KENOSHA COUNTY
Kenosha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2010

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BAKER TILLY

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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, 2010, 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, 2010, 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 adopted the provisions of GASB Statement No. 51 – *Accounting and Financial Reporting for Intangible Assets*, as of January 1, 2010.

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of 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 results of our audit.

The management's discussion and analysis and the other postemployment benefits plan schedule of funding status as listed in the table of contents 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.

To the County Board of Supervisors
Kenosha County

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.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 25, 2011

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Our discussion and analysis of Kenosha County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2010.

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:

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

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

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

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, a portion of the Division of Aging and Disability Services, and Veterans.
- Education and Recreation includes Parks, UW Extension, and the Library.
- Conservation and Development includes Planning and Development 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 Care Center (Brookside), 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.

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 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 2009.

Net Assets may serve over time as a useful indicator of a government's financial position. In 2010 the County's assets exceeded liabilities by $56,722,195. The largest portion (107 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 use to liquidate these liabilities.

The restricted net assets, which are subject to external restrictions on how they may be used, comprise 3 percent of the net assets.

The remaining of the County's net assets (negative 10 percent) is the category of unrestricted net assets which are normally used to meet the County's ongoing obligations to citizens and creditors. In 2010 this category has a deficit of $5,637,958.

KENOSHA COUNTY
NET ASSETS

(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	$ 99.40	$ 94.76	$ 9.56	$ 7.91	$ 108.96	$ 102.67
Capital assets	132.10	117.82	15.86	14.79	147.96	132.61
Total Assets	231.50	212.58	25.42	22.70	256.92	235.28
Long-term liabilities outstanding	101.32	86.10	8.07	8.26	109.39	94.36
Other liabilities	86.60	82.12	4.21	5.09	90.81	87.21
Total liabilities	187.92	168.22	12.28	13.35	200.20	181.57
Net assets:						
Invested in capital assets, net of related debt	52.58	53.13	12.61	10.70	60.78	63.83
Restricted	1.42	1.44	0.16	0.17	1.58	1.61
Unrestricted (deficit)	(10.42)	(10.22)	0.37	(1.52)	(5.64)	(11.74)
Total Net Assets	$ 43.58	$ 44.35	$ 13.14	$ 9.35	$ 56.72	$ 53.70

The County's total net assets increased by $3.02 million. This increase is primarily seen in the business-type activities in which the Highway and Golf funds received bond proceeds to purchase fixed assets and the bonds will be the responsibility of the governmental activities. Therefore, capital assets and cash increased but liabilities did not for the business-type activities.

KENOSHA COUNTY
CHANGES IN NET ASSETS
Year Ended December 31, 2010
(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	$ 14.11	$ 13.51	$ 18.17	$ 18.18	$ 32.28	$ 31.69
Operating grants and contributions	57.87	55.41	3.35	3.59	61.22	59.00
Capital grants and contributions	1.52	0.85	0.49	0.14	2.01	0.99
General revenues:						
Property taxes	44.60	41.00	2.43	3.96	47.03	44.96
Other taxes	22.24	22.17	-	-	22.24	22.17
Grants and contributions not restricted to specific programs	4.10	4.27	-	-	4.10	4.27
Other	1.44	1.93	0.08	-	1.52	1.93
Total revenues	145.88	139.14	24.52	25.87	170.40	165.01
Expenses:						
General government	20.83	23.50	-	-	20.83	23.50
Health	17.10	17.08	-	-	17.10	17.08
Public works	2.48	1.74	-	-	2.48	1.74
Public safety	43.89	42.22	-	-	43.89	42.22
Social services	47.50	47.02	-	-	47.50	47.02
Education and recreation	4.26	4.21	-	-	4.26	4.21
Conservation and development	2.41	2.35	-	-	2.41	2.35
Interest on long-term debt	3.01	2.89	-	-	3.01	2.89
Nursing home	-	-	14.40	13.77	14.40	13.77
Highway	-	-	8.32	11.04	8.32	11.04
Golf Course	-	-	3.18	3.08	3.18	3.08
Total expenses	141.48	141.01	25.90	27.89	167.38	168.90
Increase (decrease) in net assets before transfers	4.40	(1.87)	(1.38)	(2.02)	3.02	(3.89)
Transfers	(5.17)	(3.50)	5.17	3.50	-	-
Increase (decrease) in net assets	(0.77)	(5.37)	3.79	1.48	3.02	(3.89)
Net assets beginning of year	44.35	49.72	9.35	7.87	53.70	57.59
Net assets end of year	$ 43.58	$ 44.35	$ 13.14	$ 9.35	$ 56.72	$ 53.70

Revenue for governmental activities increased by $6.7 million when compared to 2009. Key elements of this increase are as follows:

- Increased property tax of $3.6 million.
- Increase in state shared tax revenue of $0.3 million.
- Increase in other Human Services grants of $1.7 million mostly related to W-2 benefits.
- Increase in federal inmate housing charges of $0.8 million.
- Increase in FEMA grants of $0.4 million.
- Increase in sales tax revenues of $0.13 million.
- Decrease in HUD grant for Health Department of $.5 million.
- Decrease of $0.3 million in interest earned due to lower cash balances and lower rates.
- Decrease of $0.3 million land fill tipping fees.

Expenditures for governmental activities increased by $0.47 million when compared to 2009. Key elements of this increase are as follows:

- Decrease in charges for juvenile intake holding fees of $0.6 million due to change in vendor contract.
- Decrease in HUD grant expenses of $0.5 million.
- Increase of $1.6 million in public safety costs. – federal inmate housing costs increased by $0.5 million
- Increase of $0.7 million in Human Services due to W-2 programs and benefits.

Revenue for the Business-type activities decreased by $1.35 million in 2010 when compared to 2009. Key elements of this decrease are as follows:

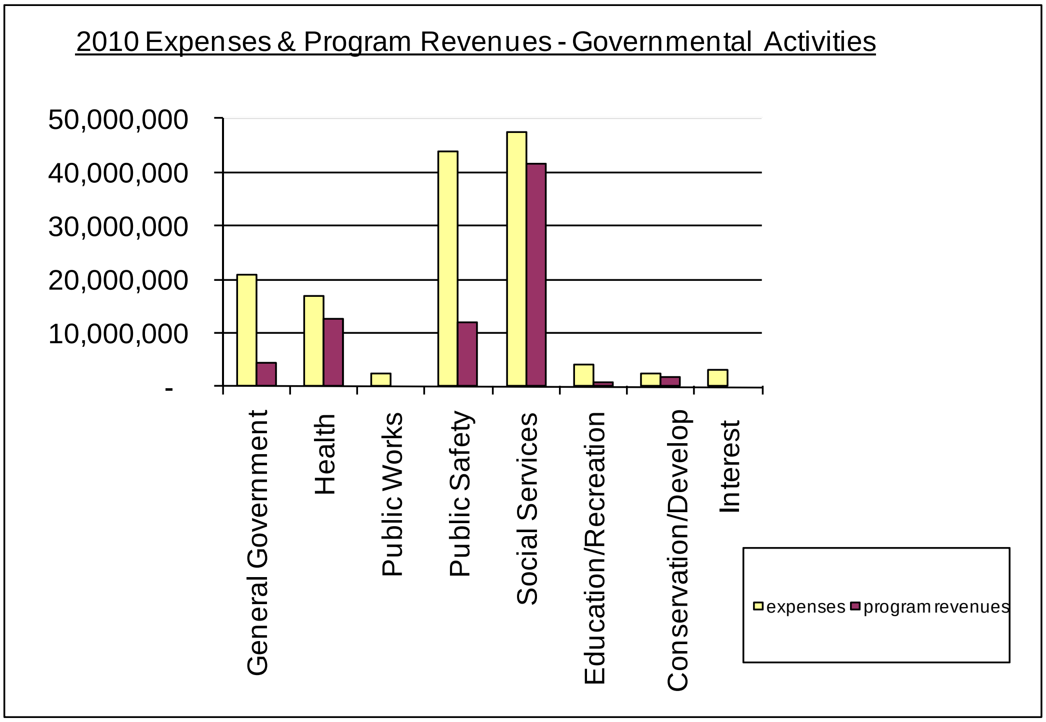
- Brookside property taxes decreased by $1.4 million.
- Brookside operating revenue and grants increased by $0.8 million.
- Highway Local Road Improvement Project revenue increased by $0.4
- Highway revenue decreased by $0.8 million related to maintenance grants for State and local highways.

Expenses for Business-type activities decreased $2.0 million in 2010 when compared to 2009. Key elements of this increase are as follows:

- Increased of overall costs of $0.6 million for Brookside.
- Increase in golf course expenses of $0.1 million.
- Decrease in expenses for Highway maintenance and State projects of $1.5 million.
- The infrastructure transferred out was $1 million higher in 2010 than 2009 causing the Highway expenses to appear lower in 2009.

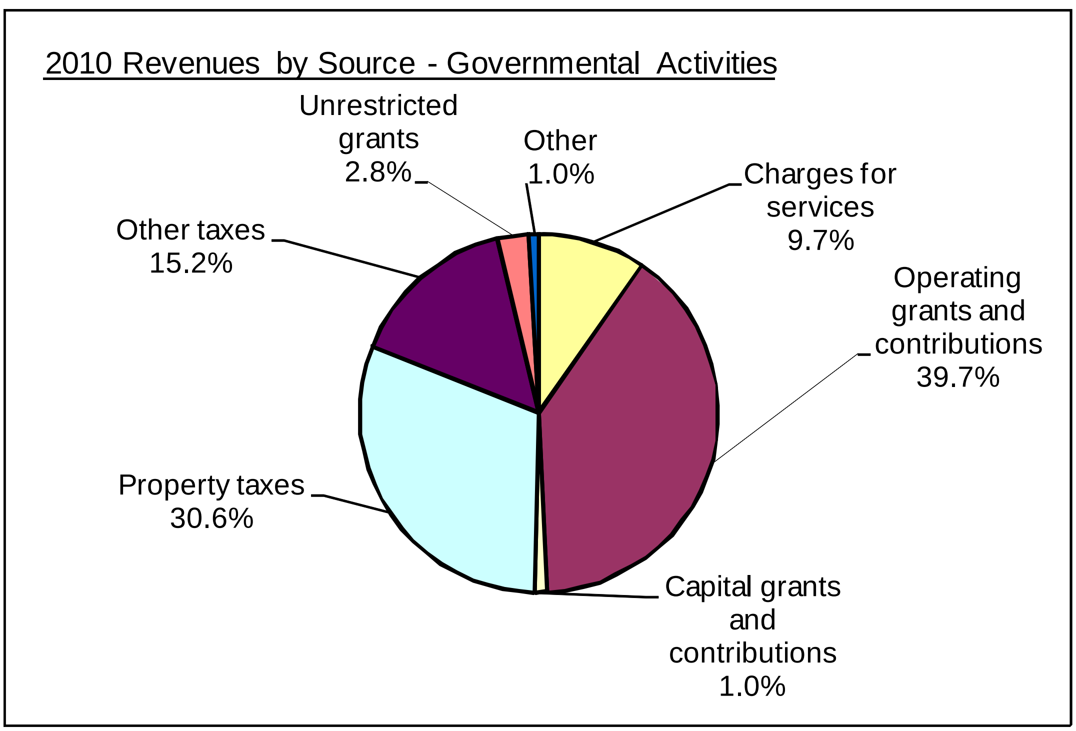
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for 2010.



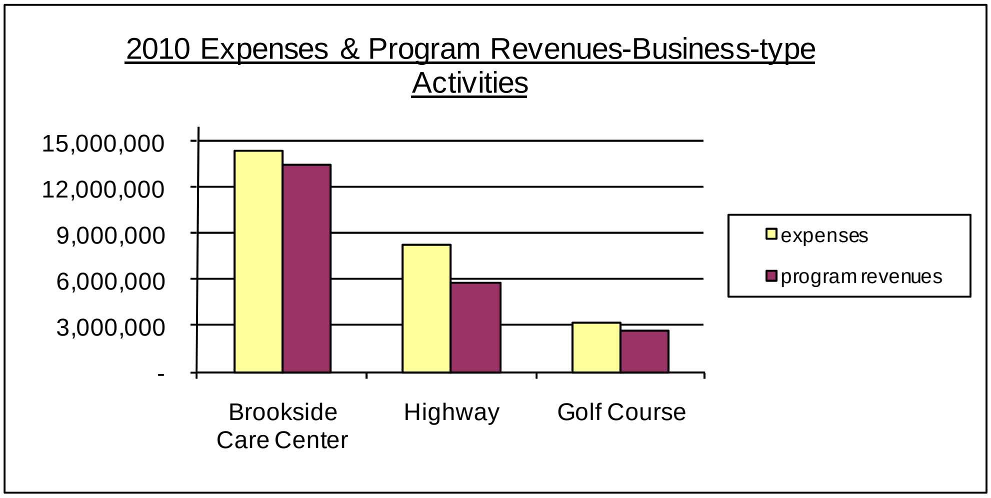
REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2010.



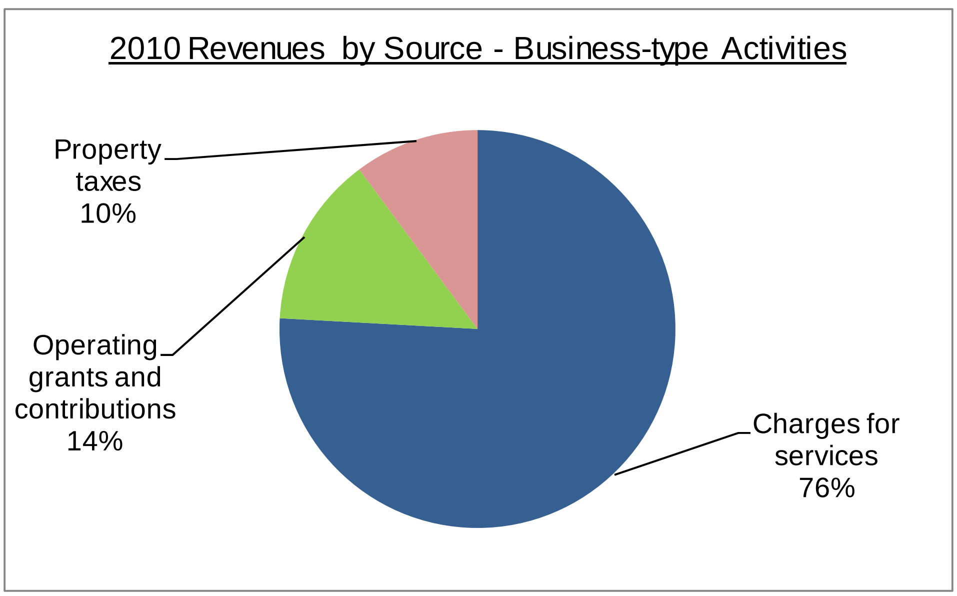
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2010.



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2010.



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 an increase in the total available fund balance with an increase in unreserved, undesignated fund balance over the 2009 balance of $1.4 million. The unreserved, undesignated fund balance increased to $7.385 million in 2010 compared to $5.9 million in 2009. In 2008, the General Fund was significantly affected by the housing market downturn. Tax delinquencies have leveled off since then with an increase of only $0.5 million. In addition, sales tax revenues came in at $0.75 million less than expected. Tipping fees were $0.3 million less than budgeted. Development fees reduced the General Fund even further as planned development has slowed considerably. The County did plan for these decreases in the 2011 budget. Other related deficits were experienced in large part from the continued downturn in the nation's economic conditions. These items are discussed below.

Because of the approval of the Health Insurance internal service reserve policy, funds that otherwise would have lapsed to the General Fund now remain in the Health Insurance internal service fund for a maximum of $1.5 million as approved by County Board. When reserves drop below the 17% policy amount, cash reserves in the Brookside fund will continue to lapse to the General Fund when there are reserves available. The following chart shows total reserve balances when the Health Insurance and Brookside funds are included:

	2005	2006	2007	2008	2009	2010
General Fund	$ 11,453,188	$ 9,772,776	$ 8,202,767	$ 8,396,379	$ 5,936,999	$ 7,385,156
Health Insurance	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,001
Brookside	1,164,018	1,084,755	-	-	-	-
Total	$ 14,117,206	$ 12,357,531	$ 9,702,767	$ 9,896,379	$ 7,436,999	$ 8,885,157

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 continue to impact 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 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 COUNTY'S FUNDS (continued)

General Fund (continued)

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

- To maintain the fund balance of the General Fund at levels sufficient to protect the County's creditworthiness as well as its financial positions from unforeseeable emergencies.
- To ensure sufficient liquidity to provide for County obligations as they become due.
- To maintain the proper balance between maintaining a prudent level of reserves that is neither too low nor too high. The policy requires that the County maintain 17% of General Fund expenditures as unreserved, undesignated fund balance in the General Fund. The County was below the 17% threshold by $3.23 million at year-end 2010. See the summary on page 14 for an analysis of this.

In accord with this policy, available balances within the General Fund in excess of 17% may be used for capital expenditures and one-time operating expenditures. An amount not to exceed $300,000 may be used for ongoing operational expenditures. In the 2010 audit, $50,000 of funds from the General Fund was designated to fund operations for the 2011 budget. This policy does permit reserves to be used for mid-year budget transfers.

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

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

Items that increased the General Fund:

2010 Midyear Budget Correction Plan – Anticipating decreases in revenues in 2010, the County implemented a mid-year budget correction plan which involved spending reductions, hiring freezes and layoffs in the Highway department. Savings were over $1 million.

Human Services Placements Surplus – Placements in Human Services decreased for a savings of $845,767.

Health Insurance Internal Service Fund - Health Insurance had a surplus of $1,736,000 which was credited back as a savings to the funds.

Sheriff Department – Federal Inmate Revenue – Increase in housing of federal inmates resulted in additional $964,558 of revenue.

Items that reduced the General Fund:

Brookside's Use of Health Insurance Surplus - In 2010, Brookside had a deficit in operations costs of $660,171 which was covered with a transfer from the Human Services Fund. See page 15 for more discussion pertaining to Brookside.

Circuit Court Revenue – Interest revenue decrease significantly as fines and fees were less in 2010 than anticipated.

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Planning and Development Fees / Tipping Fees / Sales Tax Deficit
The above items were less than planned due to the effect of the economic downturn which resulted in slowed development projects ($109,492), lower tipping fees ($299,679), and lower spending by consumers ($754,599).

Increase in Tax Delinquencies
The economic downturn continues to affect the collection of delinquent taxes although the increase has leveled off considerably. The increase for delinquencies at year end was $476,736.

Golf Course Deficit – The 2010 deficit of $342,643 was covered by other Public Works division's surpluses so it had no effect on the General Fund in 2010.

Vacancy Adjustment Deficit - 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 2010, the budgeted County vacancy adjustment was $1,060,000. In 2010, the General Fund was affected with a deficit of $263,766 due to the vacancy adjustment.

The County has historically budgeted the majority of the vacancy adjustment in the General Fund. In 2010, $200,000 was budgeted separately in the Brookside 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 Brookside, and the Golf Course, no funds were available to lapse back to the General Fund in 2010 that otherwise would have been available to fund the vacancy adjustment.
Anticipating a similar effect in 2011, the County kept the vacancy rate less than 2.0% in the 2011 budget.

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Summary of 2010 Operations: Review of Major Elements Impacting the Undesignated, Unreserved Fund Balance in the General Fund

2009 Undesignated Reserves			**$ 5,936,999**
Items that increase the General fund			
	State Shared Revenue		53,555
	Sheriff - Primarily Federal Inmate Revenue		964,558
	Mid- Year Levy Reduction (Revenue Inc/Spending Reductions)		1,026,495
	Property Insurance Holiday		66,079
	WRS Refund		87,665
	Juvenile Intake - Juvenile Detention		227,297
	Treasurer - Interest on investments/Penalty on Delinquent Taxes		108,147
	City Debt Payment on Safety Building		75,872
	Human Services Primarily Placements Surplus		845,767
	Indirect Cost Revenue		49,161
	Liability Insurance		185,624
	Health Insurance		1,736,000
Total Increase to the General Fund			5,426,220
Planned Decreases to the General Fund			
	Reserves used to fund operations for 2011 budget		(50,000)
	General Fund Transfer Vacation Buyout		(145,000)
	Carryover/Closeout Resolution		(83,000)
Total Planned Decrease to the General Fund			(278,000)
All other net reductions to Fund balance			
	Circuit Court Revenue		(345,619)
	Joint Services		(50,645)
	Profit/Loss on Tax Deed Revenue		(37,165)
	Safety Building Deferred Revenue		(132,953)
	DPW - Highway, Facilities, Parks - Surplus Available to cover Golf	$342,643	
	DPW - Golf Deficit	($342,643)	-
	Brookside Deficit Primarily Private Pay		(660,171)
	Increase in outstanding tax delinquencies		(476,736)
	Planning and Development Revenue		(109,492)
	Register of Deeds Revenue		(66,843)
	Tipping Fee Revenue		(299,679)
	Sales Tax Revenue		(754,599)
	Dog Track Revenue		(65,000)
	Vacancy adjustment Deficit		(465,937)
	Workers Compensation Deficit		(263,766)
	Various Small Net Deficits		28,542
Total all other net reductions to Fund Balance			(3,700,063)
2010 undesignated reserves			**$ 7,385,156**
	Less: County Board requirement of 17% of General Funds Expenditures		10,609,204
Amount under 17%			**$ 3,224,048**
Per County Board Resolution: 17% Goal for Reserves			**2010**
	2010 General Fund Expenditures		$ 62,407,080
	Undesignated reserves as a percent of General Fund expenditures		11.83%
	Percentage goal set		17.00%
Effect of Increased Tax Delinquencies on Reserves			
	2005 Tax Delinquencies adjusted for 1st 60 days collected in new year		$ 3,246,221
	2010 Tax Delinquencies adjusted for 1st 60 days collected in new year		7,104,463
	Incease in Tax Delinquencies since 2005		$ 3,858,242
	General Fund undesignated reserves if no Tax Delinquency increase		$11,243,398
	Percent of General Fund expenditures if no Tax Delinquency increase		18.02%

THE COUNTY'S FUNDS (continued)

Brookside Enterprise Fund

In 2010, the Brookside Fund had a loss of $908,346 before transfers. The Brookside deficit occurred primarily in the 4th quarter, and resulted from higher Medicaid beds than expected, versus fewer Medicare beds than planned. The mix of funding sources did not occur as budgeted. In addition, Brookside was not budgeted to receive any levy in 2010 but kept the Intergovernmental Transfer amount as revenue in its own fund to offset the need for levy. Transfers into Brookside in the amount of $276,100 consisted of bonding approved in the 2010 adopted budget issued for Brookside purposes for capital outlay. This bond amount was not added to the debt of Brookside but will be paid for in the Debt Service fund.

After the transfer for capital outlay, Brookside had a deficit of $660,171. The Human Services fund transferred $660,171 to cover this deficit erasing the remaining deficit. 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 occurred in 2010. There were no reserves available to be lapsed to the General Fund at year-end.

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.

Golf Course Fund

The golf course closed with a cash deficit of $342,643. This same amount was transferred from other Public Works divisions 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 use between appropriations to prevent budget overruns. All of the transfers in this category were done within the total budget.
- The fourth category includes transfers from the General Fund approved by the County Board.

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

- The fifth category is reprogrammed surplus funds re-budgeted for a new purpose using surplus funds identified as part of the year-end closeout. The County approved the reprogramming of $359,253 for IT, UW-Extension and various divisions of Public Works for use in 2011.

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 2010, the County experienced a significant increase from the prior year in the total undesignated, unrestricted fund balance in the General Fund.

2010 is the fourth year the County undesignated fund balance closed below the 17% General Fund policy target. In 2010, total undesignated unreserved funds in the General Fund are about $7.4 million, (when adjusted for the unintended prepaid disbursement) or 11.83% 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 had continued this practice with the adoption of the 2004, 2005, and 2006 budgets. As a result of not using reserves to fund operating costs, 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.

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

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

The recession continued into 2009. The General Fund declined by $2.5 million to $6.2 million. The primary reason for the decline in the General Fund has been the increase in property tax delinquencies. From the low point of $4 million in 2005, tax delinquencies have increased to $8 million in 2009. Had tax delinquencies remained stable, the undesignated General Fund balance would be at about 15% of the policy target.

In 2010, the undesignated General Fund balance experienced an increase of $1.4 million primarily due to a mid-year budget adjustment as is mentioned in this report.

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

State and National events have had and will continue to have a significant impact upon the County. The State recently adopted legislation that substantially reduces aids to counties. However, this is offset by substantial flexibility with regard to personnel costs derived from major changes to collective bargaining laws. The current 3-year budget forecast reflects sustainability with regard to County operations. No major reductions in service appear to be necessary at this time.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2010, the County had $147.96 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

The $13.64 million increase in construction in progress in the Governmental activities reflects the continuation of the public safety building addition to be completed in 2011. The $3.4 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 62 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Construction in progress	$ 16.27	$ 2.63	$ 0.30	0.23	$ 16.57	$ 2.86
Land	19.21	17.96	0.34	0.34	19.55	18.30
Land improvements	18.22	18.11	4.49	4.31	22.71	22.42
Intangible assets	-	-	0.03	-	0.03	-
Buildings	80.80	80.57	16.03	15.38	96.83	95.95
Machinery & equipment	24.24	21.41	19.25	18.16	43.49	39.57
Infrastructure	37.07	35.56	-	-	37.07	35.56
Total capital assets	195.81	176.24	40.44	38.42	236.25	214.66
Less: accumulated depreciation	(63.71)	(58.42)	(24.58)	(23.63)	(88.29)	(82.05)
Total net capital assets	$ 132.10	$ 117.82	$ 15.86	$ 14.79	$ 147.96	$ 132.61

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt

At year-end, the County had $95,765,000 in outstanding general obligation debt.

Bonded debt outstanding at 12/31/09	$	83,790,000
Principal retired in 2010		(38,340,000)
Refunding Bonds		27,555,000
Notes issued to fund 2010 capital projects		22,760,000
Debt outstanding at 12/31/10	$	95,765,000

New principal issued was $50,315,000. Total debt outstanding increased by $11,975,000 or 14.29%.

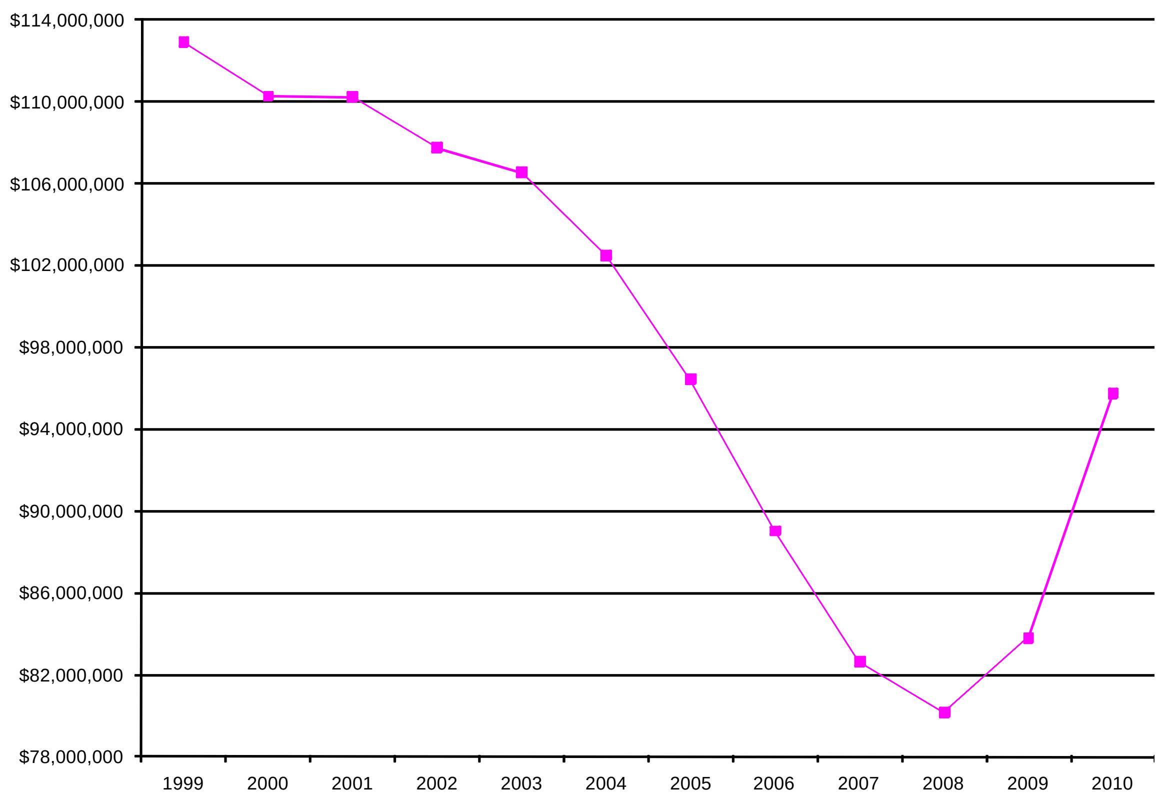
The County's credit rating did change in 2009 as part of Moody's recalibration. The Moody's credit rating increased to Aa1. Prior to that, the County received a rating increase from Moody's in 2007, from Aa3 to Aa2. Prior to 2007, the last change in the Moody's rating came in 2004, when it increased from A1 to Aa3. The most recent increase in the County's Standard and Poor's credit rating occurred in 2003 when the County's rating increased from AA- to AA.

Since 1999, the County has experienced an overall decline in total debt outstanding despite the increase in total debt outstanding in 2010. County debt hit its highest level of $112.9 in 1999, including the County's unfunded actuarial pension liability. As of year end 2010, total County general obligation debt outstanding is $95.8 million compared to $112.9 million at year end 1999 ($148 million in 2010 adjusted for inflation). Adjusted for inflation, the 2010 County debt outstanding is now 66.7% when compared to the 1999 inflation-adjusted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Kenosha County Debt Service

(This graph reflects actual debt balances.)



See Notes to the Financial Statements page 67 for more detail about the County's debt.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

David M. Geertsen, CPA
Director of Finance and Administrative Services
Kenosha County, Wisconsin

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KENOSHA COUNTY
STATEMENT OF NET ASSETS
As of December 31, 2010

ASSETS	Governmental Activities	Business-type Activities	Totals
Cash and temporary cash investments	$ 16,483,294	$ 4,028,174	$ 20,511,468
Receivables			
Property taxes	56,039,127	2,335,843	58,374,970
Delinquent taxes	10,884,308	-	10,884,308
Miscellaneous	2,614,530	1,800,695	4,415,225
Due from other governments	10,830,708	751,406	11,582,114
Prepaid items	872,718	-	872,718
Inventories	-	649,622	649,622
Restricted assets			
Cash	519,173	-	519,173
Deposit with Wisconsin Municipal Mutual Insurance Co.	1,157,860	-	1,157,860
Capital assets			
Land, improvements, and construction in progress	49,615,142	636,892	50,252,034
Other capital assets, net of depreciation	82,481,784	15,220,818	97,702,602
Total Capital Assets	132,096,926	15,857,710	147,954,636
Total Assets	231,498,644	25,423,450	256,922,094
LIABILITIES			
Accounts payable	9,551,336	362,958	9,914,294
Accrued compensation	3,539,495	-	3,539,495
Other current liabilities	607,828	36,919	644,747
Special deposits	15,516	-	15,516
Due to other governments	4,654,555	159,067	4,813,622
Unearned property tax revenue	56,039,127	2,335,843	58,374,970
Other unearned revenue	1,465,795	418,850	1,884,645
Long-term liabilities			
Due within one year	10,719,611	899,950	11,619,561
Due in more than one year	101,321,813	8,071,236	109,393,049
Total Liabilities	187,915,076	12,284,823	200,199,899
NET ASSETS			
Invested in capital assets, net of related debt	52,582,989	12,609,429	60,787,118
Restricted for:			
Specific purpose: grants and loans	1,415,765	-	1,415,765
Non-expendable fund use	-	157,270	157,270
Unrestricted (deficit)	(10,415,186)	371,928	(5,637,958)
Total Net Assets	$ 43,583,568	$ 13,138,627	$ 56,722,195

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	$ 20,826,241	$ 2,461,276	$ 1,864,042	$ 71,211	$ (16,429,712)	$ -	$ (16,429,712)
Health	17,095,187	1,808,481	10,936,802	-	(4,349,904)	-	(4,349,904)
Public works	2,476,689	-	-	-	(2,476,689)	-	(2,476,689)
Public safety	43,889,855	8,938,958	2,904,399	-	(32,046,498)	-	(32,046,498)
Social services	47,503,793	430,649	41,277,575	55,130	(5,740,439)	-	(5,740,439)
Education and recreation	4,264,292	216,601	586,391	131,648	(3,329,652)	-	(3,329,652)
Conservation and development	2,404,019	258,111	304,448	1,261,530	(579,930)	-	(579,930)
Interest on long-term debt	3,012,417	-	-	-	(3,012,417)	-	(3,012,417)
Total Governmental Activities	141,472,493	14,114,076	57,873,657	1,519,519	(67,965,241)	-	(67,965,241)
Business-type activities:							
Brookside Care Center	14,404,345	12,615,400	875,728	-	-	(913,217)	(913,217)
Highway	8,323,425	2,888,028	2,472,576	485,453	-	(2,477,368)	(2,477,368)
Golf Course	3,175,828	2,671,164	-	-	-	(504,664)	(504,664)
Total Business-type Activities	25,903,598	18,174,592	3,348,304	485,453	-	(3,895,249)	(3,895,249)
Totals	$ 167,376,091	$ 32,288,668	$ 61,221,961	$ 2,004,972	(67,965,241)	(3,895,249)	(71,860,490)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					44,597,857	2,432,261	47,030,118
Property taxes, levied for debt service					12,148,692	-	12,148,692
Sales tax - County					10,095,448	-	10,095,448
Grants and contributions not restricted to specific programs					4,098,470	-	4,098,470
Unrestricted investment earnings					306,202	1,136	307,338
Miscellaneous					1,118,064	81,147	1,199,211
Transfers					(5,170,243)	5,170,243	-
Total general revenues and transfers					67,194,490	7,684,787	74,879,277
Change in net assets					(770,751)	3,789,538	3,018,787
Net assets-beginning					44,354,319	9,349,089	53,703,408
Net assets-ending					$ 43,583,568	$ 13,138,627	$ 56,722,195

See accompanying notes to the financial statements.

KENOSHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 7,134,539	$ 206,862	$ 218,008	$ 6,420,175	$ 13,979,584
Receivables					
Property taxes	31,887,626	10,205,122	11,549,511	2,396,868	56,039,127
Delinquent taxes	10,884,308	-	-	-	10,884,308
Miscellaneous	379,507	17,769	-	379,475	776,751
Due from other governments	3,804,637	5,073,977	-	1,952,094	10,830,708
Due from other funds	875,589	498,960	-	62,734	1,437,283
Prepaid items	481,490	6,409	-	-	487,899
Loans receivable	-	-	-	1,234,225	1,234,225
TOTAL ASSETS	$ 55,447,696	$ 16,009,099	$ 11,767,519	$ 12,445,571	$ 95,669,885
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 833,754	$ 2,465,982	$ 600	$ 1,582,393	$ 4,882,729
Accrued compensation	3,539,495	-	-	-	3,539,495
Special deposits	9,231	2,846	-	3,439	15,516
Due to other governments	2,089,729	2,278,836	-	285,990	4,654,555
Due to other funds	-	-	-	1,437,283	1,437,283
Deferred property tax revenue	31,887,626	10,205,122	11,549,511	2,396,868	56,039,127
Other deferred revenue	1,661,318	768,895	-	1,588,287	4,018,500
Total Liabilities	40,021,153	15,721,681	11,550,111	7,294,260	74,587,205
Fund Balances					
Reserved for delinquent tax certificate receivables	5,785,716	-	-	-	5,785,716
Reserved for encumbrances	175,695	-	-	1,739,734	1,915,429
Reserved for prepaid items	481,490	6,409	-	-	487,899
Reserved for debt service	-	-	217,408	-	217,408
Unreserved, reported in:					
General Fund, designated	1,598,486	-	-	-	1,598,486
General Fund, undesignated	7,385,156	-	-	-	7,385,156
Special Revenue Funds, designated	-	281,009	-	193,322	474,331
Special Revenue Funds, undesignated	-	-	-	2,026	2,026
Capital Projects Funds, designated	-	-	-	3,229,861	3,229,861
Capital Projects Funds, undesignated (deficit)	-	-	-	(13,632)	(13,632)
Total Fund Balances	15,426,543	287,418	217,408	5,151,311	21,082,680
TOTAL LIABILITIES AND FUND BALANCES	$ 55,447,696	$ 16,009,099	$ 11,767,519	$ 12,445,571	$ 95,669,885

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, 2010

Fund Balance - Total Governmental Funds		21,082,680
This is the amount of total capital assets ($132,096,926) less capital assets reported in internal service funds ($4,766,013).		127,330,913
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.		(111,476,348)
Interest expense is not accrued in the governmental funds		(602,580)
Proceeds of loans receivable collected are recorded as revenue in government-wide not as deferred revenue.		1,234,225
Unavailable delinquent tax receivable is recorded as revenue in government-wide not as deferred revenue.		1,318,747
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.		4,695,931
Total Net Assets - Governmental Activities	$	43,583,568

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, 2010

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 41,774,584	$ 10,441,146	$ 12,148,692	$ 2,401,513	$ 66,765,935
Licenses and permits	202,144	-	-	345,084	547,228
Intergovernmental revenues	8,950,144	48,267,758	217,408	5,429,903	62,865,213
Charges for services	10,421,097	26,023	-	2,123,555	12,570,675
Fines, forfeits and penalties	980,090	141,535	-	-	1,121,625
Investment income	263,329	-	-	9,102	272,431
Miscellaneous income	647,772	259,468	-	509,147	1,416,387
Total Revenues	63,239,160	59,135,930	12,366,100	10,818,304	145,559,494
EXPENDITURES					
Current					
General government	17,051,523	-	-	-	17,051,523
Health	-	10,526,163	-	6,409,404	16,935,567
Public safety	40,999,792	-	-	-	40,999,792
Social services	271,955	46,943,050	-	-	47,215,005
Education and recreation	1,964,413	-	-	1,934,061	3,898,474
Conservation and development	1,955,158	-	-	292,181	2,247,339
Capital Outlay	164,239	-	-	18,511,256	18,675,495
Debt Service					
Principal retirement	-	-	7,151,560	-	7,151,560
Interest, fiscal charges and debt issuance costs	-	-	3,155,446	358,885	3,514,331
Total Expenditures	62,407,080	57,469,213	10,307,006	27,505,787	157,689,086

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, 2010

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	832,080	1,666,717	6,719,094	(16,687,483)	(7,469,592)
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	-	-	22,760,000	22,760,000
Refunding debt issued	-	-	27,555,000	-	27,555,000
Payment to escrow agent	-	-	(7,195,712)	-	(7,195,712)
Refunding debt retirement	-	-	(27,555,000)	-	(27,555,000)
Premium on issuance of debt	-	-	411,599	28,641	440,240
Transfers in	851,806	-	136,037	2,056,106	3,043,949
Transfers out	(206,329)	(1,384,349)	-	(9,101,895)	(10,692,573)
Total Other Financing Sources (Uses)	645,477	(1,384,349)	(6,648,076)	15,742,852	8,355,904
Net change in fund balance	1,477,557	282,368	71,018	(944,631)	886,312
FUND BALANCES					
Beginning of year	13,948,986	5,050	146,390	6,095,942	20,196,368
FUND BALANCES - END OF YEAR	$ 15,426,543	$ 287,418	$ 217,408	$ 5,151,311	$ 21,082,680

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, 2010

Net Change in Fund Balances - Total Governmental Funds	$	886,312
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 ($18,675,495), infrastructure contributed by business-type ($2,478,381), less capital outlay that falls below the threshold ($115,140) exceeds depreciation ($5,618,540) in the current period.		15,420,196
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase (decrease) net assets.		(729,128)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(22,791)
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.		(13,105,728)
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.		(3,209,357)
Delinquent tax receivables not collected within 60 days of year end are recorded as unearned revenue in the governmental funds.		76,015
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.		(86,270)
Change in net assets of governmental activities	$	(770,751)

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2010

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	42,466,653	41,470,976	$ 41,774,584	$ 303,608
Licenses and permits	321,620	319,120	202,144	(116,976)
Intergovernmental revenues	8,323,511	9,428,021	8,950,144	(477,877)
Charges for services	9,111,729	9,700,229	10,421,097	720,868
Fines, forfeits and penalties	1,191,416	1,232,772	980,090	(252,682)
Investment income	665,916	665,916	263,329	(402,587)
Miscellaneous income	810,776	798,276	647,772	(150,504)
Carryovers	522,340	1,642,363	-	(1,642,363)
Total Revenues	63,413,961	65,257,673	63,239,160	(2,018,513)
Expenditures				
Current				
General government	17,641,880	17,883,751	17,051,523	832,228
Public safety	41,255,660	42,633,350	40,999,792	1,633,558
Social services	269,094	276,157	271,955	4,202
Education/recreation	2,163,607	2,226,414	1,964,413	262,001
Conservation and development	2,036,720	3,046,941	1,955,158	1,091,783
Capital Outlay	47,000	164,286	164,239	47
Total Expenditures	63,413,961	66,230,899	62,407,080	3,823,819
Excess (deficiency) of revenues over expenditures	-	(973,226)	832,080	1,805,306
Other Financing Sources (Uses)				
Transfers in	-	851,806	851,806	-
Transfers out	-	(206,329)	(206,329)	-
Total Other Financing Sources (Uses)	-	645,477	645,477	-
Net change in fund balance	-	(327,749)	1,477,557	1,805,306
Fund balance - beginning	13,948,986	13,948,986	13,948,986	-
Fund balance - ending	$ 13,948,986	$ 13,621,237	$ 15,426,543	$ 1,805,306

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, 2010

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 10,441,146	$ 10,441,146	$ 10,441,146	$ -
Intergovernmental revenues	45,606,920	51,512,280	48,267,758	(3,244,522)
Charges for services	69,500	69,500	26,023	(43,477)
Fines, forfeits and penalties	175,000	175,000	141,535	(33,465)
Miscellaneous income	7,100	254,762	259,468	4,706
Carryovers	-	20,508	-	(20,508)
Total Revenues	56,299,666	62,473,196	59,135,930	(3,337,266)
Expenditures				
Current				
Health	9,924,146	11,046,237	10,526,163	520,074
Social services	46,375,520	51,239,934	46,943,050	4,296,884
Total Expenditures	56,299,666	62,286,171	57,469,213	4,816,958
Excess of revenues over expenditures	-	187,025	1,666,717	1,479,692
Other Financing Uses				
Transfers out	-	(1,384,349)	(1,384,349)	-
Net change in fund balance	-	(1,197,324)	282,368	1,479,692
Fund balance - beginning	5,050	5,050	5,050	-
Fund balance (deficit) - ending	$ 5,050	$ (1,192,274)	$ 287,418	$ 1,479,692

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2010

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
ASSETS					
Current assets					
Cash and cash equivalents	$ 157,270	$ 3,626,324	$ 244,580	$ 4,028,174	$ 2,503,710
Accounts receivable	1,754,410	45,792	493	1,800,695	603,554
Property taxes receivable	-	2,335,843	-	2,335,843	-
Due from other governments	-	751,406	-	751,406	-
Due from other funds	-	431,488	-	431,488	1,968,007
Inventories	46,734	575,652	27,236	649,622	-
Prepaid items	-	-	-	-	384,819
Total current assets	1,958,414	7,766,505	272,309	9,997,228	5,460,090
Noncurrent assets					
Restricted cash and investments	-	-	-	-	519,173
Deposit in WMMIC	-	-	-	-	1,157,860
Capital assets					
Land and construction in progress	203	60,409	576,280	636,892	682,623
Intangible assets	-	-	29,508	29,508	-
Buildings and improvements	5,610,681	8,292,370	6,612,316	20,515,367	7,297,246
Machinery and equipment	4,601,177	11,794,478	2,858,050	19,253,705	619,623
Accumulated depreciation/amortization	(5,995,184)	(13,258,830)	(5,323,748)	(24,577,762)	(3,833,479)
Total capital assets	4,216,877	6,888,427	4,752,406	15,857,710	4,766,013
Total noncurrent assets	4,216,877	6,888,427	4,752,406	15,857,710	6,443,046
Total Assets	6,175,291	14,654,932	5,024,715	25,854,938	11,903,136
LIABILITIES					
Current liabilities					
Accounts payable	164,352	160,489	38,117	362,958	803,439
Claims payable	-	-	-	-	3,865,168
Due to other funds	431,488	-	-	431,488	1,968,007
Due to other governments	73,203	85,864	-	159,067	-
Other current liabilities	36,919	-	-	36,919	5,248
Current portion of long-term debt payable	664,409	20,279	291,138	975,826	509,123
Current portion of unamortized (discount) premium on debt	(33,919)	-	(41,957)	(75,876)	-
Unearned property tax revenue	-	2,335,843	-	2,335,843	-
Other unearned revenue	418,850	-	-	418,850	267
Total current liabilities	1,755,302	2,602,475	287,298	4,645,075	7,151,252
Noncurrent liabilities					
Long-term obligations	4,527,537	2,232,976	1,546,569	8,307,082	55,953
Unamortized (discount) premium on debt	(67,840)	-	(168,006)	(235,846)	-
Total noncurrent liabilities	4,459,697	2,232,976	1,378,563	8,071,236	55,953
Total Liabilities	6,214,999	4,835,451	1,665,861	12,716,311	7,207,205
NET ASSETS					
Invested in capital assets, net of related debt	2,308,635	6,888,427	3,412,367	12,609,429	4,200,937
Restricted for non-expendable fund use	157,270	-	-	157,270	-
Unrestricted (deficit)	(2,505,613)	2,931,054	(53,513)	371,928	494,994
Total Net Assets (Deficit)	$ (39,708)	$ 9,819,481	$ 3,358,854	$ 13,138,627	$ 4,695,931

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, 2010

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
OPERATING REVENUES					
Charges for services	$ 12,615,400	$ 2,888,028	$ 2,671,164	$ 18,174,592	$ 21,653,564
Total Operating Revenues	12,615,400	2,888,028	2,671,164	18,174,592	21,653,564
OPERATING EXPENSES					
Operations and maintenance	12,357,144	9,010,778	2,666,036	24,033,958	21,407,321
General and administrative	1,559,677	1,044,955	-	2,604,632	-
Depreciation and amortization	374,197	746,073	403,550	1,523,820	486,289
Total Operating Expenses	14,291,018	10,801,806	3,069,586	28,162,410	21,893,610
Operating Loss	(1,675,618)	(7,913,778)	(398,422)	(9,987,818)	(240,046)
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	-	2,432,261	-	2,432,261	-
Intergovernmental grants	874,434	2,958,029	-	3,832,463	-
Investment income	1,136	-	-	1,136	33,771
Miscellaneous Income	5,029	77,412	-	82,441	168,698
Amortization of debt discount and loss on refinancing	(33,919)	-	(41,957)	(75,876)	-
Interest and fiscal charges	(79,408)	-	(64,285)	(143,693)	(48,693)
Total Non-Operating Revenues (Expenses)	767,272	5,467,702	(106,242)	6,128,732	153,776
Income (Loss) Before Transfers	(908,346)	(2,446,076)	(504,664)	(3,859,086)	(86,270)
TRANSFERS					
Transfers in	936,271	4,625,900	2,267,143	7,829,314	463,295
Transfers out	-	(180,690)	-	(180,690)	(463,295)
Total Transfers	936,271	4,445,210	2,267,143	7,648,624	-
Change in net assets	27,925	1,999,134	1,762,479	3,789,538	(86,270)
Total net assets at the beginning of year (deficit)	(67,633)	7,820,347	1,596,375	9,349,089	4,782,201
Total net assets at end of year (deficit)	$ (39,708)	$ 9,819,481	$ 3,358,854	$ 13,138,627	$ 4,695,931

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, 2010

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	$ 11,943,824	$ 2,481,349	$ 2,676,348	$ 17,101,521	$ 20,514,171
Paid to suppliers and employees for goods and services	(13,344,217)	(11,237,228)	(2,718,756)	(27,300,201)	(20,976,752)
Cash Flows from Operating Activities	(1,400,393)	(8,755,879)	(42,408)	(10,198,680)	(462,581)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	-	2,432,261	-	2,432,261	-
Intergovernmental grants	1,293,284	2,958,029	-	4,251,313	-
Miscellaneous income	5,029	-	-	5,029	168,698
Transfers	660,171	(180,690)	342,643	822,124	168,698
Cash Flows from Noncapital Financing Activities	1,958,484	5,209,600	342,643	7,510,727	337,396
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(650,000)	-	(270,000)	(920,000)	(678,440)
Interest paid	(86,450)	-	(64,285)	(150,735)	(48,693)
Miscellaneous income	-	77,412	-	77,412	-
Acquisition and construction of capital assets	(125,602)	(627,107)	(1,863,687)	(2,616,396)	(74,240)
Sale of capital assets	16,028	7,466	-	23,494	-
Transfers	276,100	4,625,900	1,924,500	6,826,500	-
Cash Flows from Capital and Related Financing Activities	(569,924)	4,083,671	(273,472)	3,240,275	(801,373)
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit to WMMIC restricted cash	-	-	-	-	(1,391)
Investment income	1,136	-	-	1,136	33,771
Cash Flows from Investing Activities	1,136	-	-	1,136	32,380
Net Change in Cash and Cash Equivalents	(10,697)	537,392	26,763	553,458	(1,062,876)
Cash and Cash Equivalents - Beginning of Year	167,967	3,088,932	217,817	3,474,716	3,566,586
Cash and Cash Equivalents - End of Year	$ 157,270	$ 3,626,324	$ 244,580	$ 4,028,174	$ 2,503,710

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2010

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	$ (1,675,618)	$ (7,913,778)	$ (398,422)	$ (9,987,818)	$ (240,046)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Depreciation expense and amortization	374,197	746,073	403,550	1,523,820	486,289
Changes in assets and liabilities:					
Accounts receivable	(671,576)	1,468	1,501	(668,607)	(421,019)
Due from other governments	-	23,341	3,683	27,024	-
Inventories	(4,275)	(226,251)	4,874	(225,652)	-
Due from other funds	-	(431,488)	-	(431,488)	(718,374)
Prepaid items	882	-	-	882	(285,942)
Accounts payable	(16,923)	(47,009)	(90,372)	(154,304)	272,412
Claims payable	-	-	-	-	(266,651)
Due to other governments	-	(1,115,420)	-	(1,115,420)	-
Due to other funds	102,060	-	-	102,060	718,374
Unearned revenue	-	-	-	-	(468)
OPEB payable	478,663	273,781	32,912	785,356	-
Accrued compensation	22,414	(66,596)	(134)	(44,316)	-
Other current liabilities	(10,217)	-	-	(10,217)	(7,156)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (1,400,393)	$ (8,755,879)	$ (42,408)	$ (10,198,680)	$ (462,581)
Noncash investing, capital and financing activities:					
Infrastructure transferred to governmental activities	$ -	$ 2,478,381	$ -	$ 2,478,381	$ -

See accompanying notes to the financial statements.

KENOSHA COUNTY

STATEMENT OF ASSETS & LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
December 31, 2010

ASSETS		
Cash and temporary cash investments	$	3,210,732
Miscellaneous receivables		15,837
Total Assets	$	3,226,569
LIABILITIES		
Other accrued liabilities	$	3,226,569
Total Liabilities	$	3,226,569

See accompanying notes to the financial statements.

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS
December 31, 2010

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS (cont.)
December 31, 2010

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

In June 2007, the GASB issued statement No. 51 - *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and reporting requirements for intangible assets to reduce inconsistencies among governments, thereby enhancing the comparability of such assets among state and local governments.

The county made the decision to implement this standard effective January 1, 2010.

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.

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

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

Government-Wide Financial Statements (cont.)

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

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.

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

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

Fund Financial Statements (cont.)

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

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	Federated Library System
Health Department	Geographic Information Systems

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

County Detention Center	Western County Communication
Parkland Development	Courthouse Renovation
Parking Structure	Energy Reduction Technology
Courthouse Security	Broadband/Public Safety Building
Jail Expansion	HVAC System Replacement
Wireless 911	Courthouse/Molinaro Building Restoration
Bike Trail	Other Capital Projects
Public Safety Building Addition	

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

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

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

Fund Financial Statements (cont.)

In addition, the County reports the following fund types:

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

Human Services Building	Workers Compensation
Health Insurance	General Liability Insurance

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

  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 recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

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

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for human services, victim witness, bike trail project 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. Sales taxes are recognized as revenues in the year in which the underlying sales relating to it take place.

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in the future years are reflected as receivables and deferred revenues. Delinquent special assessments being held for collection by the County are reported as receivables and reserved fund balance in the General Fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

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

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

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

Fund Financial Statements (cont.)

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

Proprietary 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 guidance issued after 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.

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, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

Investments are stated at fair value, which is the 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, 2010 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.

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 – 2010 tax roll:

Lien date and levy date	December 2010
Tax bills mailed	December 2010
Payment in full, or	January 31, 2011
First installment due	January 31, 2011
Second installment due	July 31, 2011
Personal property taxes in full	January 31, 2011
Tax sale – 2010 delinquent real estate taxes	October 2013

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 a 0.5% sales tax which is allocated by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale related to it takes place. At December 31, 2010, the County has accrued two months of the subsequent year's collections as receivable.

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

It is the County's policy to record deferred 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.

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.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation/amortization.

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

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

Fund Financial Statements

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

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

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

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, 2010 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term 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.

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.

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

D. Assets, Liabilities, and Net Assets or Equity (cont.)

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

In September 2009, the County Board authorized issuance of conduit debt titled “Kenosha County, Wisconsin Community Facility Revenue Bond, Series 2009” whose principal may not exceed $8,300,000. The purpose of the bond is to assist a non profit community organization in the construction of a facility within the County. Final maturity of the bonds is September 2034. The bonds are secured by various assets of the borrower. The balance of the debt as of December 31, 2010 is $8,182,700.

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

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. See Note V. 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 debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net 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”.

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

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

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

10. Equity Classifications (cont.)

	Governmental Activities	Business-type Activities	Adjustment	Total
Invested in capital assets, net of related debt	$ 52,582,989	$ 12,609,429	$ (4,405,300)	$60,787,118
Unrestricted (deficit)	(10,415,186)	371,928	4,405,300	(5,637,958)

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.

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(excluding internal service fund debt)	$ 91,639,924
Vacation/casual day accrual	3,212,419
Post retirement health insurance benefits	17,634,768
Unamortized debt discount and issue costs	(1,010,763)
Combined adjustment for long-term liabilities	$ 111,476,348

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

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

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	$ 3,124,450
Health Insurance	1,500,001
General Liability Insurance	71,480
Total	$ 4,695,931

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."

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 $12,995,638 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	$ (50,315,000)
Discounts, premium and issuance costs	652,491
Amortization expense	(184,779)
Principal repayments:	
General obligation debt	36,741,560
Net adjustment to decrease *net changes in fund balances – total* governmental funds to arrive at *changes in net assets of governmental activities*	$ (13,105,728)

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.)

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 $3,209,357 difference are as follows:

Vacation/casual day accrual	$ (48,928)
Post retirement health insurance benefits	(3,303,799)
Accrued interest	143,370
Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (3,209,357)

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.

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	$ 1,531,191
Human Services	281,009
Debt Service	217,408
Geographic Information Systems	11,782
Capital Projects Fund	3,229,861

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

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.

C. DEFICIT BALANCES

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

As of December 31, 2010 the following funds held a deficit balance:

Fund	Amount	Reason
Brookside Care Center	$39,708	Decreased private pay census.
Parking Structure	13,632	State revenue to cover the expenses will not be received until the project is fully completed.

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 2008 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.

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

E. LIMITATIONS ON THE COUNTY'S TAX LEVY

As part of Wisconsin's Act 28 (2009), legislation was passed that limits the County's future tax levies. Generally, the County is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the County's equalized value due to new construction or 3% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 levy.

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 $250,000 for interest bearing accounts and unlimited coverage for noninterest bearing accounts. Deposits in credit unions are insured by the NCUA in the amount of $250,000 for all share draft accounts, and $250,000 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.

The County has an agreement with Johnson Bank for collateralization of its deposits and investments. The bank has pledged $9,103,578 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, 2010 are as follows:

General	$ 7,134,539
Special Revenue	540,104
Capital Projects	6,086,933
Debt Service	218,008
Enterprise	4,028,174
Internal Service	2,503,710
Agency	3,210,732
Total	$ 23,722,200

<u>Deposits – Custodial Credit Risk</u>
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.

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits – Custodial Credit Risk (cont.)

As of December 31, 2010, the carrying amount of the County's deposits was $420,664 and the bank balance was $1,005,120. This entire 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. In addition, the County maintains petty cash funds in the amount of $9,310.

Investments

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

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

Investments are stated at fair value, which is the 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.

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, 2010 is as follows:

U.S. Government Guaranteed		
Investment	S & P Rating	Amount
AIM		
Government & Agency- Institutional	AAA	$ 2,555,265
Treasury - Institutional	AAA	250,642
DANA		
Federal Home Loan Mortgage Corp.	AAA	2,894,943
Federal National Mortgage Association	AAA	2,356,408
Government National Mortgage Association	AAA	40,892
Small Business Association	AAA	58,094
Treasury Bonds	AAA	1,479,483
Johnson Bank		
Repurchase Agreements	AAA	1,787,941
Total U.S. Government Guaranteed		11,423,668
Money Market Accounts		
Wisconsin Local Government		
Investment Pool	Unrated	11,251,031
DANA		
Money Market Account	AAA	617,527
Total Money Market Accounts		11,868,558
Grand Total		$ 23,292,226

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

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

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

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

Concentration of Credit Risk

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

Major issuers (over five percent of total investments) in the County's portfolio as of December 31, 2010 are as follows:

Issuer	Amount	Percentage
Federal National Mortgage Association	$ 2,356,408	10%
U.S.Treasury	6,073,331	26%
Federal Home Loan Mortgage Corp.	2,894,943	12%
Other issuers (none over 5%)	11,967,544	51%
	$ 23,292,226	100%

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.

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (continued)

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

In addition to using the assigned benchmarks to evaluate the performance of the portfolio management firms, the firms also manage interest rate risk by maintaining the effective duration of their portfolios consistent to the duration of the assigned benchmark. The duration of the County's overall investments at December 31, 2010 is as follows (total duration includes money market accounts, which are not listed in the table):

Investment Type	Amount	Effective Duration
Federal Home Loan Mortgage Corp.	$ 2,894,943	Average 245 days
Federal National Mortgage Association	2,356,408	Average 226 days
Government National Mortgage Association	40,892	Average 537 days
Small Business Association	58,094	Average 77 days
US Treasury	1,479,483	Average 208 days
Repurchase agreements	1,787,941	Overnight
	$ 8,617,761	

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, 2010 is as follows:

Fund Name	Amount	Weighted Average Maturity
Wisconsin Local Government Investment Pool	$ 11,251,031	77 days
AIM Short Term Government & Agency	2,555,265	36.39 days
AIM Short Term Treasury	250,642	37.76 days
JP Morgan Chase Money Market Fund	617,527	47 days
	$ 14,674,465	

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 zero.

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 2008, 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. The current balance due to the County is $108,170 and is shown in the "Miscellaneous receivables" line 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
Property taxes receivable	$ -	56,039,127
Delinquent property taxes	1,318,747	-
Housing Authority loans receivable	1,234,225	-
Other unearned revenue	-	202,877
Grant drawdowns prior to meeting all eligibility requirements	-	1,262,918
Total Deferred/Unearned Revenue for Governmental funds	$ 2,552,972	$ 57,504,922

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. The County adjusts the reserve for delinquencies by the full amount not excluding the first sixty days of collections in the following year.

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

B. RECEIVABLES (cont.)

For the year ended December 31, 2010, such collections aggregated $1,689,329 of which $1,318,747 was purchased by the County. Therefore, the delinquent property tax reserve is $7,104,463 less $1,318,747 collected in the first sixty days of 2011 or $5,785,716. Delinquent property taxes levied by the County are reflected as deferred revenue and are excluded from the fund balance until collected.

At December 31, 2010, delinquent property taxes by year levied consists of the following:

	Total	County Levied	County Purchased
Tax Certificates			
2009	$ 5,580,659	$ 1,036,092	$ 4,544,567
2008	2,319,886	430,705	1,889,181
2007	679,806	126,211	553,595
2006	88,499	16,431	72,068
2005	46,877	8,702	38,175
2004 and prior	76,392	14,183	62,209
Total Tax Certificates	8,792,119	$ 1,632,324	$ 7,159,795
Delinquent Special Assessments	906,906		
Tax Deeds held by County	1,180,132		
Other taxes	5,151		
Total Delinquent Property Taxes Receivable	$ 10,884,308		

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, 2010, the County has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

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 2010 including new infrastructure assets. The deletion column represents the assets that were discarded in 2010.

Capital asset valuation and activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets not being depreciated:				
Construction in Progress	$ 2,634,766	$ 13,633,187	$ -	$ 16,267,953
Land Improvements	14,112,979	239,100	(217,100)	14,134,979
Land	17,963,131	1,249,079	-	19,212,210
Total Capital Assets not being depreciated	34,710,876	15,121,366	(217,100)	49,615,142
Other Capital Assets:				
Land Improvements	3,997,683	88,635	-	4,086,318
Buildings	80,569,527	230,208	-	80,799,735
Machinery & Equipment	21,405,197	3,311,095	(477,969)	24,238,323
Infrastructure	35,556,132	2,361,672	(846,989)	37,070,815
Total Other Capital Assets at Historical Cost	141,528,539	5,991,610	(1,324,958)	146,195,191
Less: Accumulated Depreciation				
Land Improvements	(2,204,235)	(223,217)	-	(2,427,452)
Buildings	(27,353,356)	(1,884,856)	-	(29,238,212)
Machinery & Equipment	(14,230,417)	(2,178,156)	406,930	(16,001,643)
Infrastructure	(14,633,500)	(1,818,600)	406,000	(16,046,100)
Total Accumulated Depreciation	(58,421,508)	(6,104,829)	812,930	(63,713,407)
Net Total Other Capital Assets	83,107,031	(113,219)	(512,028)	82,481,784
Net Total Government Activities Capital Assets	$ 117,817,907	$ 15,008,147	$ (729,128)	$ 132,096,926

Depreciation expense was charged to functions as follows:

Depreciation expense was charged to functions as follows:

General Government	$ 3,372,415
Public Safety	505,131
Public Works	1,818,600
Social Services	15,858
Education & Recreation	270,677
Health	33,015
Conservation & Development	89,133
Total Governmental Activities- Depreciation Expense	$ 6,104,829

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.

Infrastructure Category	Beginning Balance	Additions	Deletions	Ending Balance
Roadways	$ 27,096,480	$ 2,361,672	$ (846,989)	$ 28,611,163
Bridges	4,538,052	-	-	4,538,052
Traffic signals	3,302,600	-	-	3,302,600
Sewer drainage	384,000	-	-	384,000
Culverts	235,000	-	-	235,000
Infrastructure	35,556,132	2,361,672	(846,989)	37,070,815
Land Improvements	14,112,979	239,100	(217,100)	14,134,979
Total	49,669,111	2,600,772	(1,064,089)	51,205,794
Less Accumulated Depreciation				
Roadways	(11,654,000)	(1,584,600)	406,000	(12,832,600)
Bridges	(1,419,300)	(89,500)	-	(1,508,800)
Traffic signals	(1,331,200)	(132,000)	-	(1,463,200)
Sewer drainage	(199,400)	(7,800)	-	(207,200)
Culverts	(29,600)	(4,700)	-	(34,300)
Total Accumulated Depreciation	(14,633,500)	(1,818,600)	406,000	(16,046,100)
Net Infrastructure	$ 35,035,611	$ 782,172	$ (658,089)	$ 35,159,694

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/amortized:				
Construction in Progress	$ 229,155	$ 298,634	$ (229,155)	$ 298,634
Land	338,258	-	-	338,258
Total Capital Assets not being depreciated/amortized	567,413	298,634	(229,155)	636,892
Other Capital Assets:				
Intangible Assets	-	29,508		29,508
Land Improvements	4,312,741	175,888	-	4,488,629
Buildings	15,381,438	687,644	(42,346)	16,026,736
Machinery & Equipment	18,157,744	1,732,226	(636,263)	19,253,707
Total Other Capital Assets at Historical Cost	37,851,923	2,625,266	(678,609)	39,798,580
Less: Accumulated Depreciation/Amortization				
Intangible Assets	-	(2,951)		(2,951)
Land Improvements	(2,388,054)	(173,531)	-	(2,561,585)
Buildings	(9,429,161)	(535,984)	17,359	(9,947,786)
Machinery & Equipment	(11,813,493)	(785,858)	533,911	(12,065,440)
Total Accumulated Depreciation/Amortization	(23,630,708)	(1,498,324)	551,270	(24,577,762)
Net Total Other Capital Assets	14,221,215	1,126,942	(127,339)	15,220,818
Net Total Business - type Activities Capital Assets	$ 14,788,628	$ 1,425,576	$ (356,494)	$ 15,857,710

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Brookside Care Center	$ 374,197
Highway	746,073
Golf Courses	403,550
Total Business-type Activities - Depreciation/ Amortization Expense	$ 1,523,820

Depreciation/amortization expense is different from additions due to salvage costs of disposed assets charged to accumulated depreciation.

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:

Receivable Fund	Payable Fund	Amount
General Fund		$ 875,589
	Health Department	(875,589)
Health Insurance		1,968,007
	Human Services Building	(945,788)
	General Liability Insurance	(1,022,219)
Human Services		498,960
	Housing Authority	(485,460)
	Geographic Information Systems	(13,500)
Capital Projects-General		62,734
	Capital Projects - Parking Structure	(18,444)
	Capital Projects - Wireless 911	(8,777)
	Capital Projects - Bike Trail	(35,513)
Highway		431,488
	Brookside Care Center	(431,488)

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.

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

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount		Principal Purpose
General Fund		851,806		To record lapsing funds
Brookside Care Center		660,171		at year end.
Golf Course Division		342,643		
Debt Service		136,037		
	General Fund		(206,329)	
	Human Services		(1,384,349)	
	Other Capital Projects		(91,661)	
	Highway		(180,690)	
	Health Department		(127,628)	
Workers Compensation Fund		463,295		Administrative transfer to
	Liability Insurance Fund		(463,295)	cover deficit in Self Insurance Funds.
Energy Reduction Technology		220,000		To record bond proceeds.
Broadband/Communication		1,300,000		
HVAC System Replacement		112,000		
Courthouse/Molinaro Restoration		375,000		
Brookside Care Center		276,100		
Golf Course		1,924,500		
Highway		4,625,900		
	Other Capital Projects		(8,833,500)	
Energy Reduction Technology		35,000		Per Resolution #126, transfer carryover
Other Capital Projects		14,106		funds as approved for repurposing of use.
	Courthouse Security		(14,106)	
	Other Capital Projects		(35,000)	

The Highway enterprise fund transferred infrastructure to the governmental activities in 2010 totaling $2,478,881. These costs are reported as highway expenses in the fund statement and as transfers in the government-wide statements.

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

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

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	$ 79,310,000	$ 50,315,000	37,420,000	$ 92,205,000	$ 10,480,000
Add/(Subtract) Deferred Amounts For:					
Refundings - Gains/(Losses)	-	(500,712)	-	(500,712)	-
(Discounts)/Premiums	(543,051)	(151,779)	(184,779)	(510,051)	(50,672)
Total Bonds And Notes Payable	78,766,949	49,662,509	37,235,221	91,194,237	10,429,328
Other Liabilities:					
Post Retirement Benefits	14,330,969	5,057,204	1,753,405	17,634,768	-
Vested Vacation and Casual Days	3,163,491	108,347	59,419	3,212,419	290,283
Total Other Liabilities	17,494,460	5,165,551	1,812,824	20,847,187	290,283
Total Governmental Activities-Long-Term Obligations	$ 96,261,409	$ 54,828,060	$ 39,048,045	$ 112,041,424	$ 10,719,611

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable:					
General Obligation Debt	$ 4,480,000	$ -	$ 920,000	$ 3,560,000	$ 945,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	(387,599)	-	(75,877)	(311,722)	(75,876)
Total Bonds And Notes Payable	4,092,401	-	844,123	3,248,278	869,124
Other Liabilities:					
Post Retirement Benefits	4,110,607	1,152,749	367,393	4,895,963	-
Vested Vacation and Casual Days	944,464	966	118,485	826,945	30,826
Total Other Liabilities	5,055,071	1,153,715	485,878	5,722,908	30,826
Total Business-type Activities-Long-Term Obligations	$ 9,147,472	$ 1,153,715	$ 1,330,001	$ 8,971,186	$ 899,950

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the County. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed five percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2010, was $711,634,055. Total general obligation debt outstanding at year end was $95,765,000.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2010
Governmental Activities - General Obligation Debt					
Promissory Notes	2003	2011	1.50%-3.00%	5,320,000	1,020,000
Refunding Bonds	2003	2013	1.50%-3.35%	8,140,000	2,030,000
Refunding Bonds	2003	2022	3.25%-5.50%	9,285,000	835,000
Promissory Notes	2004	2012	2.00%-3.60%	3,100,000	1,100,000
Refunding Bonds	2004	2017	2.00%-4.00%	10,630,000	6,125,000
Promissory Notes	2005	2013	3.50%	2,700,000	1,275,000
Promissory Notes	2006	2014	3.875%	2,150,000	1,080,000
Promissory Notes	2007	2017	3.25%-3.65%	4,050,000	2,735,000
Refunding Bonds	2008	2013	3.25%	4,350,000	1,475,000
Promissory Notes	2008	2018	4.00%	8,235,000	7,275,000
Refunding Bonds	2009	2017	1.50% - 3.25%	2,735,000	2,385,000
Recovery Zone Economic Development Bonds	2009	2029	1.60% - 5.65%	4,910,000	4,910,000
Build America Bonds	2009	2019	1.60% - 4.20%	9,645,000	9,645,000
Refunding Bonds	2010	2017	2.00% - 3.00%	20,250,000	20,250,000
Build America Bonds	2010	2030	0.75% - 5.1%	10,435,000	10,435,000
Build America Bonds	2010	2020	0.65% - 3.60%	12,325,000	12,325,000
Refunding Bonds	2010	2022	0.50% - 3.75%	7,305,000	7,305,000
Total Governmental Activities - General Obligation Debt					$ 92,205,000

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2010
Business-type Activities - General Obligation Debt					
Refunding Bonds	2004	2015	2.00-3.90%	3,080,000	1,550,000
Refunding Bonds	2008	2013	3.25%	3,295,000	2,010,000
Total Business-type Activities - General Obligation Debt					$ 3,560,000

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:

	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
Years	Principal	Interest	Principal	Interest
2011	10,480,000	2,794,722	945,000	121,240
2012	9,750,000	2,586,761	995,000	90,673
2013	9,000,000	2,324,350	990,000	57,573
2014	9,055,000	2,095,200	315,000	24,098
2015	9,385,000	1,850,791	315,000	12,285
2016-2020	32,790,000	5,365,581	-	-
2021-2025	6,495,000	2,072,382	-	-
2026-2030	5,250,000	781,488	-	-
Totals	$ 92,205,000	$ 19,871,275	$ 3,560,000	$ 305,869

Current Refunding

On January 20, 2010, the County issued $20,250,000 in general obligation bonds with an average interest rate of 2.482% to current refund $22,895,000 of outstanding bonds with an average interest rate of 4.80%. The net proceeds of $20,529,909 (after payment of $90,785 in insurance and other issuance costs and an underwriting net premium of $370,694) plus an additional $2,902,561 of prior issue debt service funds and $10,000 of approximate interest earned were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded bonds prior to the current refunding was $27,826,559. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $2,293,290.

Advance Refunding

On October 21, 2010, the County issued $7,305,000 in general obligation bonds with an average interest rate of 3.02% to advance refund $6,695,000 of outstanding principal with an average interest rate of 5.1956%. The net proceeds of $7,192,676.06 (after payment of $109,288 in discount, underwriting fees, insurance and other issuance costs) plus an additional $3,036 of County monies were used to purchase U.S government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the $6,695,000. As a result, the general obligation bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Advance Refunding (cont.)

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was $10,289,507 from 2011 through 2022. The cash flow requirements on the 2010 refunding bonds are $8,866,322 from 2011 through 2022. The advance refunding resulted in an economic gain of $454,260 (present value dollars).

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 and post retirement benefits liability attributable to governmental activities will be liquidated primarily by the general fund.

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

Prior-Year Defeasance of Debt

In 2010, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2010, the call date of the bond held in escrow and amounts of bonds outstanding and considered defeased are as follows:

Call Date	Balance at 12/31/10
03/01/2012	6,695,000

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

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 $519,173 is restricted for liability insurance at WMMIC.

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. 2010 revenues of $648,791 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 $5,502,000.

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, 2010 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land, land improvements and construction in progress	$ 49,615,142
Other capital assets, net of accumulated depreciation	82,481,784
Less: capital related long-term debt outstanding (net of unspent proceeds of debt)	(79,513,937)
Total Invested in Capital Assets, Net of Related Debt	$ 52,582,989

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

Restricted	
Specific purpose – grants and loans	$ 1,415,765
Unrestricted (deficit)	(10,415,186)
Total Governmental Activities Net Assets	$ 43,583,568

Governmental fund balances reported on the fund financial statements at December 31, 2010 include the following:

Reserved	
Major Funds	
General Fund	
Delinquent tax certificate receivables	$ 5,785,716
Encumbrances	175,695
Prepaid items	481,490
Total	$ 6,442,901
Human Services Fund	
Reserved for prepaid items	$ 6,409
Debt Service Fund	
Reserved for debt payments	$ 217,408
Non Major Funds	
Special Revenue - Health Department	$ 147,373
Capital Projects – Public Safety Building Addition	1,465,797
Capital Projects – Other Capital Projects	126,564
Reserved for Encumbrances	$ 1,739,734
Unreserved (designated)	
Major Funds	
General Fund, subsequent year expenditures	$ 1,531,191
General Fund, sheriff special deposit	67,295
Human Services, subsequent year expenditures	281,009
Total Major Funds	$ 1,879,495
Non-Major Funds	
Special Revenue Funds	
Housing Authority, designated grant funding	$ 181,540
Total Special Revenue Funds	$ 181,540

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

Special Revenue Funds, all subsequent year expenditures	
Geographic Information Systems	11,782
Total Special Revenue Funds	$ 11,782
Capital Project Funds, all subsequent year expenditures	
Parkland Development	$ 529,920
Jail Expansion	8,564
Bike Trail	11,847
Western County Communication	40,000
Courthouse Renovation	77,985
Energy Reduction Technology	255,000
Broadband/Public Safety Building	1,112,730
HVAC System Replacement	105,356
Courthouse/Molinaro Building Restoration	39,000
Other Capital Projects	1,049,459
Total Capital Projects Funds	$ 3,229,861

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 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% 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, 2010 was $50,972,618; the employer's total payroll was $51,900,699. The total required contribution for the year ended December 31, 2010 was $5,842,823 or 11.46 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, 2009 and 2008 were $5,562,953 and $5,618,481, 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 are 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.

As of December 31, 2010, there was no pension-related debt for the county.

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 $15,000,000 annual aggregate on an excess basis above members per occurrence and annual aggregate self-insured retentions. The County's self-insured retention limit is $200,000 for each occurrence and $900,000 for the annual aggregate. WMMIC's exposure in its layer of insurance is limited to $1,000,000 per occurrence in that the company purchases $4,000,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage. The amount of reinsurance may vary from year to year as determined by the WMMIC Board of Directors.

WMMIC is governed by one entity-one vote. Member entities include Kenosha County and the counties of Brown, Chippewa, Dane, Dodge, Eau Claire, Jefferson, LaCrosse, Manitowoc, Marathon, Outagamie, Rock, Walworth, St. Croix and Waukesha, and the cities of Eau Claire 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.

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

The participant's share in the operation of WMMIC as of December 31, 2010 is as follows:

	Percentage
Brown County	7.05
Chippewa County	3.31
Dane County	9.27
Dodge County	3.63
City of Eau Claire	3.46
Eau Claire County	3.72
Jefferson County	2.39
Kenosha County	5.97
Lacrosse County	3.57
City of Madison	16.52
Manitowoc County	5.80
Marathon County	5.98
Outagamie County	6.40
St. Croix County	3.83
Waukesha County	10.47
Rock County	4.01
Walworth County	4.62
Total	100.00

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 2010, 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 2010, 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, 2010 is $2,050,060. 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	2010	2009
Unpaid claims, including IBNR – beginning of year	$ 816,534	$ 690,660
Current year claims and changes in estimates	17,886	315,361
Claim payments	(157,753)	(189,487)
Unpaid claims – end of year	$ 676,667	$ 816,534

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 $400,000 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, 2010, the County has established a future claims insurance reserve in the amount of $1,982,501 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	2010	2009
Unpaid claims, including IBNR – beginning of year	$ 1,757,285	$ 1,655,336
Current year claims and changes in estimates	1,302,604	1,208,064
Claim payments	(1,077,388)	(1,106,115)
Unpaid Claims – end of year	$ 1,982,501	$ 1,757,285

NOTE V – Other Information (cont.)

B. Risk Management (cont.)

Self-Insurance – Health Insurance

In the Health Insurance internal service fund, revenues from County departments totaled $19,860,817. Expenditures in the same fund totaled $18,124,476. A savings of $1,736,341 was allocated back to the County departments.

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

Claims Liability	2010	2009
Unpaid claims, including IBNR – beginning of year	$ 1,633,000	$ 1,411,200
Current year claims and changes in estimates	14,442,541	15,344,663
Claim payments	(14,869,541)	(15,122,863)
Unpaid Claims – end of year	$ 1,206,000	$ 1,633,000

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 2010, the County borrowed $22,760,000, for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the various Capital Project and Proprietary funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Open purchase orders for the General Fund, Capital Projects-Other fund, Health Department, and Public Safety Building addition fund totaled $1,915,429 at year end and is included in reserve for encumbrances.

NOTE V – Other Information (cont.)

C. Commitments and Contingencies (cont.)

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

D. Joint Venture

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

The Board consists of three members appointed by the County, three by the City of Kenosha and one independent member confirmed by both. County representatives are the County Executive, the County Board Chairman and the chairman of the County Judiciary Committee or their designees. The Board has the authority to adopt its own budget and control the financial affairs of the organization. The County made payments totaling $4,031,974 to the Board for 2010. A new intergovernmental agreement was negotiated and agreed upon by Kenosha County and the City of Kenosha effective January 1, 2010.

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

The County accounts for its share of the operation in the general fund. Financial information of the Board as of December 31, 2010 is available directly from the Board's office.

NOTE V – Other Information (cont.)

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

All Others

Eligibility 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.

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

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

NOTE V – Other Information (cont.)

E. Other Postemployment Benefits (cont.)

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

Annual required contribution (ARC) and annual OPEB cost	$ 6,209,953
Actuarial estimated employer contribution (PAYGO amount)	(1,833,000)
Adjustment for interest	737,663
Adjustment for ARC adjustment	(1,025,461)
Increase in net OPEB obligation	4,089,155
Net OPEB obligation—beginning of year	18,441,576
Net OPEB obligation—end of year	$ 22,530,731

The increase in the net OPEB obligation of $4,089,155 was allocated to the County's functions as follows:

General Government	$ 446,153
Public Safety	2,290,076
Social Services	319,792
Health	125,314
Education & Recreation	44,220
Conservation & Development	78,244
Brookside Care Center	478,664
Golf	32,912
Highway	273,780
	$ 4,089,155

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 through 2010 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	$ 9,259,000	24%	$ 14,479,000
12/31/2009	$ 5,679,576	30%	$ 18,441,576
12/31/2010	$ 5,922,155	31%	$ 22,530,731

NOTE V – Other Information (cont.)

E. Other Postemployment Benefits (cont.)

The funded status of the plan as of January 1, 2010, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 54,685,077
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 54,685,077
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	$ 51,529,625
UAAL as a percentage of covered payroll	106%

Funded Status and Funding Progress. Using a January 1, 2010 valuation date, the present value of the County's retiree medical plan actuarial accrued liability for benefits was $91.225 million. This liability is comprised of the actuarial accrued liability for past service component of $54.685 million, current service component (normal cost) of $3.05 million, and future service component of $33.491 million. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2010, actuarial valuation, the projected unit credit actuarial cost method was used because this method allocates costs based on each employee's length of service.

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 9.3 percent per annum for 2010 grading down to an ultimate rate of 4.7 percent over a 51 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

Management evaluated subsequent events through July 25, 2011, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2010, but prior to July 25, 2011 that provided additional evidence about conditions that existed at December 31, 2010, have been recognized in the financial statements for the year ended December 31, 2010. Events or transactions that provided evidence about conditions that did not exist at December 31, 2010 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2010. There were two borrowings approved by the County Board but not yet issued: general obligation bonds in the amount of $10,030,000 and general obligation building bonds in the amount of $2,810,000.

G. Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition,* Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Codification of Accounting and Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

KENOSHA COUNTY

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDED STATUS
(Unaudited)
For the Year Ended December 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Frozen Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2006	$ -	$ 88,242,000	$ 88,242,000	0%	$ 48,948,227	180%
1/1/2010	$ -	$ 54,685,077	$ 54,685,077	0%	$ 51,529,625	106%

SUPPLEMENTAL INFORMATION

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2010

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	$ 333,242	$ 6,086,933	$ 6,420,175
Receivables			
Property taxes	2,340,993	55,875	2,396,868
Miscellaneous	379,475	-	379,475
Due from other governments	1,891,145	60,949	1,952,094
Due from other funds	-	62,734	62,734
Loans receivable	1,234,225	-	1,234,225
TOTAL ASSETS	$ 6,179,080	$ 6,266,491	$ 12,445,571
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 243,101	$ 1,339,292	$ 1,582,393
Special deposits	3,439	-	3,439
Due to other governments	285,990	-	285,990
Due to other funds	1,374,549	62,734	1,437,283
Deferred property tax revenue	2,340,993	55,875	2,396,868
Other deferred revenue	1,588,287	-	1,588,287
Total Liabilities	5,836,359	1,457,901	7,294,260
Fund Balance			
Reserved for encumbrances	147,373	1,592,361	1,739,734
Unreserved			
Designated	193,322	3,229,861	3,423,183
Undesignated (deficit)	2,026	(13,632)	(11,606)
Total Fund Balances	342,721	4,808,590	5,151,311
TOTAL LIABILITIES AND FUND BALANCES	$ 6,179,080	$ 6,266,491	$ 12,445,571

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2010

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and investments	$ -	$ -	$ 333,242	$ -	$ 333,242
Receivables					
Property taxes	-	929,039	1,411,954	-	2,340,993
Miscellaneous	-	379,475	-	-	379,475
Due from other governments	679,609	1,185,241	-	26,295	1,891,145
Loans receivable	1,234,225	-	-	-	1,234,225
TOTAL ASSETS	$ 1,913,834	$ 2,493,755	$ 1,745,196	$ 26,295	$ 6,179,080
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 12,609	$ 230,492	$ -	$ -	$ 243,101
Special deposits	-	3,439	-	-	3,439
Due to other governments	-	285,990	-	-	285,990
Due to other funds	485,460	875,589	-	13,500	1,374,549
Deferred property tax revenue	-	929,039	1,411,954	-	2,340,993
Other deferred revenue	1,234,225	21,833	332,229	-	1,588,287
Total Liabilities	1,732,294	2,346,382	1,744,183	13,500	5,836,359
Fund Balance					
Reserved for encumbrances	-	147,373	-	-	147,373
Unreserved					
Designated	181,540	-	-	11,782	193,322
Undesignated	-	-	1,013	1,013	2,026
Total Fund Balances	181,540	147,373	1,013	12,795	342,721
TOTAL LIABILITIES AND FUND BALANCES	$ 1,913,834	$ 2,493,755	$ 1,745,196	$ 26,295	$ 6,179,080

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KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
December 31, 2010

	Parkland Development	Parking Structure	Jail Expansion	Wireless 911	Bike Trail	Public Safety Building Addition	Western County Communication
ASSETS							
Cash and investments	$ 532,487	$ -	$ 8,564	$ -	$ -	$ 2,338,702	$ 40,000
Property taxes receivable	-	-	-	-	-	-	-
Due from other governments	-	4,812	-	8,777	47,360	-	-
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	$ 532,487	$ 4,812	$ 8,564	$ 8,777	$ 47,360	$ 2,338,702	$ 40,000
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ 2,567	$ -	$ -	$ -	$ -	$ 872,905	$ -
Due to other funds	-	18,444	-	8,777	35,513	-	-
Deferred property tax revenue	-	-	-	-	-	-	-
Total Liabilities	2,567	18,444	-	8,777	35,513	872,905	-
Fund Balance							
Reserved for encumbrances	-	-	-	-	-	1,465,797	-
Unreserved							
Designated	529,920	-	8,564	-	11,847	-	40,000
Undesignated (deficit)	-	(13,632)	-	-	-	-	-
Total Fund Balances (deficit)	529,920	(13,632)	8,564	-	11,847	1,465,797	40,000
TOTAL LIABILITIES AND FUND BALANCES	$ 532,487	$ 4,812	$ 8,564	$ 8,777	$ 47,360	$ 2,338,702	$ 40,000

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
December 31, 2010

	Courthouse Renovation	Energy Reduction Technology	Broadband/ Public Safety Building	HVAC System Replacement	Courthouse/ Molinaro Building Restoration	Other Capital Projects	Total Nonmajor Capital Projects Funds
ASSETS							
Cash and investments	$ 77,985	$ 255,000	$ 1,140,000	$ 105,356	$ 39,000	$ 1,549,839	$ 6,086,933
Property taxes receivable	-	-	-	-	-	55,875	55,875
Due from other governments	-	-	-	-	-	-	60,949
Due from other funds	-	-	-	-	-	62,734	62,734
TOTAL ASSETS	$ 77,985	$ 255,000	$ 1,140,000	$ 105,356	$ 39,000	$ 1,668,448	$ 6,266,491
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ -	$ -	$ 27,270	$ -	$ -	$ 436,550	$ 1,339,292
Due to other funds	-	-	-	-	-	-	62,734
Deferred property tax revenue	-	-	-	-	-	55,875	55,875
Total Liabilities	-	-	27,270	-	-	492,425	1,457,901
Fund Balance							
Reserved for encumbrances	-	-	-	-	-	126,564	1,592,361
Unreserved							
Designated	77,985	255,000	1,112,730	105,356	39,000	1,049,459	3,229,861
Undesignated (deficit)	-	-	-	-	-	-	(13,632)
Total Fund Balances (deficit)	77,985	255,000	1,112,730	105,356	39,000	1,176,023	4,808,590
TOTAL LIABILITIES AND FUND BALANCES	$ 77,985	$ 255,000	$ 1,140,000	$ 105,356	$ 39,000	$ 1,668,448	$ 6,266,491

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	$ 2,394,388	$ 7,125	$ 2,401,513
Licenses and permits	345,084	-	345,084
Intergovernmental revenues	5,164,728	265,175	5,429,903
Charges for services	2,079,566	43,989	2,123,555
Investment income	1,062	8,040	9,102
Miscellaneous income	202,758	306,389	509,147
Total Revenues	10,187,586	630,718	10,818,304
EXPENDITURES			
Current			
Health	6,409,404	-	6,409,404
Education and recreation	1,934,061	-	1,934,061
Conservation and development	279,286	12,895	292,181
Capital Outlay	1,249,079	17,262,177	18,511,256
Debt Service			
Interest, fiscal charges and debt issuance costs	-	358,885	358,885
Total Expenditures	9,871,830	17,633,957	27,505,787
Excess (deficiency) of revenues over expenditures	315,756	(17,003,239)	(16,687,483)
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	22,760,000	22,760,000
Premium on issuance of debt	-	28,641	28,641
Transfers in	-	2,056,106	2,056,106
Transfers out	(127,628)	(8,974,267)	(9,101,895)
Total Other Financing Sources (Uses)	(127,628)	15,870,480	15,742,852
Net change in fund balance	188,128	(1,132,759)	(944,631)
FUND BALANCES			
Beginning of year	154,593	5,941,349	6,095,942
FUND BALANCES - END OF YEAR	$ 342,721	$ 4,808,590	$ 5,151,311

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2010

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
REVENUES					
Taxes	$ -	$ 988,993	$ 1,405,395	$ -	$ 2,394,388
Licenses and permits	-	345,084	-	-	345,084
Intergovernmental revenues	1,261,530	3,206,404	528,666	168,128	5,164,728
Charges for services	-	2,077,185	-	2,381	2,079,566
Investment income	1,062	-	-	-	1,062
Miscellaneous income	136,019	66,739	-	-	202,758
Total Revenues	1,398,611	6,684,405	1,934,061	170,509	10,187,586
EXPENDITURES					
Current					
Health	-	6,409,404	-	-	6,409,404
Education and recreation	-	-	1,934,061	-	1,934,061
Conservation and development	154,637	-	-	124,649	279,286
Capital Outlay	1,249,079	-	-	-	1,249,079
Total Expenditures	1,403,716	6,409,404	1,934,061	124,649	9,871,830
Excess (deficiency) of revenues over expenditures	(5,105)	275,001	-	45,860	315,756
OTHER FINANCING USES					
Transfers out	-	(127,628)	-	-	(127,628)
Net change in fund balance	(5,105)	147,373	-	45,860	188,128
FUND BALANCES (DEFICIT)					
Beginning of year	186,645	-	1,013	(33,065)	154,593
FUND BALANCES - END OF YEAR	$ 181,540	$ 147,373	$ 1,013	$ 12,795	$ 342,721

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2010

	County Detention Center	Parkland Development	Parking Structure	Courthouse Security	Jail Expansion	Bike Trail	Public Safety Building Addition	Western County Communication
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental revenues	-	-	71,211	-	-	31,647	-	-
Charges for services	-	750	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Miscellaneous income	-	225,000	-	-	-	-	-	-
Total Revenues	-	225,750	71,211	-	-	31,647	-	-
EXPENDITURES								
Current								
Conservation and development	-	-	-	-	-	-	-	-
Capital Outlay	20,185	142,911	74,457	-	-	18,768	12,407,374	-
Debt Service								
Interest, fiscal charges and debt issuance costs	-	-	-	-	-	-	217,116	-
Total Expenditures	20,185	142,911	74,457	-	-	18,768	12,624,490	-
Excess (deficiency) of revenues over expenditures	(20,185)	82,839	(3,246)	-	-	12,879	(12,624,490)	-
OTHER FINANCING SOURCES (USES)								
General obligation debt issued	-	-	-	-	-	-	10,435,000	-
Premium on issuance of debt	-	-	-	-	-	-	28,641	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(14,106)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(14,106)	-	-	10,463,641	-
Net change in fund balance	(20,185)	82,839	(3,246)	(14,106)	-	12,879	(2,160,849)	-
FUND BALANCES (DEFICIT)								
Beginning of year	20,185	447,081	(10,386)	14,106	8,564	(1,032)	3,626,646	40,000
FUND BALANCES - (DEFICIT) END OF YEAR	$ -	$ 529,920	$ (13,632)	$ -	$ 8,564	$ 11,847	$ 1,465,797	$ 40,000

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2010

	Courthouse Renovation	Energy Reduction Technology	Broadband/ Public Safety Building	HVAC System Replacement	Courthouse/ Molinaro Building Restoration	Other Capital Projects	Total Nonmajor Capital Projects Funds
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ -	$ 7,125	$ 7,125
Intergovernmental revenues	-	-	-	-	-	162,317	265,175
Charges for services	-	-	-	-	-	43,239	43,989
Investment income	-	-	-	-	-	8,040	8,040
Miscellaneous income	-	-	-	-	-	81,389	306,389
Total Revenues	-	-	-	-	-	302,110	630,718
EXPENDITURES							
Current							
Conservation and development	-	-	-	-	-	12,895	12,895
Capital Outlay	-	-	187,270	6,644	336,000	4,068,568	17,262,177
Debt Service							
Interest, fiscal charges and debt issuance costs	-	-	-	-	-	141,769	358,885
Total Expenditures	-	-	187,270	6,644	336,000	4,223,232	17,633,957
Excess (deficiency) of revenues over expenditures	-	-	(187,270)	(6,644)	(336,000)	(3,921,122)	(17,003,239)
OTHER FINANCING SOURCES (USES)							
General obligation debt issued	-	-	-	-	-	12,325,000	22,760,000
Premium on issuance of debt	-	-	-	-	-	-	28,641
Transfers in	-	255,000	1,300,000	112,000	375,000	14,106	2,056,106
Transfers out	-	-	-	-	-	(8,960,161)	(8,974,267)
Total Other Financing Sources (Uses)	-	255,000	1,300,000	112,000	375,000	3,378,945	15,870,480
Net change in fund balance	-	255,000	1,112,730	105,356	39,000	(542,177)	(1,132,759)
FUND BALANCES (DEFICIT)							
Beginning of year	77,985	-	-	-	-	1,718,200	5,941,349
FUND BALANCES - (DEFICIT) END OF YEAR	$ 77,985	$ 255,000	$ 1,112,730	$ 105,356	$ 39,000	$ 1,176,023	$ 4,808,590

KENOSHA COUNTY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2010

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
ASSETS					
Current assets					
Cash and cash equivalents	$ -	$ 520,665	$ 1,983,045	$ -	$ 2,503,710
Accounts receivable	-	479,396	-	124,158	603,554
Due from other funds	-	1,968,007	-	-	1,968,007
Prepaid items	-	384,819	-	-	384,819
Total current assets	-	3,352,887	1,983,045	124,158	5,460,090
Noncurrent assets					
Restricted cash and investments	-	-	-	519,173	519,173
Deposit in WMMIC	-	-	-	1,157,860	1,157,860
Capital assets					
Land	682,623	-	-	-	682,623
Buildings and improvements	7,297,246	-	-	-	7,297,246
Machinery and equipment	619,623	-	-	-	619,623
Accumulated depreciation	(3,833,479)	-	-	-	(3,833,479)
Total capital assets	4,766,013	-	-	-	4,766,013
Total noncurrent assets	4,766,013	-	-	1,677,033	6,443,046
Total Assets	4,766,013	3,352,887	1,983,045	1,801,191	11,903,136
LIABILITIES					
Current liabilities					
Accounts payable	$ 130,699	$ 641,371	$ 544	$ 30,825	$ 803,439
Claims payable	-	1,206,000	1,982,501	676,667	3,865,168
Due to other funds	945,788	-	-	1,022,219	1,968,007
Due to other governments					-
Other current liabilities	-	5,248	-	-	5,248
Current portion of long-term debt payable	509,123	-	-	-	509,123
Other unearned revenue		267			267
Total current liabilities	1,585,610	1,852,886	1,983,045	1,729,711	7,151,252
Noncurrent liabilities					
General obligation debt payable	55,953	-	-	-	55,953
Total noncurrent liabilities	55,953	-	-	-	55,953
Total Liabilities	1,641,563	1,852,886	1,983,045	1,729,711	7,207,205
NET ASSETS					
Invested in capital assets, net of related debt	4,200,937	-	-	-	4,200,937
Unrestricted (deficit)	(1,076,487)	1,500,001	-	71,480	494,994
Total Net Assets	$ 3,124,450	$ 1,500,001	$ -	$ 71,480	$ 4,695,931

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2010

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
OPERATING REVENUES					
Charges for services	$ 2,100,342	$ 18,149,476	$ 1,191,637	$ 212,109	$ 21,653,564
Total Operating Revenues	2,100,342	18,149,476	1,191,637	212,109	21,653,564
OPERATING EXPENSES					
Operations and maintenance	1,497,401	18,124,475	1,428,151	357,294	21,407,321
Depreciation and amortization	486,289	-	-	-	486,289
Total Operating Expenses	1,983,690	18,124,475	1,428,151	357,294	21,893,610
Operating Income (loss)	116,652	25,001	(236,514)	(145,185)	(240,046)
NON-OPERATING REVENUES (EXPENSES)					
Investment income	-	-	12,331	21,440	33,771
Miscellaneous Income	44,540	-	-	124,158	168,698
Interest and fiscal charges	(48,693)	-	-	-	(48,693)
Total Non-operating Revenues (Expenses)	(4,153)	-	12,331	145,598	153,776
Income (Loss) Before Transfers	112,499	25,001	(224,183)	413	(86,270)
TRANSFERS					
Transfers in	-	-	463,295	-	463,295
Transfers out	-	-	-	(463,295)	(463,295)
	-	-	463,295	(463,295)	-
Change in net assets	112,499	25,001	239,112	(462,882)	(86,270)
Total net assets at the beginning of year (deficit)	3,011,951	1,475,000	(239,112)	534,362	4,782,201
Total net assets at end of year	$ 3,124,450	$ 1,500,001	$ -	$ 71,480	$ 4,695,931

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2010

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	$ 2,100,342	$ 17,011,792	$ 1,191,637	$ 210,400	$ 20,514,171
Paid to suppliers for goods and services	(1,343,509)	(18,538,800)	(1,203,131)	108,688	(20,976,752)
Cash Flows from Operating Activities	756,833	(1,527,008)	(11,494)	319,088	(462,581)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Miscellaneous income	44,540	-	-	124,158	168,698
Transfers	-	-	463,295	(463,295)	-
Cash Flows from Noncapital Financing Activities	44,540	-	463,295	(339,137)	168,698
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(678,440)	-	-	-	(678,440)
Interest paid	(48,693)	-	-	-	(48,693)
Acquisition and construction of capital assets	(74,240)	-	-	-	(74,240)
Cash Flows from Capital and Related Financing Activities	(801,373)	-	-	-	(801,373)
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit to WMMIC restricted cash	-	-	-	(1,391)	(1,391)
Investment income	-	-	12,331	21,440	33,771
Cash Flows from Investing Activities	-	-	12,331	20,049	32,380
Net Change in Cash and Cash Equivalents	-	(1,527,008)	464,132	-	(1,062,876)
Cash and Cash Equivalents - Beginning of Year	-	2,047,673	1,518,913	-	3,566,586
Cash and Cash Equivalents - End of Year	$ -	$ 520,665	$ 1,983,045	$ -	$ 2,503,710

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2010

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	$ 116,652	$ 25,001	$ (236,514)	$ (145,185)	$ (240,046)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Non-cash items included in operating income:					
Depreciation expense	486,289	-	-	-	486,289
Changes in assets and liabilities:					
Accounts receivable	-	(419,310)	-	(1,709)	(421,019)
Due from other funds	-	(718,374)	-	-	(718,374)
Prepaid items	-	(285,942)	-	-	(285,942)
Accounts payable	42,758	231,241	(196)	(1,391)	272,412
Claims payable	-	(352,000)	225,216	(139,867)	(266,651)
Due to other funds	111,134	-	-	607,240	718,374
Other current liabilities	-	(7,156)	-	-	(7,156)
Other unearned revenue	-	(468)	-	-	(468)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 756,833	$ (1,527,008)	$ (11,494)	$ 319,088	$ (462,581)

Noncash investing, capital and financing activities:
None

KENOSHA COUNTY
COMBINING BALANCE SHEET - AGENCY FUNDS
December 31, 2010

	Agency				
	Clerk of Courts	Child Support	Social Services	Other Agency Funds	Totals
ASSETS					
Cash and temporary cash investments	$ 2,016,381	$ 140,354	$ 27,960	$ 1,026,037	$ 3,210,732
Miscellaneous receivables	15,837	-	-	-	15,837
Total Assets	$ 2,032,218	$ 140,354	$ 27,960	$ 1,026,037	$ 3,226,569
LIABILITIES					
Other accrued liabilities	$ 2,032,218	$ 140,354	$ 27,960	$ 1,026,037	$ 3,226,569
Total Liabilities	$ 2,032,218	$ 140,354	$ 27,960	$ 1,026,037	$ 3,226,569

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

For the Year Ended December 31, 2010

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
Clerk of Courts				
Assets:				
Cash and temporary cash investments	$ 2,215,294	$ 11,020,421	$ 11,219,334	$ 2,016,381
Miscellaneous receivables	9,226	290,312	283,701	15,837
Total Assets	$ 2,224,520	$ 11,310,733	$ 11,503,035	$ 2,032,218
Liabilities:				
Other accrued liabilities	$ 2,224,520	$ 11,310,733	$ 11,503,035	$ 2,032,218
Total Liabilities	$ 2,224,520	$ 11,310,733	$ 11,503,035	$ 2,032,218
Child Support				
Assets:				
Cash and temporary cash investments	$ 140,354	$ -	$ -	$ 140,354
Total Assets	$ 140,354	$ -	$ -	$ 140,354
Liabilities:				
Other accrued liabilities	$ 140,354	$ -	$ -	$ 140,354
Total Liabilities	$ 140,354	$ -	$ -	$ 140,354
Social Services				
Assets:				
Cash and temporary cash investments	$ 52,899	$ -	$ 24,939	$ 27,960
Total Assets	$ 52,899	$ -	$ 24,939	$ 27,960
Liabilities:				
Other accrued liabilities	$ 52,899	$ -	$ 24,939	$ 27,960
Total Liabilities	$ 52,899	$ -	$ 24,939	$ 27,960
Other				
Assets:				
Cash and temporary cash investments	$ 817,124	$ 2,284,219	$ 2,075,306	$ 1,026,037
Total Assets	$ 817,124	$ 2,284,219	$ 2,075,306	$ 1,026,037
Liabilities:				
Other accrued liabilities	$ 817,124	$ 2,284,219	$ 2,075,306	$ 1,026,037
Total Liabilities	$ 817,124	$ 2,284,219	$ 2,075,306	$ 1,026,037
Total				
Assets:				
Cash and temporary cash investments	$ 3,225,671	$ 13,304,640	$ 13,319,579	$ 3,210,732
Miscellaneous receivables	9,226	290,312	283,701	15,837
Total Assets	$ 3,234,897	$ 13,594,952	$ 13,603,280	$ 3,226,569
Liabilities:				
Other accrued liabilities	$ 3,234,897	$ 13,594,952	$ 13,603,280	$ 3,226,569
Total Liabilities	$ 3,234,897	$ 13,594,952	$ 13,603,280	$ 3,226,569