has no non-major enterprise funds.

In addition, the County reports the following fund types:

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

Human Services Building	Workers Compensation
Health Insurance	General Liability Insurance

- Agency Funds - used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. These funds consist of the following:

Clerk of Courts
Child Support
Social Services
Other Agency 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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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

Government-Wide Financial Statements (cont.)

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.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for human services, victim witness, and parking structure project reimbursable grants, for which available is defined as 180 days. This exception is necessary because the funding source reimbursement process routinely extends to this period and the revenue then more appropriately matches to the related expenditures. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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

Fund Financial Statements (cont.)

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.

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

The enterprise 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.

All Financial Statements

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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.

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

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, 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, 2007 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, 2007

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 – 2007 tax roll:

Lien date and levy date	December 2007
Tax bills mailed	December 2007
Payment in full, or	January 31, 2008
First installment due	January 31, 2008
Second installment due	July 31, 2008
Personal property taxes in full	January 31, 2008
Tax sale – 2007 delinquent real estate taxes	October 2010

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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, and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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

5. Capital Assets

Government-Wide Financial Statements

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

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 was encouraged but not required until January 1, 2006 when GASB 34 required the County to retroactively report all major general infrastructure assets acquired since January 1, 1980. 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. 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 capital 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, 2007

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

6. Other Assets

In 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, 2007 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, 2007

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 effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt which ever is shorter. The balance at year end for both premiums/discounts 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 (excluding unspent bond proceeds) 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, 2007

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. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. 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. Proprietary fund equity is classified the same as in the government-wide statements.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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	\$ 73,281,004
Vacation/casual day accrual	3,104,773
Post retirement health insurance benefits	5,698,246
Unamortized debt discount and issue costs	<u>(447,113)</u>
 Combined adjustment for long-term liabilities	 <u>\$ 81,636,910</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	\$ 2,330,286
Health Insurance	1,500,000
Workers Compensation	(22,116)
WMMIC	<u>473,256</u>
 Total	 <u>\$ 4,281,426</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 FINANCIAL STATEMENTS
December 31, 2007

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 \$4,914,648 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (3,850,000)
Less discounts, premium and issuance costs	69,379
Amortization expense	(51,253)
Principal repayments:	
General obligation debt	<u>8,746,522</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>\$ 4,914,648</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 \$5,870,595 difference are as follows:

Vacation/casual day accrual	\$ (247,106)
Post retirement health insurance benefits	(5,698,246)
Accrued interest	<u>74,757</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>\$ (5,870,595)</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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. Comparisons of actual to budget are presented in the basic financial statements for the general fund and human services special revenue fund. Budgetary comparisons are not required for proprietary funds.

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

The 2007 adopted budget appropriated \$17,875,593 for health/dental costs. Actual expenditures for health/dental for the year were \$16,359,145. This savings of \$1,516,448 was allocated to the County departments.

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

General Fund	\$ 1,588,540
Special Revenue Fund	210,581
Capital Projects Fund	2,916,886
Brookside Care Center	262,444
Highway	202,344

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 2007 budgeted County vacancy adjustment was \$1,550,000. In 2007, countywide savings generated through vacancies were \$660,935, a deficit in its vacancy adjustment of \$889,065. 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 FINANCIAL STATEMENTS
December 31, 2007

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, 2007 the following funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
County Detention Center	\$754,036	The County Board approved the capital project for jail expansion to be funded by bonding in 2008.
Workers Compensation	\$22,116	Due to unexpected, unusually large claims.

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

As adopted in the 2007-2009 State Biennial Budget and as part of Wisconsin's State Budget Bill (1993 Act 16), legislation was passed that limits the County's future tax levy and rates. Generally, the County is limited to its 1992 tax levy rate and its 2007 levy increase by the greater of the percent of new construction or 3.86 percent in 2008 and two percent in 2009, based upon current legislation. However, this limitation does not affect debt authorized prior to August 12, 1993 for the tax levy rate limit and debt authorized prior to July 1, 2005 for the levy limits. It also does not affect 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 FINANCIAL STATEMENTS
December 31, 2007

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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 all share draft accounts, and \$100,000 for all share certificate and regular share accounts.

Bank accounts and credit unions 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 of custodial credit risk.

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.

The County has an agreement with Johnson Bank for collateralization of its deposits and investments. The bank has pledged \$5,000,000 of various governmental securities as collateralization for the County's deposits.

The County maintains a cash and investment pool that is available for use by all funds. The deposit and investment balances of the various fund types on December 31, 2007 are as follows:

General	\$ 5,525,339
Special Revenue	5,142,853
Debt Service	43,006
Capital Projects	3,124,785
Enterprise	162,133
Internal Service	4,917,129
Agency	3,973,673
Total	<u>\$22,888,918</u>

Deposits – Custodial Credit Risk

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits – Custodial Credit Risk (cont.)

As of December 31, 2007, the carrying amount of the County's deposits was \$(1,217,435) and the bank balance was \$1,060,474. \$944,056 of the bank balance at year-end was covered by the Federal depository insurance or by collateral held by the County's agent in the County's name. \$116,419 of the bank balance was uninsured or uncollateralized at year-end. In addition, the County maintains petty cash funds in the amount of \$9,135.

Investments

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

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

Investments are stated at fair value, which is the 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 recorded at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

Investment Risk Factors

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

Credit Risk

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government are not considered to have credit risk. The County's repurchase agreements are not subject to credit risk because the securities underlying the agreements are not subject to credit risk.

The credit risk profile for fixed income securities at December 31, 2007 is as follows:

U.S. Government Guaranteed		
Investment	S & P Rating	Amount
AIM		
Government & Agency- Institutional	AAA	8,235,983
Treasury - Institutional	AAA	1,997,262
DANA		
Federal Home Loan Mortgage Corp.	AAA	2,736,243
Federal National Mortgage Association	AAA	3,586,599
Government National Mortgage Association	AAA	74,198
Small Business Association	AAA	132,188
Johnson Bank		
Repurchase Agreements	AAA	2,858,347
Total U.S. Government Guaranteed		19,620,820
Money Market Accounts		
Wisconsin Local Government		
Investment Pool	Unrated	4,401,415
DANA		
Money Market Account	AAA	74,983
Total Money Market Accounts		4,476,398
Grand Total		24,097,218

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

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

The County's Investment Policy requires all investment institutions acting as a depository for the County to enter into a "depository agreement" requiring the depository to pledge collateral to secure deposits over and above the \$100,000 of federal depository insurance and the \$400,000 covered by the State Deposit Guarantee. All securities serving as collateral shall be specifically pledged to the County (not as part of a pooled fund) and placed in a custodial account at a Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution. The custodian shall send statements of pledged collateral to the Treasurer's Office on a monthly basis.

The County's Investment Policy does not address custodial credit risk for investments. In practice, all of the County's investments are held in the County's name by a third party custodian (a bank trust company), or are part of an external investment pool. There is no custodial credit risk exposure for these investments.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification of having significant funds invested in a few individual issuers, thereby exposing the County to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments. The County's Investment Policy follows the "prudent investor rule" which strives toward the preservation of capital and diversification of the portfolio to minimize losses.

Major issuers (over five percent of total investments) in the County's portfolio as of December 31, 2007 are as follows:

Issuer	Amount	Percentage
Federal National Mortgage Association	3,586,599	15%
U.S.Treasury	13,091,592	54%
Federal Home Loan Mortgage Corp.	2,736,243	11%
Other issuers (none over 5%)	4,682,784	20%
	<u>24,097,218</u>	<u>100%</u>

Interest Rate Risk

The County's Investment Policy does not address interest rate risk for its investments. In practice, the County contracts with professional portfolio management firms for its investments. Each portfolio management firm has been assigned a widely recognized benchmark consistent with their management strategy. AIM has been assigned the Lehman Intermediate Government Index as their benchmark. Dana Investment Advisors has been assigned the 100% Donoghue Taxable Index as their benchmark.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

A. DEPOSITS AND INVESTMENTS (cont.)

In addition to using the assigned benchmarks to evaluate the performance of the portfolio management firms, the firms also manage interest rate risk by maintaining the effective duration of their portfolios consistent to the duration of the assigned benchmark. The duration of the County's overall investments at December 31, 2007 is as follows (total duration includes money market accounts, which are not listed in the table):

<u>Investment Type</u>	<u>Amount</u>	<u>Effective Duration</u>
Federal Home Loan Mortgage Corp.	2,736,243	Average 131 days
Federal National Mortgage Association	3,586,599	Average 131 days
Government National Mortgage Association	74,198	Average 131 days
Small Business Association	132,188	Average 131 days
Repurchase agreements	2,858,347	Overnight
	<u>9,387,575</u>	

For money market fund investments and the Wisconsin Local Government Investment Pool, weighted average maturity is used to measure interest rate risk. The weighted average maturity of all of the County's money market investments at December 31, 2007 is as follows:

<u>Fund Name</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Wisconsin Local Government Investment Pool	4,401,415	56 days
AIM Short Term Government & Agency	8,235,983	34 days
AIM Short Term Treasury	1,997,262	30 days
DANA Money Market	74,983	964 days
	<u>14,709,643</u>	

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

B. RECEIVABLES

Revenues of the County are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period were \$4,991.

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

The City of Kenosha and Kenosha County agreed to each pay half of the unfunded pension liability for Joint Services. In 2007, the County paid the entire amount of \$540,856. The City of Kenosha will be paying its share of \$270,428 to the County over a five year period with interest of five percent. This amount is shown as "Loans receivable" in the General Fund.

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

	Unavailable	Unearned
	<u> </u>	<u> </u>
Property taxes receivable	\$ -	\$ 49,381,991
Delinquent property taxes	1,058,535	-
Housing Authority loans receivable	1,267,001	-
Other unearned revenue		43,279
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	<u>790,107</u>
 Total Deferred/Unearned Revenue for Governmental funds	 <u><u>\$ 2,325,536</u></u>	 <u><u>\$ 50,215,377</u></u>

Delinquent property taxes purchased from other taxing authorities are reflected as reservations of fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available for current expenditures and are therefore excluded from the reservation of fund balances. For the year ended December 31, 2007, such collections aggregated \$5,235,154 of which \$1,059,133 was levied by the County. Delinquent property taxes levied by the County are reflected as deferred revenue and are excluded from the fund balance until collected.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

B. RECEIVABLES (cont.)

At December 31, 2007, delinquent property taxes by year levied consists of the following:

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax Certificates			
2006	\$ 3,754,594	\$ 759,598	\$ 2,994,996
2005	1,098,537	222,247	876,290
2004	198,119	40,082	158,037
2003	66,006	13,354	52,652
2002 and prior	117,898	23,852	94,046
Total Tax Certificates	<u>5,235,154</u>	<u>\$ 1,059,133</u>	<u>\$ 4,176,021</u>
Delinquent Special Assessments	496,520		
Tax Deeds held by County	<u>834,559</u>		
Total Delinquent Property Taxes Receivable	<u><u>\$ 6,566,233</u></u>		

For economic development loans, the County is limited by the Wisconsin Department of Commerce to the amount of program income from economic development loans it may retain and loan to other businesses. Program income includes the principal and interest received from economic development loans repayments. Based upon its current population, the County may retain \$750,000.

At December 31, 2007, the County has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

C. CAPITAL ASSETS

The County defines their capital assets as assets with an initial cost of more than \$5,000. The addition column represents the new assets in 2007 including new infrastructure assets. The deletion column represents the assets that were discarded in 2007. The adjustment column represents the adjustments needed to show the assets at the restated amounts.

Capital asset valuation and activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental Activities					
Capital Assets not being depreciated:					
Construction in Progress	\$ 64,114	\$ 3,445,435	\$ -	\$ (17,179)	\$ 3,492,370
Land Improvements	6,694,400	-	-	-	6,694,400
Land	16,478,618	350,142	-	-	16,828,760
Total Capital Assets not being depreciated	23,237,132	3,795,577	-	(17,179)	27,015,530
Other Capital Assets:					
Land Improvements	2,627,256	610,117	-	-	3,237,373
Buildings	76,447,942	152,768	(12,000)	-	76,588,710
Machinery & Equipment	14,812,376	2,247,505	(118,492)	-	16,941,389
Infrastructure	38,450,300	2,056,390	(628,200)	-	39,878,490
Total Other Capital Assets at Historical Cost	132,337,874	5,066,780	(758,692)	-	136,645,962
Less: Accumulated Depreciation					
Land Improvements	(1,591,711)	(180,770)	-	-	(1,772,481)
Buildings	(21,835,649)	(1,790,715)	10,080	-	(23,616,284)
Machinery & Equipment	(9,236,623)	(1,761,046)	38,584	-	(10,959,085)
Infrastructure	(12,347,490)	(1,550,970)	597,000	7,200	(13,294,260)
Total Accumulated Depreciation	(45,011,473)	(5,283,501)	645,664	7,200	(49,642,110)
Net Total Other Capital Assets	87,326,400	(216,721)	(113,028)	7,200	87,003,852
Net Total Government Activities Capital Assets	<u>\$110,563,532</u>	<u>\$ 3,578,856</u>	<u>\$ (113,028)</u>	<u>\$ (9,979)</u>	<u>\$ 114,019,382</u>

Depreciation expense was charged to functions as follows:

Depreciation expense was charged to functions as follows:

General Government	\$ 3,012,010
Public Safety	345,817
Public Works	1,550,970
Social Services	16,832
Education & Recreation	230,460
Health	41,921
Conservation & Development	85,491
Total Governmental Activities- Depreciation Expense	<u>\$ 5,283,501</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

C. CAPITAL ASSETS (cont.)

The total amounts for infrastructure shown in the above schedule are detailed more fully below. The adjustment column represents the adjustments needed to reflect the change in the estimate of life years and values.

<u>Infrastructure Category</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Roadways	\$ 22,999,269	\$ 1,888,590	\$ 628,200	\$ -	\$ 24,259,659
Right-of-ways	7,271,079	-	-	-	7,271,079
Bridges	4,538,052	-	-	-	4,538,052
Traffic signals	3,051,300	139,400	-	-	3,190,700
Sewer drainage	355,600	28,400	-	-	384,000
Culverts	235,000	-	-	-	235,000
Infrastructure	38,450,300	2,056,390	628,200	-	39,878,490
Land Improvements	6,694,400	-	-	-	6,694,400
Total	45,144,700	2,056,390	628,200	-	46,572,890
Less Accumulated Depreciation					
Roadways	(10,066,200)	(1,321,200)	597,000	7,200	(10,783,200)
Bridges	(1,150,090)	(89,770)	-	-	(1,239,860)
Traffic signals	(939,700)	(127,500)	-	-	(1,067,200)
Sewer drainage	(176,000)	(7,800)	-	-	(183,800)
Culverts	(15,500)	(4,700)	-	-	(20,200)
Total Accumulated Depreciation	(12,347,490)	(1,550,970)	597,000	7,200	(13,294,260)
Net Infrastructure	<u>\$ 32,797,210</u>	<u>\$ 505,420</u>	<u>\$ 31,200</u>	<u>\$ 7,200</u>	<u>\$ 33,278,630</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business - type Activities				
Capital Assets not being depreciated:				
Land	\$ 338,258	\$ -	\$ -	\$ 338,258
Total Capital Assets not being depreciated	338,258	-	-	338,258
Other Capital Assets:				
Land Improvements	4,294,750	6,000	-	4,300,750
Buildings	15,114,902	171,218	-	15,286,120
Machinery & Equipment	16,467,906	889,030	(325,308)	17,031,628
Total Other Capital Assets at Historical Cost	35,877,558	1,066,248	(325,308)	36,618,498
Less: Accumulated Depreciation				
Land Improvements	(2,362,968)	(7,752)	-	(2,370,720)
Buildings	(8,086,232)	(470,699)	-	(8,556,931)
Machinery & Equipment	(10,052,437)	(973,293)	281,314	(10,744,416)
Total Accumulated Depreciation	(20,501,637)	(1,451,744)	281,314	(21,672,067)
Net Total Other Capital Assets	15,375,921	(385,496)	(43,994)	14,946,431
Net Total Business - type Activities Capital Assets	\$ 15,714,179	\$ (385,496)	\$ (43,994)	\$ 15,284,689

Depreciation expense was charged to functions as follows:

Business-type Activities	
Brookside Care Center	\$ 367,064
Highway	773,809
Golf Courses	310,871
Total Business-type Activities - Depreciation Expense	\$ 1,451,744

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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		\$3,749,374
	Geographic Information Systems	(36,732)
	Health Department	(811,347)
	Capital Projects - Parking Structure	(130,447)
	Brookside Care Center	(678,569)
	Highway	(886,282)
	Human Services Building	(757,419)
	General Liability Insurance	(448,578)

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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

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

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Other Capital Projects		200,000	Use of reserves to fund
Other Capital Projects		413,000	Capital Project Funds
Other Capital Projects		75,000	
Capital Projects-Kenosha County Detention Center		620,000	
	General Fund	(1,308,000)	
Department of Human Services-Administration		350,000	Reserves used to fund
	General Fund	(350,000)	additional placements
Other Capital Projects		7,733	per Resolution 101
	Geographic Information Systems	(7,733)	To purchase Auto CAD
General Fund		850,078	software
Health Department		41,347	To record lapsing funds
Golf Course Division		573,691	at year end
	Human Services	(51,959)	
	Highway	(755,577)	
	Human Services Building	(4,178)	
	Brookside	(478,026)	
	Geographic Information Systems	(175,376)	
General Fund		765,604	Allocation of inter-
	Brookside	(765,604)	governmental transfer to
General Fund		105,000	General Fund
	Other Capital Projects	(105,000)	Use of reserves to
General Fund		1,000,000	plan and pay for Kenosha
Capital Projects-Courthouse Parking Lot		250,000	County Wireless Network
Capital Projects-County Detention Center		250,000	per Resolution 41 and 44
Highway		1,308,550	To allocate proceeds
	Other Capital Projects	(2,808,550)	from Note 2007A to
Other Capital Projects		45,000	appropriate funds
	911 Wireless	(45,000)	
Human Services Building		313,669	Correct transfer approved
	Debt Service	(313,669)	in Resolution 41
			Record taxes levied for
			Job Center Debt

The Highway enterprise fund transferred infrastructure to the governmental activities in 2007 totaling \$2,027,941. These costs are reported as highway expenses in the fund statement and as transfers in the government-wide statements.

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 FINANCIAL STATEMENTS
December 31, 2007

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 81,930,538	\$ 4,050,000	9,620,606	\$ 76,359,932	\$ 9,760,101
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	(428,987)	(69,379)	(51,253)	(447,113)	(51,252)
Total Bonds And Notes Payable	81,501,551	3,980,621	9,569,353	75,912,819	9,708,849
Other Liabilities:					
Post Retirement Benefits *	-	7,123,000	1,424,754	5,698,246	-
Vested Vacation and Casual Days	2,857,667	271,291	24,185	3,104,773	249,294
Total Other Liabilities	7,082,388	7,394,291	1,448,939	8,803,019	249,294
Total Governmental Activities- Long-Term Obligations	\$ 88,583,939	\$ 11,374,912	\$ 11,018,292	\$ 84,715,838	\$ 9,958,143
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 7,105,000	\$ -	\$ 835,000	\$ 6,270,000	\$ 865,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)	(670,017)	-	(57,399)	(612,618)	(94,544)
Total Bonds And Notes Payable	6,434,983	-	777,601	5,657,382	770,456
Other Liabilities:					
Post Retirement Benefits	-	2,136,000	427,247	1,708,753	-
Vested Vacation and Casual Days	906,218	9,638	1,739	914,117	42,986
Total Other Liabilities	906,218	2,145,638	428,986	2,622,870	42,986
Total Business-type Activities- Long-Term Obligations	\$ 7,341,201	\$ 2,145,638	\$ 1,206,587	\$ 8,280,252	\$ 813,442

* The beginning balance was restated with the implementation of GASB No. 45. See Note IV.I.

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, 2007, was \$732,014,010. Total general obligation debt outstanding at year end was \$82,629,932.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2007</u>
Governmental Activities - General Obligation Debt					
Corporate Purpose Bonds	1997	2009	5.10-5.60%	\$ 29,025,000	\$ 3,400,000
Corporate Purpose Bonds	1998	2017	4.15-4.20%	4,525,000	3,300,000
Refunding Bonds	1999	2013	3.40-4.50%	13,130,000	5,865,000
State Trust Fund Loan	1999	2009	5.25%	693,721	184,932
Promissory Notes	2000	2008	4.40-4.75%	4,080,000	725,000
Refunding Bonds	2001	2017	3.50-5.00%	25,755,000	23,105,000
Promissory Notes	2001	2009	3.25-3.85%	4,100,000	1,485,000
Promissory Notes	2002	2010	3.15%	4,270,000	1,870,000
Promissory Notes	2003	2011	1.50%-3.00%	5,320,000	3,920,000
Refunding Bonds	2003	2013	1.50%-3.35%	8,140,000	4,530,000
Refunding Bonds	2003	2022	3.25%-5.50%	9,285,000	8,525,000
Promissory Notes	2004	2012	2.00%-3.60%	3,100,000	2,550,000
Refunding Bonds	2004	2017	2.00%-4.00%	10,630,000	8,465,000
Promissory Notes	2005	2013	3.50%	2,700,000	2,500,000
Promissory Notes	2006	2014	3.875%	2,150,000	1,885,000
Promissory Notes	2007	2017	3.25%-3.65%	4,050,000	4,050,000
Total Governmental Activities - General Obligation Debt					<u>\$ 76,359,932</u>

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2007</u>
Business-type Activities - General Obligation Debt					
Refunding Bonds	1999	2013	3.40-4.50%	\$ 5,825,000	\$ 3,930,000
Refunding Bonds	2004	2015	2.00-3.90%	3,080,000	2,340,000
Total Business-type Activities - General Obligation Debt					<u>\$ 6,270,000</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	9,760,101	3,137,189	865,000	257,160
2009	9,679,831	2,773,418	875,000	218,560
2010	9,370,000	2,414,167	910,000	178,520
2011	8,845,000	2,056,858	945,000	147,735
2012	7,525,000	1,739,005	695,000	95,728
2013-2017	27,165,000	4,464,215	1,980,000	118,978
2018-2022	4,015,000	595,433	-	-
Totals	<u>\$ 76,359,932</u>	<u>\$ 17,180,285</u>	<u>\$ 6,270,000</u>	<u>\$ 1,016,681</u>

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.

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 \$513,151 is restricted for liability insurance at WMMIC.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

G. LEASE DISCLOSURES

Lessor – Operating Leases

The County leases a portion (44%) of the Public Safety Building facility to the City of Kenosha and the Kenosha City-Joint Services Board under operating leases that are renewed on a year to year basis. 2007 revenues of \$715,842 related to these leases were recorded in the General Fund. The provisions of the lease agreement allow for an annual adjustment of the lease amount based on the actual costs to the County of maintaining the facility. The book value of the entire building is \$13,100,000 with a net book value of \$6,288,000.

Lessee – Operating Leases

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

Capital Leases – Lessee/Lessor

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2007 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land, land improvements and construction in progress	\$ 27,015,530
Other capital assets, net of accumulated depreciation	87,003,852
Less: capital related long-term debt outstanding (net of unspent proceeds of debt)	<u>(66,387,818)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 47,631,564</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

Restricted

Specific purpose – grants and loans	\$ 1,610,598
Total Restricted	1,610,598

Unrestricted	<u>22,979</u>
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Total Governmental Activities Net Assets	<u>\$ 49,265,141</u>
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Governmental fund balances reported on the fund financial statements at December 31, 2007 include the following:

Reserved

Major Funds

General Fund

Delinquent tax certificate receivables	\$ 4,176,021
Encumbrances	438,210
Prepaid items	<u>25,468</u>
Total	<u>\$ 4,639,699</u>

Human Service Fund

Reserved for encumbrances	<u>\$ 274,882</u>
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Debt Service Fund

Reserved for debt payments	<u>\$ 43,006</u>
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Non Major Funds

Geographic Information Systems

Reserved for Encumbrances	\$ 20,607
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Capital Projects – County Detention Center

Reserved for Encumbrances	10,000
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Capital Projects – Other Capital Projects

Reserved for Encumbrances	<u>232,200</u>
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Total Non Major Funds Reserved	<u>\$ 262,807</u>
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Unreserved (designated)

Major Funds

General Fund, subsequent year expenditures	\$ 1,588,540
General Fund, sheriff special deposit	<u>78,959</u>
Total	<u>\$ 1,667,499</u>

Human Services Fund, subsequent year expenditures	<u>\$ 206,914</u>
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KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

Non-Major Funds

Special Revenue Funds	
Housing Authority, designated grant funding	\$ 274,780
GIS Fund, subsequent year expenditures	<u>3,667</u>
Total Special Revenue Funds	<u>\$ 278,447</u>
Capital Project Funds, all subsequent year expenditures	
County Detention Center	\$ 548,066
Parkland Development	221,334
Parking Structure	25,666
Courthouse Security	33,118
Safety Building Remodeling	757,498
Wireless 911	85,848
Medical Examiner Remolding	384,546
Bike Trail	112,341
Other Capital Projects	<u>748,469</u>
Total Capital Projects Funds	<u>\$ 2,916,886</u>

I. RESTATEMENT OF NET ASSETS

Net assets for January 1, 2007 have been restated due to the following items:

Governmental Activities - Net Assets -	
December 31, 2006 (as reported)	\$ 46,126,873
Less:	
Rounding difference	(1)
Plus:	
Removal of OPEB liability from prior years	4,224,721
Plus:	
Net Infrastructure depreciation restated from prior years	<u>7,200</u>
Net assets - January 1, 2007 (as restated)	<u>\$ 50,358,793</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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 at least 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.9% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% 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, 2007 was \$48,948,227; the employer's total payroll was \$49,956,570. The total required contribution for the year ended December 31, 2007 was \$5,388,269 or 11.0 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, 2006 and 2005 were \$5,059,359 and \$4,853,502, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment and submitting application 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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 is covered through the purchase of an insurance policy. Settled claims have not exceeded the commercial coverage in any of the past three years. Health insurance claims are self-insured with a purchased stop loss policy with a maximum \$150,000 per employee exposure. There were no significant reductions in coverage compared to the prior year.

Public Entity Risk Pool

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 1992 by issuing a general obligation note for \$1,157,860 and investing the proceeds in WMMIC. The scope of insurance protection provided by WMMIC is broad, covering automobile liability, general liability, law enforcement liability, public official's errors and omissions, civil rights, incidental medical malpractice, personal injury, equal rights, and American with Disabilities Act at policy limits of \$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 is \$100,000 for each occurrence and \$600,000 for the 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. The amount of reinsurance may vary from year to year as determined by the WMMIC Board of Directors.

WMMIC is governed by one entity-one vote. Member entities include Kenosha County and the counties of Brown, Chippewa, Dane, Dodge, Eau Claire, LaCrosse, Manitowoc, Marathon, Outagamie, Rock, Walworth, 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 FINANCIAL STATEMENTS
December 31, 2007

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

The participant's share in the operation of WMMIC as of December 31, 2007 is as follows:

	<u>Percentage</u>
Brown County	7.40
Chippewa County	3.48
Dane County	10.01
Dodge County	3.73
City of Eau Claire	3.62
Eau Claire County	2.78
Kenosha County	6.09
LaCrosse County	3.80
City of Madison	17.12
Manitowoc County	6.01
Marathon County	6.00
Outagamie County	6.79
St. Croix County	3.28
Waukesha County	10.83
Rock County	4.28
Walworth County	<u>4.78</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. For 2007, WMMIC prepared its statutory financial statements in accordance with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin (OCI). This reflects a change in basis in presentation from 2005 when the financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Therefore, in 2007, the participant's share in the operation of WMMIC and the market value are shown using the new presentation. Using this presentation, the market value of the original capitalization as of December 31, 2007 is \$1,990,494. 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.

Claims Liability- WMMIC	<u>2007</u>	<u>2006</u>
Unpaid claims, including IBNR – beginning of year	\$ 665,333	\$ 731,680
Current year claims and changes in estimates	134,511	21,416
Claim payments	<u>(149,303)</u>	<u>(87,763)</u>
Unpaid claims – end of year	<u>\$ 650,541</u>	<u>\$ 665,333</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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 \$300,000 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, 2007, the County has established a future claims insurance reserve in the amount of \$1,542,032 to fund the estimated liability for the County's self-insured retention limits under its workers compensation program. This represents a discounted reserve determined on an actuarial basis with a mean confidence level which achieves the County's objective of providing a reserve confidence level not less than 50%, but not more than 95% as a reflection of the County's risk tolerance.

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

Claims Liability	<u>2007</u>	<u>2006</u>
Unpaid claims, including IBNR – beginning of year	\$ 1,485,372	\$ 1,428,175
Current year claims and changes in estimates	831,042	642,140
Claim payments	<u>(774,382)</u>	<u>(584,943)</u>
Unpaid Claims – end of year	<u>\$ 1,542,032</u>	<u>\$ 1,485,372</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE V – Other Information (cont.)

B. RISK MANAGEMENT (cont.)

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	<u>2007</u>	<u>2006</u>
Unpaid claims, including IBNR – beginning of year	\$ 1,061,400	\$ 837,200
Current year claims and changes in estimates	13,685,350	12,511,046
Claim payments	<u>(13,737,650)</u>	<u>(12,286,846)</u>
Unpaid Claims – end of year	<u>\$ 1,009,100</u>	<u>\$ 1,061,400</u>

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 2007, the County borrowed \$4,050,000, for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the various Capital Project and Highway 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, Human Services, Capital Projects-Other, and Highway totaled \$1,114,764 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE V – Other Information (cont.)

D. JOINT VENTURE

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

The Board consists of three members appointed by the County, three by the City of Kenosha and one independent member confirmed by both. County representatives are the County Executive, the County Board Chairman and the chairman of the County Judiciary Committee or their designees. The Board has the authority to adopt its own budget and control the financial affairs of the organization. The County made payments totaling \$3,291,208 to the Board for 2007. 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. Financial information of the Board as of December 31, 2007 is available directly from the Board's office.

E. OTHER POSTEMPLOYMENT BENEFITS

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

Deputy Sheriffs

Eligibility Any employee who has attained age 50.

Benefits Before age 53, the retiree pays 100% of the premium. Between the ages of 53 and Medicare eligible age, the County pays 100% of the premium for single or family coverage. After Medicare eligible age, the retiree may continue in the plan, paying 100% of the premium.

All Others

Eligibility Any employee who has attained age 60 and has completed 15 years of employment with the County. Or, any employee who has attained age 57 and has completed 30 years of employment with the County.

Benefits Before age 60, the retiree pays 50% of the premium. Between the ages of 60 and Medicare eligible age, the County pays 100% of the premium for single or family coverage. After Medicare eligible age, the retiree may continue in the plan, paying 100% of the premium.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Funding Policy. The contribution requirements of plan members and the County are established and may be amended by the Kenosha County Board by approving bargaining unit contracts in which plan eligibility and benefits are detailed and setting plan eligibility and benefits for non-represented employees. The County contribution is based on actual pay-as-you-go all-inclusive (pre-Medicare and Medicare eligible age) plan member expenditures. Plan members that are Medicare eligible age contribute premium amounts that are adjusted annually. These premium amounts vary depending upon the plan benefit level under which the plan member retired.

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

Normal Cost (service cost for year)	\$ 4,156,000
Amortization of the Unfunded Actuarial Accrued Liability (UAAL)	<u>5,103,000</u>
Annual required contribution (ARC) and annual OPEB expense	9,259,000
Actuarial estimated employer contribution (PAYGO amount)	<u>(1,852,000)</u>
Increase in net OPEB obligation	7,407,000
Net OPEB obligation—beginning of year	-
Net OPEB obligation—end of year	<u>\$ 7,407,000</u>

The ARC of \$7,407,000 was allocated to the County's functions as follows:

General Government	\$ 1,076,771
Public Safety	3,232,713
Social Services	945,574
Health	282,392
Education & Recreation	66,398
Conservation & Development	94,397
Brookside Care Center	925,575
Golf	94,397
Highway	688,783
	<u>\$ 7,407,000</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2007	\$ 9,259,000	20%	\$ 7,407,000

The funded status of the plan as of December 31, 2007, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 88,242,000
Actuarial value of plan assets	-
	<hr/>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 88,242,000</u>
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	\$ 48,948,227
UAAL as a percentage of covered payroll	180%

Funded Status and Funding Progress. Using a July 1, 2006 valuation date, the present value of the County's retiree medical plan actuarial accrued liability for benefits was \$132.567 million. This liability is comprised of the actuarial accrued liability for past service component of \$88.24 million, current service component (normal cost) of \$4.16 million, and future service component of \$40.17 million. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2006, actuarial valuation, the projected unit credit actuarial cost method was used because this method allocates costs based on each employee's length of service.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The County has not established a separate, irrevocable trust to fund the annual OPEB cost. As a result, actuarial assumptions included a 4.0 percent interest discount rate compounded annually based on the County's long term expectations of returns on its own investments, and an annual healthcare cost trend rate of 12 percent per annum for 2006-2007 grading down to an ultimate rate of 4 percent over an 11 year period. In addition, the actuarial valuation calculated the liability estimates using actuarial assumptions related to claim costs, premium rates, annual trends in the utilization and cost of medical care, eligibility of Medicare, participation rates, termination rates, retirement rates, disability rates, and mortality based on information provided by the County, Wisconsin Retirement System (WRS) rates, and the actuarial firm's judgment.

F. SUBSEQUENT EVENTS

In April 2008, the County received General Obligation Refunding Bonds in the amount of \$7,645,000. This bond will be used for a current refunding of the 2008-2013 maturities of the 1999 bonds. The total amount of the principal of the 1999 bonds currently outstanding is \$9,795,000. The balance will be paid from monies levied by the County.

During June, 2008, parts of Wisconsin experienced historic rainfalls and flooding. As a result, some municipalities are incurring abnormal costs to deal with public works, public safety, and damage to property and infrastructure. Insurance recoveries of additional costs have not been determined. It is not possible to estimate the fiscal impact of these events on the County of Kenosha. Kenosha County has been granted a Presidential Disaster Declaration for Public Assistance.

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REQUIRED SUPPLEMENTAL INFORMATION

KENOSHA COUNTY

**OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS**

For the Year Ended December 31, 2007

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Frozen Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2007	\$ -	\$ 88,242,000	\$ 88,242,000	0%	\$ 48,948,227	180%

SUPPLEMENTAL INFORMATION

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 579,331	\$ 3,124,785	\$ 3,704,116
Receivables			
Property taxes receivables	2,242,183	96,625	2,338,808
Miscellaneous	263,295	50,762	314,057
Due from other governments	861,098	162,515	1,023,613
Loans receivable	1,267,001	-	1,267,001
TOTAL ASSETS	<u>\$ 5,212,908</u>	<u>\$ 3,434,687</u>	<u>\$ 8,647,595</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 74,661	\$ 994,116	\$ 1,068,777
Due to other governments	84,869	-	84,869
Due to other funds	848,079	130,447	978,526
Deferred property tax revenue	2,242,183	96,625	2,338,808
Other deferred revenue	1,663,048	250,000	1,913,048
Total Liabilities	<u>4,912,840</u>	<u>1,471,188</u>	<u>6,384,028</u>
Fund Balance			
Reserved for encumbrances	20,607	242,200	262,807
Unreserved			
Designated	278,447	2,916,886	3,195,333
Undesignated (deficit)	1,014	(1,195,587)	(1,194,573)
Total Fund Balances	<u>300,068</u>	<u>1,963,499</u>	<u>2,263,567</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,212,908</u>	<u>\$ 3,434,687</u>	<u>\$ 8,647,595</u>

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2007**

	Housing Authority	Health Department	Economic Development	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and investments	\$ 256,907	\$ -	\$ -	\$ 322,424	\$ -	\$ 579,331
Receivables						
Property taxes receivables	-	906,522	-	1,328,329	7,332	2,242,183
Miscellaneous	-	263,295	-	-	-	263,295
Due from other governments	17,873	772,780	-	-	70,445	861,098
Loans receivable	1,267,001	-	-	-	-	1,267,001
TOTAL ASSETS	\$ 1,541,781	\$ 1,942,597	\$ -	\$ 1,650,753	\$ 77,777	\$ 5,212,908
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 65,222	\$ -	\$ -	\$ 9,439	\$ 74,661
Due to other governments	-	84,869	-	-	-	84,869
Due to other funds	-	811,347	-	-	36,732	848,079
Deferred property tax revenue	-	906,522	-	1,328,329	7,332	2,242,183
Other deferred revenue	1,267,001	74,636	-	321,411	-	1,663,048
Total Liabilities	<u>1,267,001</u>	<u>1,942,596</u>	<u>-</u>	<u>1,649,740</u>	<u>53,503</u>	<u>4,912,840</u>
Fund Balance						
Reserved for encumbrances	-	-	-	-	20,607	20,607
Unreserved						
Designated	274,780	-	-	-	3,667	278,447
Undesignated	-	1	-	1,013	-	1,014
Total Fund Balances	<u>274,780</u>	<u>1</u>	<u>-</u>	<u>1,013</u>	<u>24,274</u>	<u>300,068</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,541,781	\$ 1,942,597	\$ -	\$ 1,650,753	\$ 77,777	\$ 5,212,908

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
December 31, 2007

	County Detention Center	Parkland Development	Parking Structure	Jail Expansion	Courthouse Parking Lot	Courthouse Security	Safety Building Remodeling	Wireless 911	Medical Examiner Remodeling	Bike Trail	Other Capital Projects	Total Nonmajor Capital Projects Funds
ASSETS												
Cash and investments	\$ 73,303	\$ 472,442	\$ -	\$ 8,564	\$ 107,124	\$ 34,144	\$ 757,498	\$ 35,836	\$ 384,546	\$ 116,969	\$ 1,134,359	\$ 3,124,785
Property taxes receivable	-	-	-	-	-	-	-	-	-	-	96,625	96,625
Miscellaneous receivable	-	750	-	-	-	-	-	50,012	-	-	-	50,762
Due from other governments	-	-	162,515	-	-	-	-	-	-	-	-	162,515
TOTAL ASSETS	<u>\$ 73,303</u>	<u>\$ 473,192</u>	<u>\$ 162,515</u>	<u>\$ 8,564</u>	<u>\$ 107,124</u>	<u>\$ 34,144</u>	<u>\$ 757,498</u>	<u>\$ 85,848</u>	<u>\$ 384,546</u>	<u>\$ 116,969</u>	<u>\$ 1,230,984</u>	<u>\$ 3,434,687</u>
LIABILITIES AND FUND BALANCES												
Liabilities												
Accounts payable	\$ 827,339	\$ 1,109	\$ 6,402	\$ -	\$ -	\$ 1,026	\$ -	\$ -	\$ -	\$ 4,628	\$ 153,612	\$ 994,116
Due to other funds	-	-	130,447	-	-	-	-	-	-	-	-	130,447
Deferred property tax revenue	-	-	-	-	-	-	-	-	-	-	96,625	96,625
Other deferred revenue	-	250,000	-	-	-	-	-	-	-	-	-	250,000
Total Liabilities	<u>827,339</u>	<u>251,109</u>	<u>136,849</u>	<u>-</u>	<u>-</u>	<u>1,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,628</u>	<u>250,237</u>	<u>1,471,188</u>
Fund Balance												
Reserved for encumbrances	10,000	-	-	-	-	-	-	-	-	-	232,200	242,200
Unreserved												
Designated	548,066	221,334	25,666	-	-	33,118	757,498	85,848	384,546	112,341	748,469	2,916,886
Undesignated (deficit)	(1,312,102)	749	-	8,564	107,124	-	-	-	-	-	78	(1,195,587)
Total Fund Balances (deficit)	<u>(754,036)</u>	<u>222,083</u>	<u>25,666</u>	<u>8,564</u>	<u>107,124</u>	<u>33,118</u>	<u>757,498</u>	<u>85,848</u>	<u>384,546</u>	<u>112,341</u>	<u>980,747</u>	<u>1,963,499</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 73,303</u>	<u>\$ 473,192</u>	<u>\$ 162,515</u>	<u>\$ 8,564</u>	<u>\$ 107,124</u>	<u>\$ 34,144</u>	<u>\$ 757,498</u>	<u>\$ 85,848</u>	<u>\$ 384,546</u>	<u>\$ 116,969</u>	<u>\$ 1,230,984</u>	<u>\$ 3,434,687</u>

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 2,235,668	\$ 41,625	\$ 2,277,293
Licenses and permits	330,842	-	330,842
Intergovernmental revenues	3,821,872	265,589	4,087,461
Charges for services	1,895,384	38,147	1,933,531
Investment income	7,052	68,479	75,531
Miscellaneous income	165,739	250,000	415,739
Total Revenues	<u>8,456,557</u>	<u>663,840</u>	<u>9,120,397</u>
EXPENDITURES			
Current			
Health	5,276,430	-	5,276,430
Education and recreation	1,794,415	-	1,794,415
Conservation and development	1,014,474	11,319	1,025,793
Capital Outlay	424,176	6,108,772	6,532,948
Debt Service			
Interest, fiscal charges and debt issuance costs	-	69,856	69,856
Total Expenditures	<u>8,509,495</u>	<u>6,189,947</u>	<u>14,699,442</u>
Excess (deficiency) of revenues over expenditures	(52,938)	(5,526,107)	(5,579,045)
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	3,850,000	3,850,000
Premium on issuance of debt	-	1,377	1,377
Transfers from other funds	41,347	1,860,733	1,902,080
Transfers to other funds	(183,109)	(2,958,550)	(3,141,659)
Total Other Financing Sources (Uses)	<u>(141,762)</u>	<u>2,753,560</u>	<u>2,611,798</u>
Net change in fund balance	(194,700)	(2,772,547)	(2,967,247)
FUND BALANCES			
Beginning of year	<u>494,768</u>	<u>4,736,046</u>	<u>5,230,814</u>
FUND BALANCES - END OF YEAR	<u>\$ 300,068</u>	<u>\$ 1,963,499</u>	<u>\$ 2,263,567</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, 2007

	Housing Authority	Health Department	Economic Development	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
REVENUES						
Taxes	\$ -	\$ 946,283	\$ -	\$ 1,289,385	\$ -	\$ 2,235,668
Licenses and permits	-	330,842	-	-	-	330,842
Intergovernmental revenues	364,832	2,276,646	508,000	497,030	175,364	3,821,872
Charges for services	-	1,726,041	-	-	169,343	1,895,384
Investment income	7,052	-	-	-	-	7,052
Miscellaneous income	137,020	25,052	-	-	3,667	165,739
Total Revenues	<u>508,904</u>	<u>5,304,864</u>	<u>508,000</u>	<u>1,786,415</u>	<u>348,374</u>	<u>8,456,557</u>
EXPENDITURES						
Current						
Health	-	5,276,430	-	-	-	5,276,430
Education and recreation	-	-	-	1,794,415	-	1,794,415
Conservation and development	195,630	-	508,000	-	310,844	1,014,474
Capital Outlay	<u>354,396</u>	<u>69,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>424,176</u>
Total Expenditures	<u>550,026</u>	<u>5,346,210</u>	<u>508,000</u>	<u>1,794,415</u>	<u>310,844</u>	<u>8,509,495</u>
Excess (deficiency) of revenues over expenditures	(41,122)	(41,346)	-	(8,000)	37,530	(52,938)
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	41,347	-	-	-	41,347
Transfers to other funds	-	-	-	-	(183,109)	(183,109)
Total Other Financing Sources (Uses)	<u>-</u>	<u>41,347</u>	<u>-</u>	<u>-</u>	<u>(183,109)</u>	<u>(141,762)</u>
Net change in fund balance	(41,122)	1	-	(8,000)	(145,579)	(194,700)
FUND BALANCES						
Beginning of year	<u>315,902</u>	<u>-</u>	<u>-</u>	<u>9,013</u>	<u>169,853</u>	<u>494,768</u>
FUND BALANCES - END OF YEAR	<u>\$ 274,780</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,013</u>	<u>\$ 24,274</u>	<u>\$ 300,068</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, 2007

	County Detention Center	Parkland Development	Parking Structure	Jail Expansion	Courthouse Parking Lot	Courthouse Security	Safety Building Remodeling	Wireless 911	Medical Examiner Remodeling	Bike Trail	Other Capital Projects	Total Nonmajor Capital Projects Funds
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,625	\$ 41,625
Intergovernmental revenues	-	-	74,586	-	-	-	-	132,481	-	-	58,522	265,589
Charges for services	-	750	-	-	-	-	-	-	-	-	37,397	38,147
Investment income	-	-	-	-	-	-	-	-	-	-	68,479	68,479
Miscellaneous income	-	250,000	-	-	-	-	-	-	-	-	-	250,000
Total Revenues	-	250,750	74,586	-	-	-	-	132,481	-	-	206,023	663,840
EXPENDITURES												
Current												
Conservation and development	-	-	-	-	-	-	-	-	-	-	11,319	11,319
Capital Outlay	3,121,935	237,689	79,314	-	142,876	46,656	318,656	8,777	-	4,844	2,148,025	6,108,772
Debt Service												
Interest, fiscal charges and debt issuance costs	-	-	-	-	-	-	-	-	-	-	69,856	69,856
Total Expenditures	3,121,935	237,689	79,314	-	142,876	46,656	318,656	8,777	-	4,844	2,229,200	6,189,947
Excess (deficiency) of revenues over expenditures	(3,121,935)	13,061	(4,728)	-	(142,876)	(46,656)	(318,656)	123,704	-	(4,844)	(2,023,177)	(5,526,107)
OTHER FINANCING SOURCES (USES)												
General obligation debt issued	-	-	-	-	-	-	-	-	-	-	3,850,000	3,850,000
Premium on issuance of debt	-	-	-	-	-	-	-	-	-	-	1,377	1,377
Transfers from other funds	870,000	-	-	-	250,000	-	-	-	-	-	740,733	1,860,733
Transfers to other funds	-	-	-	-	-	-	-	(45,000)	-	-	(2,913,550)	(2,958,550)
Total Other Financing Sources (Uses)	870,000	-	-	-	250,000	-	-	(45,000)	-	-	1,678,560	2,753,560
Net change in fund balance	(2,251,935)	13,061	(4,728)	-	107,124	(46,656)	(318,656)	78,704	-	(4,844)	(344,617)	(2,772,547)
FUND BALANCES												
Beginning of year	1,497,899	209,022	30,394	8,564	-	79,774	1,076,154	7,144	384,546	117,185	1,325,364	4,736,046
FUND BALANCES - END OF YEAR (DEFICIT)	<u>\$ (754,036)</u>	<u>\$ 222,083</u>	<u>\$ 25,666</u>	<u>\$ 8,564</u>	<u>\$ 107,124</u>	<u>\$ 33,118</u>	<u>\$ 757,498</u>	<u>\$ 85,848</u>	<u>\$ 384,546</u>	<u>\$ 112,341</u>	<u>\$ 980,747</u>	<u>\$ 1,963,499</u>

KENOSHA COUNTY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2007

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ -	\$ 3,395,263	\$ 1,521,866	\$ -	\$ 4,917,129
Accounts receivable	-	23,713	-	123,145	146,858
Due from other governments	729	40,468	-	-	41,197
Prepaid items	-	35,645	-	-	35,645
Total current assets	<u>729</u>	<u>3,495,089</u>	<u>1,521,866</u>	<u>123,145</u>	<u>5,140,829</u>
Noncurrent assets					
Restricted cash and investments	-	-	-	513,151	513,151
Deposit in WMMIC	-	-	-	1,157,860	1,157,860
Capital assets					
Land	682,623	-	-	-	682,623
Buildings and improvements	7,223,006	-	-	-	7,223,006
Machinery and equipment	553,838	-	-	-	553,838
Accumulated depreciation	(2,380,718)	-	-	-	(2,380,718)
Total noncurrent assets	<u>6,078,749</u>	<u>-</u>	<u>-</u>	<u>1,671,011</u>	<u>7,749,760</u>
Total Assets	<u>\$ 6,079,478</u>	<u>\$ 3,495,089</u>	<u>\$ 1,521,866</u>	<u>\$ 1,794,156</u>	<u>\$ 12,890,589</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 97,778	\$ 962,026	\$ 1,950	\$ 36,848	\$ 1,098,602
Claims payable	-	1,009,100	1,542,032	650,541	3,201,673
Due to other funds	757,419	-	-	448,578	1,205,997
Other liabilities	-	23,963	-	-	23,963
Current portion of long-term debt payable	896,329	-	-	115,101	1,011,430
Total current liabilities	<u>1,751,526</u>	<u>1,995,089</u>	<u>1,543,982</u>	<u>1,251,068</u>	<u>6,541,665</u>
Noncurrent liabilities					
General obligation debt payable	1,997,666	-	-	69,832	2,067,498
Total noncurrent liabilities	<u>1,997,666</u>	<u>-</u>	<u>-</u>	<u>69,832</u>	<u>2,067,498</u>
Total Liabilities	<u>3,749,192</u>	<u>1,995,089</u>	<u>1,543,982</u>	<u>1,320,900</u>	<u>8,609,163</u>
NET ASSETS					
Invested in capital assets, net of related debt	3,184,754	-	-	-	3,184,754
Unrestricted (deficit)	(854,468)	1,500,000	(22,116)	473,256	1,096,672
Total Net Assets	<u>\$ 2,330,286</u>	<u>\$ 1,500,000</u>	<u>\$ (22,116)</u>	<u>\$ 473,256</u>	<u>\$ 4,281,426</u>

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2007

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
OPERATING REVENUES					
Charges for services	\$ 1,980,034	\$ 16,359,146	\$ 708,089	\$ 448,037	\$ 19,495,306
Total Operating Revenues	<u>1,980,034</u>	<u>16,359,146</u>	<u>708,089</u>	<u>448,037</u>	<u>19,495,306</u>
OPERATING EXPENSES					
Operations and maintenance	1,574,819	16,359,147	981,498	391,539	19,307,003
Depreciation and amortization	<u>481,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>481,904</u>
Total Operating Expenses	<u>2,056,723</u>	<u>16,359,147</u>	<u>981,498</u>	<u>391,539</u>	<u>19,788,907</u>
Operating Income (loss)	(76,689)	(1)	(273,409)	56,498	(293,601)
NON-OPERATING REVENUES (EXPENSES)					
Investment income	-	-	109,206	148,905	258,111
Interest and fiscal charges	<u>(118,748)</u>	<u>-</u>	<u>-</u>	<u>(15,416)</u>	<u>(134,164)</u>
Total Non-operating Revenues (Expenses)	<u>(118,748)</u>	<u>-</u>	<u>109,206</u>	<u>133,489</u>	<u>123,947</u>
Income Before Transfers	(195,437)	(1)	(164,203)	189,987	(169,654)
TRANSFERS					
Transfers in	313,669	-	-	-	313,669
Transfers out	<u>(4,178)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,178)</u>
Total Transfers	<u>309,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,491</u>
Change in net assets	114,054	(1)	(164,203)	189,987	139,837
Total net assets at the beginning of year	<u>2,216,232</u>	<u>1,500,001</u>	<u>142,087</u>	<u>283,269</u>	<u>4,141,589</u>
Total net assets at end of year (deficit)	<u>\$ 2,330,286</u>	<u>\$ 1,500,000</u>	<u>\$ (22,116)</u>	<u>\$ 473,256</u>	<u>\$ 4,281,426</u>

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KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2007

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 1,984,112	\$ 16,455,983	\$ 708,089	\$ 432,596	\$ 19,580,780
Paid to suppliers for goods and services	(1,428,885)	(15,980,758)	(974,807)	(466,326)	(18,850,776)
Cash Flows from Operating Activities	<u>555,227</u>	<u>475,225</u>	<u>(266,718)</u>	<u>(33,730)</u>	<u>730,004</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers	309,491	-	-	-	309,491
Cash Flows from Noncapital Financing Activities	<u>309,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,491</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES					
Debt retired	(763,478)	-	-	(110,606)	(874,084)
Interest paid	(118,748)	-	-	(15,416)	(134,164)
Debt issued	200,000	-	-	-	200,000
Acquisition and construction of capital assets	(200,000)	-	-	-	(200,000)
Cash Flows from Capital and Financing Activities	<u>(882,226)</u>	<u>-</u>	<u>-</u>	<u>(126,022)</u>	<u>(1,008,248)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit in WMMIC restricted cash	-	-	-	10,847	10,847
Investment income	-	-	109,206	148,905	258,111
Cash Flows from Investing Activities	<u>-</u>	<u>-</u>	<u>109,206</u>	<u>159,752</u>	<u>268,958</u>
Net Change in Cash and Cash Equivalents	(17,508)	475,225	(157,512)	-	300,205
Cash and Cash Equivalents - Beginning of Year	<u>17,508</u>	<u>2,920,038</u>	<u>1,679,378</u>	<u>-</u>	<u>4,616,924</u>
Cash and Cash Equivalents - End of Year	<u>\$ -</u>	<u>\$ 3,395,263</u>	<u>\$ 1,521,866</u>	<u>\$ -</u>	<u>\$ 4,917,129</u>

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2007

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (76,689)	\$ (1)	\$ (273,409)	\$ 56,498	(293,601)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Non-cash items included in operating income:					
Depreciation expense	481,904	-	-	-	481,904
Changes in assets and liabilities:					
Accounts receivable	4,078	96,837	-	(15,441)	85,474
Prepaid items	-	1,149	-	-	1,149
Accounts payable	(2,702)	377,240	6,691	(3,945)	377,284
Due to other funds	148,636	-	-	(70,842)	77,794
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 555,227</u></u>	<u><u>\$ 475,225</u></u>	<u><u>\$ (266,718)</u></u>	<u><u>\$ (33,730)</u></u>	<u><u>\$ 730,004</u></u>

KENOSHA COUNTY
COMBINING BALANCE SHEET - AGENCY FUNDS
December 31, 2007

	Agency				
	Clerk of Courts	Child Support	Social Services	Other Agency Funds	Totals
ASSETS					
Cash and temporary cash investments	\$ 2,963,704	\$ 140,354	\$ 27,372	\$ 842,243	\$ 3,973,673
Miscellaneous receivables	247,931	-	-	-	247,931
Total Assets	<u>\$ 3,211,635</u>	<u>\$ 140,354</u>	<u>\$ 27,372</u>	<u>\$ 842,243</u>	<u>\$ 4,221,604</u>
 LIABILITIES AND FUND BALANCE					
Liabilities	<u>\$ 3,211,635</u>	<u>\$ 140,354</u>	<u>\$ 27,372</u>	<u>\$ 842,243</u>	<u>\$ 4,221,604</u>
Total Liabilities	<u>\$ 3,211,635</u>	<u>\$ 140,354</u>	<u>\$ 27,372</u>	<u>\$ 842,243</u>	<u>\$ 4,221,604</u>

KENOSHA COUNTY

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

For the Year Ended December 31, 2007

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
<u>Clerk of Courts</u>				
Assets:				
Cash and temporary cash investments	\$ 3,048,770	\$ 10,933,898	\$ 11,018,964	\$ 2,963,704
Miscellaneous receivables	212,625	247,931	212,625	247,931
Total Assets	<u>3,261,395</u>	<u>11,181,829</u>	<u>11,231,589</u>	<u>3,211,635</u>
Liabilities:				
Other accrued liabilities	3,261,395	11,181,829	11,231,589	3,211,635
Total Liabilities	<u>3,261,395</u>	<u>11,181,829</u>	<u>11,231,589</u>	<u>3,211,635</u>
<u>Child Support</u>				
Assets:				
Cash and temporary cash investments	140,354	-	-	140,354
Total Assets	<u>140,354</u>	<u>-</u>	<u>-</u>	<u>140,354</u>
Liabilities:				
Other accrued liabilities	140,354	-	-	140,354
Total Liabilities	<u>140,354</u>	<u>-</u>	<u>-</u>	<u>140,354</u>
<u>Social Services</u>				
Assets:				
Cash and temporary cash investments	20,022	7,350	-	27,372
Total Assets	<u>20,022</u>	<u>7,350</u>	<u>-</u>	<u>27,372</u>
Liabilities:				
Other accrued liabilities	20,022	7,350	-	27,372
Total Liabilities	<u>20,022</u>	<u>7,350</u>	<u>-</u>	<u>27,372</u>
<u>Other</u>				
Assets:				
Cash and temporary cash investments	742,865	5,661,031	5,561,653	842,243
Total Assets	<u>742,865</u>	<u>5,661,031</u>	<u>5,561,653</u>	<u>842,243</u>
Liabilities:				
Other accrued liabilities	742,865	5,661,031	5,561,653	842,243
Total Liabilities	<u>742,865</u>	<u>5,661,031</u>	<u>5,561,653</u>	<u>842,243</u>
<u>Total</u>				
Assets:				
Cash and temporary cash investments	3,952,011	16,602,279	16,580,617	3,973,673
Miscellaneous receivables	212,625	247,931	212,625	247,931
Total Assets	<u>4,164,636</u>	<u>16,850,210</u>	<u>16,793,243</u>	<u>4,221,604</u>
Liabilities:				
Other accrued liabilities	4,164,636	16,850,210	16,793,242	4,221,604
Total Liabilities	<u>\$ 4,164,636</u>	<u>\$ 16,850,210</u>	<u>\$ 16,793,242</u>	<u>\$ 4,221,604</u>