KENOSHA COUNTY

Kenosha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2018

KENOSHA COUNTY

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Independent auditors' report

To the County Board of Supervisors
Kenosha County, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Human Services special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note V E. to the financial statements, in 2018 the County adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 20 and the schedules relating to pensions and other postemployment benefits on pages 99 through 102 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

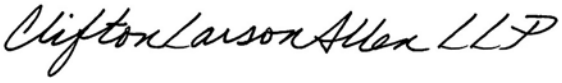
Other Information

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

The supplementary information and the schedules of expenditures of federal and state awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, the schedules of expenditures of federal and state awards are fairly stated in all materials respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
July 22, 2019

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, 2018.

USING THIS ANNUAL REPORT

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

Reporting the County as a Whole

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

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

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

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

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

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

- General Government includes the County Board, Circuit Court, Juvenile Intake, County Executive, County Clerk, Personnel, Information Systems, Finance, Purchasing, Treasurer, District Attorney, Corporation Counsel, Register of Deeds, Facilities, Medical Examiner, Health Insurance, Workers Compensation, and Liability Insurance.
- Health includes the Health Division and the health-related 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, Federal Equitable Sharing and Emergency Services.
- Social Services includes Division of Children and Family Services, Division of Workforce Development, a portion of the Division of Aging and Disability Services, and Veterans.
- Education and Recreation includes Parks, UW Extension, and the Library.
- Conservation and Development includes Planning and Development, Economic Development, and the Housing Authority.

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

Reporting the County's Most Significant Funds

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

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

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

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

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

Reporting the County's Most Significant Funds (continued)

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

The County as Trustee

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

THE COUNTY AS A WHOLE

Government-wide Financial Analysis
The condensed financial statements on the next two pages present the net position of the County and changes in net position. These statements are presented with comparisons to 2017.

Net position may serve over time as a useful indicator of a government's financial position. In 2018, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $82,377,235. The largest portion ($86.9 million) reflects the County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position amount which is subject to external restrictions on how it may be used is $13.5 million.

The remainder of the County's net position total is the category of unrestricted net position which is normally used to meet the County's ongoing obligations to citizens and creditors. At the end of 2018, this category has a deficit balance of ($18.1 million). This negative balance resulted primarily from the recording of other post-employment benefits for which the County has not funded.

THE COUNTY AS A WHOLE (continued)

Total assets for the County increased by $24.9 million mainly resulting from investments in capital assets of $19 million. This was supplemented by an increase in current and other assets of $5.9 million. Deferred Outflows of resources increased from $25.9 million in 2017 to a new total of $26.6 million in 2018.

Total liabilities increased by $7.6 million due to a net increase in long term liabilities, particularly from a net cumulative effect due to an accounting change for GASB 75. Additionally, the Governmental type activities show an increase in long-term liabilities because bond proceeds were issued to finance additional capital projects.

The County's total net position increased by $3.51 million. ($9.56 million less the $6.05 accounting principle change as a result of GASB #75). Net investment in capital assets increased by $22.4 million and restricted amounts increased by $8.1 million, mainly due to an increase in net pension assets of the Wisconsin Retirement System of $7 million. These increases were offset by unrestricted amounts decreasing by $27 million.

KENOSHA COUNTY
NET POSITION
December 31, 2018
(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 137.81	$ 127.66	$ (2.45)	$ 1.90	$ 135.36	$ 129.56
Capital assets	175.69	157.34	36.17	35.44	211.86	192.78
Total Assets	313.50	285.00	33.72	37.34	347.22	322.34
Deferred outflows of resources	21.74	20.41	4.84	5.47	26.58	25.88
Long-term liabilities outstanding	147.69	140.28	24.44	23.07	172.13	163.35
Other liabilities	24.49	25.17	1.37	1.92	25.86	27.09
Total liabilities	172.18	165.45	25.81	24.99	197.99	190.44
Deferred inflows of resources	86.43	74.22	7.00	4.68	93.43	78.91
Net position:						
Net investment in capital assets	78.25	48.18	8.73	16.43	86.98	64.61
Restricted	10.91	2.73	0.02	0.03	10.93	2.76
Unrestricted (deficit)	(12.54)	14.82	(2.99)	(3.32)	(15.53)	11.50
Total Net Position	$ 76.62	$ 65.73	$ 5.76	$ 13.14	$ 82.38	$ 78.87

THE COUNTY AS A WHOLE (continued)

KENOSHA COUNTY
CHANGES IN NET POSITION
Year Ended December 31, 2018
(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 8.08	$ 6.86	$24.11	$21.80	$ 32.19	$ 28.66
Operating grants and contributions	65.44	63.06	4.79	3.88	70.23	66.94
Capital grants and contributions	4.25	1.15	1.71	2.40	5.96	3.55
General revenues:						
Property taxes	68.47	66.58	1.45	1.40	69.92	67.98
Other taxes	14.84	14.27	-	-	14.84	14.27
Grants and contributions not restricted to specific programs	4.34	3.94	-	-	4.34	3.94
Other	1.90	0.98	0.05	0.02	1.95	1.00
Total revenues	167.32	156.84	32.11	29.50	199.43	186.34
Expenses:						
General government	30.74	29.14	-	-	30.74	29.14
Health	23.72	23.25	-	-	23.72	23.25
Public works	3.58	2.80	-	-	3.58	2.80
Public safety	48.18	49.15	-	-	48.18	49.15
Social services	47.40	45.69	-	-	47.40	45.69
Education and recreation	4.78	4.49	-	-	4.78	4.49
Conservation and development	1.39	1.12	-	-	1.39	1.12
Interest on long-term debt	2.77	2.48	-	-	2.77	2.48
Nursing home	-	-	21.01	18.69	21.01	18.69
Highway	-	-	3.01	13.48	3.01	13.48
Golf Course	-	-	3.29	3.53	3.29	3.53
Total expenses	162.56	158.12	27.31	35.70	189.87	193.82
Increase (decrease) in net position before transfers	4.76	(1.28)	4.80	(6.20)	9.56	(7.48)
Transfers	11.00	(3.23)	(11.00)	3.23	-	-
Increase (decrease) in net position	15.76	(4.51)	(6.20)	(2.97)	9.56	(7.48)
GASB 75 OPEB accounting principle change						
Net position beginning of year (restated)	60.86	70.24	11.96	16.11	72.82	86.35
Net postion end of year	$ 76.62	$ 65.73	$ 5.76	$13.14	$ 82.38	$ 78.87

THE COUNTY AS A WHOLE (continued)

Revenue for governmental activities increased by a net amount of $10.4 million when compared to 2017. Key elements of this net increase are as follows:

- Increased property tax of $1.9 million.
- Increase in sales tax revenue of $0.6 million
- Increase in capital grants for parks projects for Anderson Arts Building renovation of $2.8 million.
- Increase in capital grants for joint projects received from the City of Kenosha of $0.4 million.
- Increase in behavioral health grants received through Human Services of $0.5 million.
- Increase in unexpected prior year revenue from CCS and WIMCR funding surplus of $2.8 million.
- Increase in mental health CCS grants received through Human Services of $1.3 million.
- Increase in indirect cost revenues received through Human Services of $0.4 million.
- Increase in profit from sale of tax deeded properties of $0.7 million.
- Increase in interest and investment income of $0.2 million.
- Decrease in HUD grants and Prevention grants through the Health Department of $0.7 million.
- Decrease in Income Maintenance and WIOA grants through Human Services of $0.3 million.

Expenditures for governmental activities increased by $8.0 million when compared to 2017. Key elements of this increase are as follows:

- Increase in purchased services related to behavioral Health for Human Services of $1.4 million.
- Increase in child welfare and social services for Human Services of $1.9 million.
- Increase in Sheriff Division salaries costs of $1.2 million.
- Increase in Debt Service related expenditures, including interest of $0.3 million.
- Increase in health and liability insurance claims of $1.1 million.
- Increase in health and liability insurance IBNR actuarial costs of $0.5 million.
- Decrease in purchased services related to the Health Divisions clinic, environmental, and public services of $1.1 million.

Revenue for the Business-type activities increased by $2.6 million in 2018 when compared to 2017. Key elements of this increase are as follows:

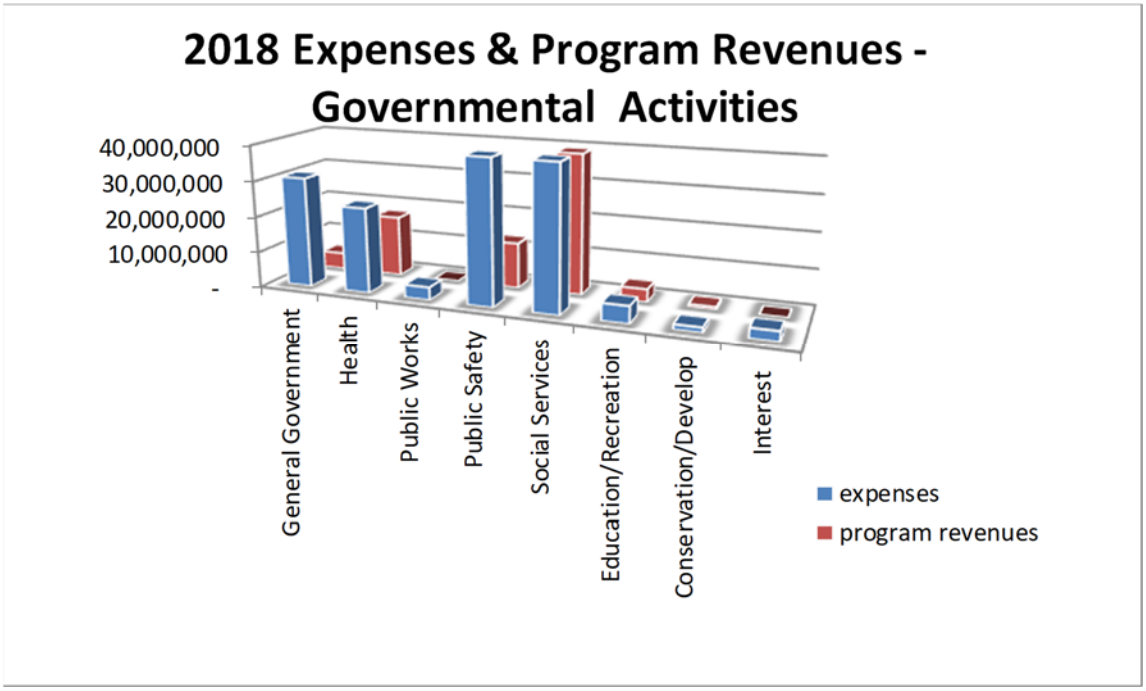
- Increase of Brookside/Willowbrook Medicare, Medicaid and private pay revenues of $2.1 million due to completion of construction and available bed usage.
- Increase of Brookside intergovernmental transfer program revenue of $0.6 million.
- Increase of Highway local transportation aids of $0.3 million.
- Increase of Local Road Improvement Project funding of $1 million.
- Decrease of Federal/State Highway revenues for road projects of $1.7 million.
- Decrease of Highway maintenance revenue of $0.5 million.

Expenses for Business-type activities decreased $8.4 million in 2018 when compared to 2017. Key elements of this decrease are as follows:

- Increase in Highway capital outlay for road construction and equipment of $3.1 million.
- Increase in interest and depreciation expense for Brookside nursing home of $0.8 million.
- Increase in Brookside CBRF (Willowbrook) activities due to completion of construction and bed usage of $0.7 million.
- Increase in Brookside contractual services for dietary services of $0.7 million
- Decrease due to Highway infrastructure construction in process road projects reclassified as governmental assets of $14.7 million.

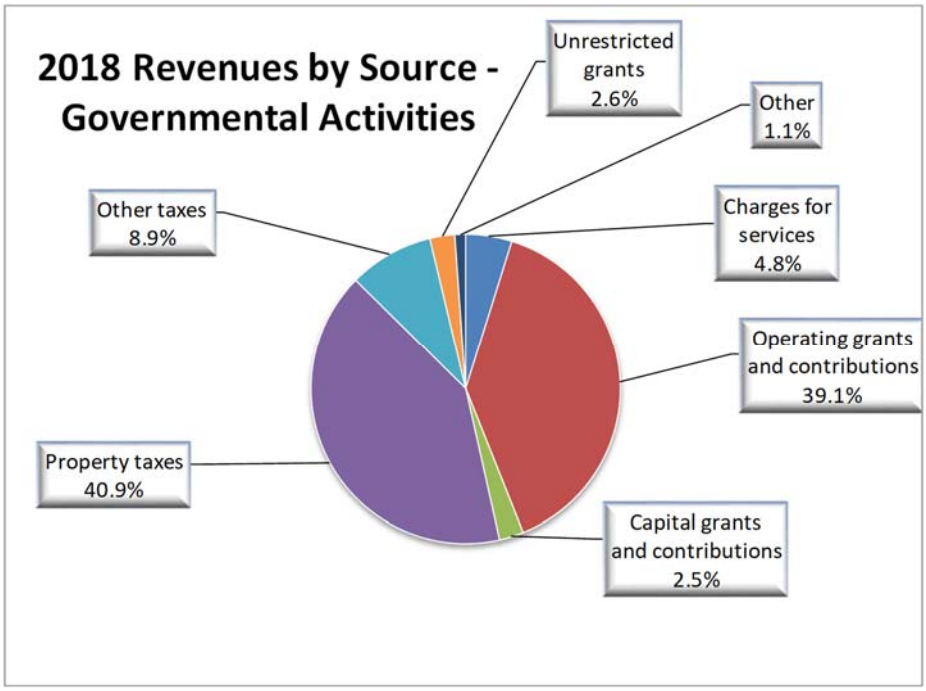
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for 2018.



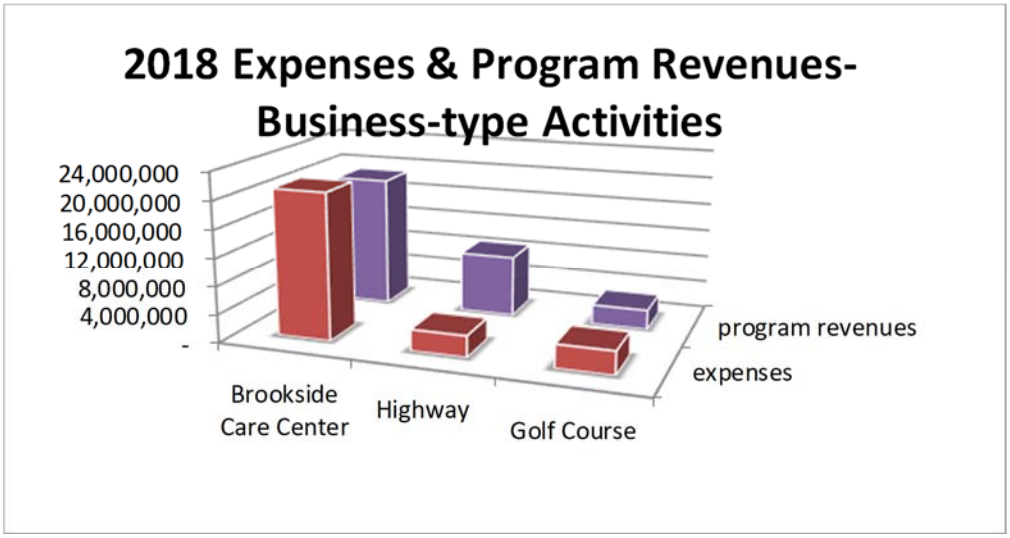
REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2018.



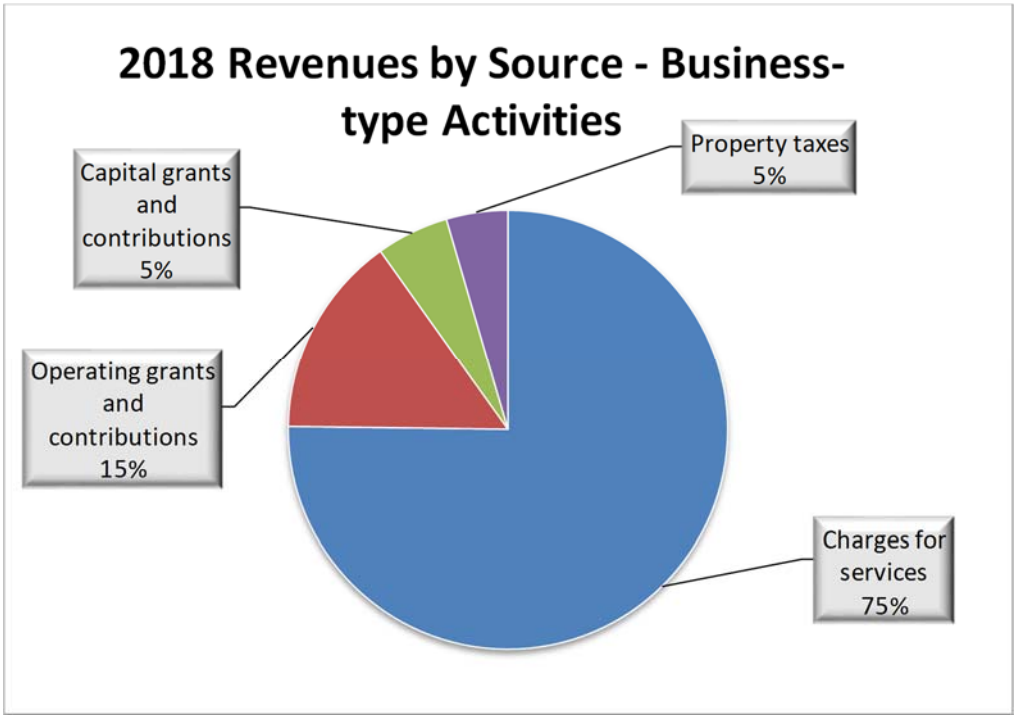
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2018.



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2018.



THE COUNTY'S FUNDS

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

General Fund

The General Fund experienced a decrease in the total fund balance. The unassigned fund balance decreased due to a planned cash advance resulting from the Brookside Care Center renovation. This nonexpendable portion will be reversed over the course of the next 20 years from increased revenue from the assisted living facility at Willowbrook. Nonspendable fund balances for delinquent taxes decreased by $2.29 million. Sales tax revenues came in at $0.8 million higher than expected. Other items impacting the General Fund are discussed below.

Because of the approval of the Health Insurance internal service reserve policy, funds that otherwise would have lapsed to the General Fund remain in the Health Insurance internal service fund for a maximum of $1.5 million as approved by County Board.

	2012	2013	2014	2015	2016	2017	2018
General Fund	10,229,584	11,588,684	15,080,088	18,200,731	18,421,373	19,640,114	18,718,617
Health Insurance	1,500,001	1,500,001	1,500,001	1,500,001	1,500,000	1,500,001	1,500,001
Total	11,729,585	13,088,685	16,580,089	19,700,732	19,921,373	21,140,115	20,218,618

The unassigned fund balance amount is significant, as this is the amount available for future expenditures if approved by the County Board. A summary of the primary elements for all funds resulting in the decrease in unassigned fund balance in the General Fund is provided on page 15. In 2018, an amount of nonspendable reserves were set aside to reflect the long-term advance of $2.289 million related to the County's planned capital investment in Brookside/Willowbrook facilities. Without this set aside, the unassigned would have increased to $21.0 million. This advance will be paid back as the facility continues to serve the community.

THE COUNTY'S FUNDS (continued)

General Fund (continued)

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

- To maintain the fund balance of the General Fund at levels sufficient to protect the County's creditworthiness as well as its financial positions from unforeseeable emergencies.
- To ensure sufficient liquidity to provide for County obligations as they become due.
- To maintain the proper balance between maintaining a prudent level of reserves that is neither too low nor too high. The policy requires that the County maintain 17% of General Fund expenditures as unassigned fund balance in the General Fund. The County surpassed the 17% threshold by $7.0 million at year-end 2018. See the summary on page 15 for an analysis of this.

In accord with this policy, available balances within the General Fund in excess of 17% may be used for capital expenditures and one-time operating expenditures. An amount not to exceed $300,000 may be used for ongoing operational expenditures. In the 2018 financial statements, $290,000 of funds from the General Fund was designated to fund a one-time expense for the 2018 budget. This policy does permit reserves to be used for mid-year budget transfers.

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

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

Items that affected the General Fund:

Sales Tax - Sales tax collections were higher than expected by $0.8 million.

Insurance Internal Service Funds – The net health insurance spending was $1.9 million more than was budgeted. The net effect to the General Fund was a $1.1 million deficit due to $317,000 charged to the proprietary funds of Brookside and Golf, and $511,000 vacancy savings. In addition, the liability insurance spending was $693,000 over budget with the net effect to the general fund of $632,000 deficit due to the same factors stated above.

Vacancy Adjustment Surplus - Kenosha County reduces its total budgeted personnel costs using a vacancy adjustment. Historically, the County has an employee turnover rate in excess of 2%. Therefore, it is not necessary to fund 100% of all budgeted positions. In 2018, the budgeted County vacancy adjustment was $700,000. In 2018, the General Fund was affected with a deficit effect of $620,000 due to the vacancy adjustment.

Human Services – Revenues from Medicaid and government grants were $1.4 million less than budgeted.

Sheriff – Fund balance was reduced by an expense deficit of $0.6 million in the Sheriff's department personnel budget. This was offset by an amount of $0.7 million revenue greater than budget for housing of federal inmates.

Elected Officials Revenue –The tax delinquency revenue and interest on taxes exceeded budget by $298,000.

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Decrease in Tax Delinquencies - The amount of delinquencies at year end 2018 was $3.5 million compared to year end 2017 delinquencies of $5.8 million or a decrease of $2.3 million.

Highway revenues and expenses – Revenues from providing road services to the State, other municipalities and local transportation aids were $977,000 less than budgeted. This was offset with a budget surplus in expenses for operations of $672,000 resulting in a deficit of $305,000.

Brookside Care Center Fund
The County's lapsing policy changed in 2016 allowing the Brookside Care Center fund to retain any surplus so their activity no longer affects the General Fund. The Brookside Care Center fund must also cover its losses within its operations. In prior years, Brookside was able to cover any losses within the Human Services Department. In 2018, the Brookside Care Center fund experienced a loss of $2.8 million. This loss was expected due to the construction of the Willowbrook addition completed during the early part of 2018 which resulted in a decrease in available beds. Brookside experienced an increase in charges for service of $2.7 million, and operating expenses increased by $3.5 million for interest and fiscal charges on long-term debt.

The long-term plan for Brookside/Willowbrook estimates a period of negative cash that will be recovered by 2028. The County set aside $2.29 million as non-spendable for this long-term advance. Brookside will gain a positive cash balance during 2019 due to State budget approved rate increases for Medicaid and unexpected additional revenue from the State.

Golf Course Fund
Golf fee revenue was $2.8 million for 2018. Any surplus remains in the Golf Course fund to cover future operations or capital outlays. This is the sixth year in a row in which this fund did not experience a deficit.

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Summary of 2018 Operations: Review of Major Elements Impacting the Unassigned Fund Balance in the General Fund

2018 General Fund Year-End Forecast

In 2017, the County's general fund closed with a balance of approximately $19.6 million or $8.3 million over the County general fund reserve policy minimum threshold. This year end balance was 29.51% of the audited 2017 General Fund operating expenditures of $66.54 million.

	Year End 2017
Prior Year Unassigned Reserves	$19,640,114
Items causing increase to the General Fund	
Decrease in Tax Delinquencies net of Profit/Loss Tax Deed Sale revenues	$2,928,000
Sales Tax	818,000
Human Services - Institute Placements net against Medicaid revenue deficit	875,000
Federal Inmate Housing/Other KSD revenue surplus	680,000
Treasurer Tax Delinquency and Interest on Taxes revenue surplus	298,000
Public Works operating expenditures/revenue surplus	31,000
Miscellaneous	
Total Increases to General Fund	$5,630,000
Items causing decrease to the General Fund	
Sheriff - Personnel/Other	($1,195,000)
Health Insurance deficit	(885,000)
Workers Comp surplus/Liability Insurance deficit net	(530,000)
Vacancy	(620,000)
DPW capital/Brookside	(415,000)
Brookside Long Term Advance	(2,288,000)
Reserves to fund budget approved one time expenditures permitted by Reserve policy	(290,000)
Miscellaneous	(328,497)
Total net reduction to Fund Balance	($6,551,497)
Year-end unassigned fund balance	$18,718,617
Less: County Board minimum requirement of 17% of General Fund Expenditures	$11,747,288
Amount over 17% Minimum	$6,971,329

Year-End Unassigned General Fund balance	$18,718,617
General Fund Expenditures	$69,101,694
Unassigned Reserves as a Percentage of General Fund Expense	**27.09%**
Decrease in General Fund Unassigned Over Year Prior	($921,497)

THE COUNTY'S FUNDS (continued)

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The first category includes amendments for continuing appropriations from the prior year. The carryover of these funds allows the County to complete projects previously authorized by the Board.

- The second category includes budget amendments done to reflect changes in intergovernmental aids and grants.

- The third category includes transfers the Board approved for use between appropriations to prevent budget overruns. All of the transfers in this category were done within the total budget.

- The fourth category includes transfers from the General Fund approved by the County Board.

- The fifth category is reprogrammed surplus funds re-budgeted for a new purpose using surplus funds identified as part of the year-end closeout. The County approved the reprogramming of $64,545 for parkland development and $227,383 for the law enforcement enhancements capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County continued the trend of growth in the General Fund in 2018 due to operations increasing by $1.37 million in 2018. Due to a reclassification of a long-term advance to the Brookside proprietary fund from the unassigned general fund balance to the nonspendable category in the amount of $2.29 million, the General Fund unassigned balance decreased from $19.6 million to $18.72 million in 2018. The fact remains that the balance reflects a material recovery from 2009, when the General Fund declined to $5.9 million.

The County reached a milestone in 2012 when its General Fund unassigned balance exceeded 17% of general fund expenditures, climbing above the policy benchmark for the first time in 6 years. This trend continued in 2018 with the balance being $18.7 million which is $7 million above the 17%. Many factors contributed to this event, as explained in this report.

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

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

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

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

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

The recession continued into 2009. The General Fund declined by $2.5 million to $6.2 million. The primary reason for the decline in the General Fund had been the increase in property tax delinquencies. From the low point of $4 million in 2005, tax delinquencies have now decreased to $3.5 million in 2018.

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

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

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

State and National events have had and will continue to have a significant impact upon the County. In 2017, the County demonstrated continued economic recovery, as property values of the average home in Kenosha County per equalized valuation (TID IN) increased from a low of $97,000 in 2013 to $175,198 in May of 2018. In 2018, we are well beyond economic recovery phase. Kenosha County is one of the strongest economic growth communities nationally. The current 5-year budget forecast reflects sustainability with regard to County operations. Because we are in such a rapid growth economy reduction in service does not appear to be necessary at this time. If it was necessary, the County is well prepared to deal with this.

The preliminary State 2019 – 2021 biennial budget does not change County levy limits. County operations are financially sustainable under these levy limits.

Other indicators of economic growth are the material decline in delinquencies for Kenosha County from $5.8 million in 2017 to $3.5 million in 2018. It is projected to decrease to $3.2 million at year end 2019. Kenosha County also experienced a decline in the unemployment rate to a record low of 3.0% at yearend 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2018, the County had $211.9 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

The $4.63 million increase in machinery and equipment reflects the County's continued investment in Broadband infrastructure and computer equipment as well as annual update of vehicles and maintenance equipment. Buildings reflects completed Brookside work, as well as additional building improvements. See Notes to the Financial Statements page 62 through 65 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Construction in progress	$ 9.84	$ 10.41	$ -	$ 4.26	$ 9.84	$ 14.68
Land	21.76	21.61	0.34	0.34	22.10	21.94
Land improvements	22.85	22.10	7.23	7.07	30.08	29.17
Intangible assets	3.58	-	-	0.03	3.58	0.03
Buildings	117.36	109.10	34.53	30.70	151.89	139.80
Machinery & equipment	46.85	42.43	27.52	27.31	74.37	69.74
Infrastructure	59.55	53.59	-	-	59.55	53.59
Total capital assets	281.79	259.23	69.62	69.71	$ 351.41	328.96
Less: accumulated depreciation	(106.10)	(101.90)	(33.45)	(34.29)	(139.55)	(136.19)
Total net capital assets	$ 175.69	$ 157.34	$ 36.17	$ 35.42	$ 211.86	$ 192.76

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt

At year-end, the County had $124,885,000 in outstanding general obligation debt.

Bonded debt outstanding at 12/31/17	$ 124,355,000
Principal retired in 2018	(14,740,000)
Notes issued to fund 2018 capital projects	15,270,000
Debt outstanding at 12/31/18	$ 124,885,000

New principal issued was $15,270,000. Total general obligation debt outstanding increased by $530,000 or 0.43%.

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

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

Since 1999, the County has experienced an overall decline in total long-term obligations despite the increase in total debt outstanding in 2012. County debt hit its highest level of $112.9 in 1999, including the County's unfunded actuarial pension liability. As of yearend 2017, total County general obligation debt outstanding increased to $124.3 million compared to $99.5 million at year end 1999 with the increase due to the debt issued for the Brookside project. Excluding that debt, the balance had little change.

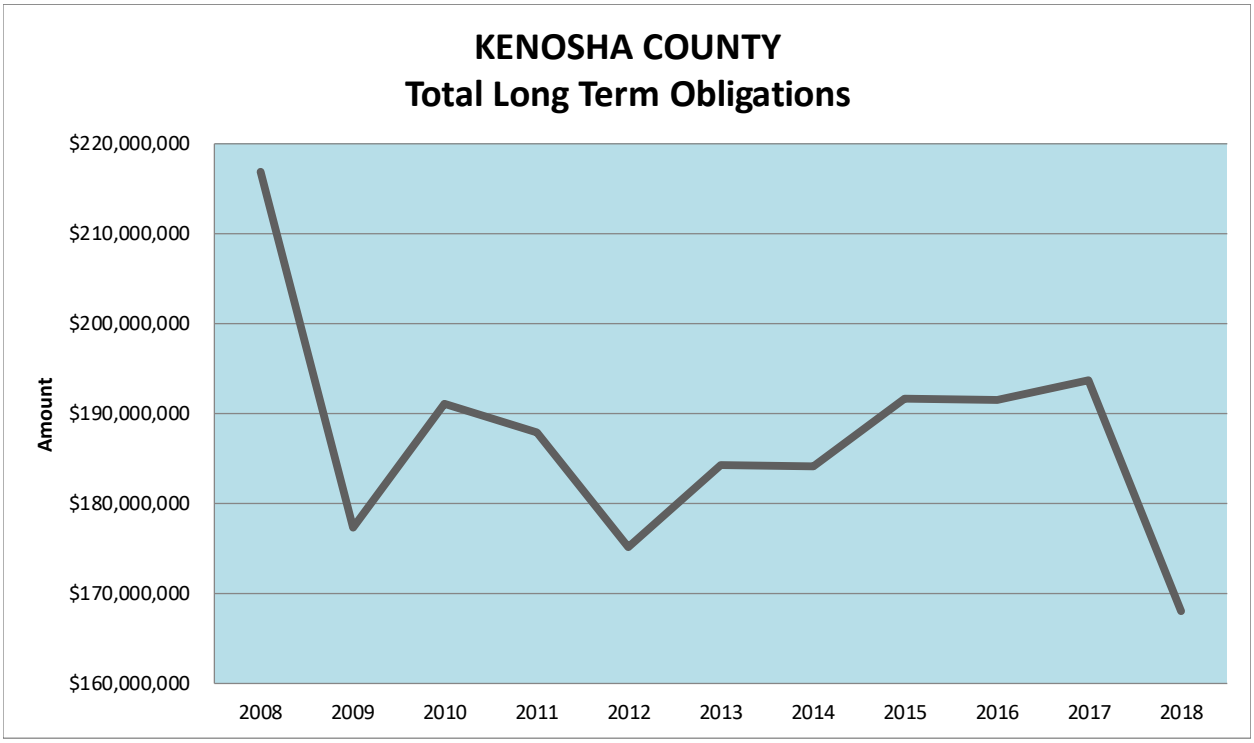
The chart below reflects the change in Kenosha County long term obligations since the implementation of GASB 45. GASB 45 required that Kenosha County account for its long-term obligations relative to post retirement benefits for health insurance (OPEB). Because of changes made to the County OPEB program, total long-term obligations have declined since the inception of GASB 45. In addition to making changes to post-retirement health insurance benefits, the County established a Paid Time Off (PTO) program in 2012. The program eliminated vacation accruals for all nonprotective employees by year end 2013. Changes to the post-retirement benefit for health insurance, combined with the implementation of the PTO program, will result in continued significant declines in County long term obligations. Effective 2018, the County adopted GASB 75 for OPEB liability for health insurance and retiree life insurance.

KENOSHA COUNTY
TOTAL LONG TERM OBLIGATIONS

	2011	2012	2013	2014	2015	2016	2017	2018
General Obligation	$ 97,180,000	$ 101,325,000	$ 99,110,000	$ 99,515,000	$ 117,980,000	$ 118,970,000	$ 124,355,000	$ 124,885,000
OPEB Health:								
Protective	33,726,650	29,700,000	40,154,327	40,471,845	40,735,463	40,979,068	39,936,357	13,805,400
Nonprotective	53,545,927	40,600,000	44,798,295	43,968,115	32,801,555	31,400,351	29,298,724	25,584,750
OPEB Life Insurance	-	-	-	-	-	-	-	3,697,166
Vacation/Casual	3,449,308	3,435,000	109,317	118,925	132,313	120,055	109,836	100,132
	$ 187,901,885	**$ 175,060,000**	**$ 184,171,939**	**$ 184,073,885**	**$ 191,649,331**	**$ 191,469,474**	**$ 193,699,917**	**$ 168,072,448**

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

The OPEB debt in the above table represents the total OPEB liability for health insurance and retiree life insurance based on adoption of GASB 75.



See Notes to the Financial Statements page 68 for more detail about the County's debt.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Patricia Merrill, CPA, CPFO
Director of Finance
Kenosha County, Wisconsin

KENOSHA COUNTY
STATEMENT OF NET POSITION
December 31, 2018

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and temporary cash investments	$ 20,430,367	$ 370,023	$ 20,800,390
Receivables			
Property taxes	67,186,497	1,840,478	69,026,975
Delinquent taxes	7,046,270	-	7,046,270
Other	2,407,880	3,458,452	5,866,332
Due from other governments	15,555,806	1,245,238	16,801,044
Internal balances	12,748,067	(12,748,067)	-
Prepaid items	665,108	79,719	744,827
Inventories	-	710,513	710,513
Restricted cash and investments	1,047,946	-	1,047,946
Deposit with Wisconsin Municipal Mutual Insurance Co.	1,157,860	-	1,157,860
Other Assets			
Net pension asset	9,566,877	2,588,950	12,155,827
Capital assets			
Land, improvements, and construction in progress	48,181,542	338,258	48,519,800
Other capital assets, net of depreciation	127,505,115	35,834,644	163,339,759
Total Capital Assets	175,686,657	36,172,902	211,859,559
Total Assets	313,499,335	33,718,208	347,217,543
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of bond	166,904	-	166,904
Deferred outflows related to pension	17,554,087	4,697,685	22,251,772
Deferred outflows related to OPEB	4,014,642	146,925	4,161,567
Total Deferred Outflows of Resources	21,735,633	4,844,610	26,580,243
LIABILITIES			
Accounts payable	9,758,654	1,126,755	10,885,409
Claims payable	5,787,186	-	5,787,186
Accrued compensation	5,122,271	-	5,122,271
Accrued interest	1,014,924	-	1,014,924
Other current liabilities	50,885	212,933	263,818
Special deposits	117,277	17,823	135,100
Due to other governments	2,086,456	-	2,086,456
Unearned revenue	551,643	13,588	565,231
Long-term liabilities			
Due within one year	15,745,735	186,924	15,932,659
Due in more than one year	95,282,842	18,929,978	114,212,820
Other postretirement benefits	36,663,111	5,321,638	41,984,749
Total Liabilities	172,180,984	25,809,639	197,990,623
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	18,879,048	5,108,978	23,988,026
Deferred inflows related to OPEB	365,617	49,310	414,927
Deferred property tax levy	67,186,497	1,840,478	69,026,975
Total Deferred Inflows of Resources	86,431,162	6,998,766	93,429,928
NET POSITION			
Net investment in capital assets	78,248,303	8,726,256	86,974,559
Restricted	10,914,179	2,606,773	13,520,952
Unrestricted (deficit)	(12,539,660)	(5,578,616)	(18,118,276)
Total Net Position	$ 76,622,822	$ 5,754,413	$ 82,377,235

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Totals
Governmental activities:							
General government	$ 30,739,186	$ 2,764,960	$ 1,895,660	$ -	$ (26,078,566)	$ -	$ (26,078,566)
Health	23,724,181	2,357,882	14,713,682	-	(6,652,617)	-	(6,652,617)
Public works	3,584,140	-	-	-	(3,584,140)	-	(3,584,140)
Public safety	48,178,983	2,321,203	9,144,640	1,300,000	(35,413,140)	-	(35,413,140)
Social services	47,395,142	195,751	38,661,795	101,108	(8,436,488)	-	(8,436,488)
Education and recreation	4,776,404	179,428	573,072	2,827,715	(1,196,189)	-	(1,196,189)
Conservation and development	1,387,343	258,345	459,879	25,000	(644,119)	-	(644,119)
Interest on long-term debt	2,772,459	-	-	-	(2,772,459)	-	(2,772,459)
Total Governmental Activities	162,557,838	8,077,569	65,448,728	4,253,823	(84,777,718)	-	(84,777,718)
Business-type activities:							
Brookside Care Center	21,013,123	17,228,036	1,734,530	-	-	(2,050,557)	(2,050,557)
Highway	2,996,336	4,080,935	3,053,421	1,712,355	-	5,850,375	5,850,375
Golf Course	3,288,701	2,801,267	-	-	-	(487,434)	(487,434)
Total Assets							
Total Business-type Activities	27,298,160	24,110,238	4,787,951	1,712,355	-	3,312,384	3,312,384
Totals	$ 189,855,998	$ 32,187,807	$ 70,236,679	$ 5,966,178	(84,777,718)	3,312,384	(81,465,334)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					53,132,891	1,453,632	54,586,523
Property taxes, levied for debt service					15,333,552	-	15,333,552
Sales tax - County					14,843,034	-	14,843,034
Grants and contributions not restricted to specific programs					4,342,600	-	4,342,600
Unrestricted investment earnings					633,787	19,641	653,428
Miscellaneous					1,250,650	9,398	1,260,048
Transfers					11,003,715	(11,003,715)	-
Total general revenues and transfers					100,540,229	(9,521,044)	91,019,185
Change in net position					15,762,511	(6,208,660)	9,553,851
Net position - January 1, as originally stated					65,739,488	13,143,347	78,882,835
Cumulative effect of change in accounting principle - GASB 75 OPEB					$ (4,879,177)	$ (1,180,274)	(6,059,451)
Net position - January 1, as restated					60,860,311	11,963,073	72,823,384
Net position - ending					$ 76,622,822	$ 5,754,413	$ 82,377,235

See accompanying notes to the financial statements.

KENOSHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 18,476,580	$ -	$ -	$ 1,953,787	$ 20,430,367
Receivables					
Property taxes	33,808,651	14,178,469	16,267,198	2,705,074	66,959,392
Delinquent taxes	7,046,270	-	-	-	7,046,270
Miscellaneous	6,294	253,239	-	-	259,533
Due from other governments	5,315,240	6,883,433	-	4,249,119	16,447,792
Due from other funds	944,625	-	-	8,351,888	9,296,513
Advance due from other funds	2,288,000	-	-	-	2,288,000
Prepaid items	612,923	-	-	2,186	615,109
Loans receivable	-	-	-	1,189,554	1,189,554
TOTAL ASSETS	$ 68,498,583	$ 21,315,141	$ 16,267,198	$ 18,451,608	$ 124,532,530
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 887,655	$ 6,458,218	$ 20,155	$ 1,569,595	$ 8,935,623
Accrued compensation	5,122,271	-	-	-	5,122,271
Special deposits	3,569	90,747	-	20,522	114,838
Due to other governments	2,095,590	-	-	-	2,095,590
Due to other funds	-	377,668	120,851	5,095,015	5,593,534
Other unearned revenue	85,899	146,821	-	318,923	551,643
Total Liabilities	8,194,984	7,073,454	141,006	7,004,055	22,413,499
Deferred Inflows of Resources					
Deferred property tax levy	33,808,651	14,178,469	16,267,198	2,705,074	66,959,392
Revolving loan fund outstanding loans	-	-	-	1,189,554	1,189,554
Total deferred inflows of resources	33,808,651	14,178,469	16,267,198	3,894,628	68,148,946
Fund Balances					
Nonspendable					
Prepaid items	612,923	-	-	2,186	615,109
Advance due from other funds	2,288,000	-	-	-	2,288,000
Delinquent taxes	3,513,632	-	-	-	3,513,632
Restricted					
Housing Authority revolving loan fund	-	-	-	31,049	31,049
Federal Equitable Sharing funds	-	-	-	63,481	63,481
Aging	-	63,218	-	-	63,218
Committed					
Federated Library System	-	-	-	42	42
Geographic Information Systems	-	-	-	14,965	14,965
Assigned					
Encumbrances	113,367	-	-	1,932,939	2,046,306
Subsequent year expenditures	1,248,409	-	-	10,607,897	11,856,306
Capital projects	-	-	-	254,559	254,559
Unassigned (deficit)	18,718,617	-	(141,006)	(5,354,193)	13,223,418
Total Fund Balances (deficit)	26,494,948	63,218	(141,006)	7,552,925	33,970,085
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 68,498,583	$ 21,315,141	$ 16,267,198	$ 18,451,608	$ 124,532,530

See accompanying notes to the financial statements.

KENOSHA COUNTY
Reconciliation of the Governmental Fund Balance Sheet
and the Statement of Net Position
December 31, 2018

Total fund balances as shown on previous page	$ 33,970,085
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	174,664,903
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	
Loans receivable	1,189,554
Net pension asset	9,566,877
Net position of the internal service fund is reported in the statement of net position as governmental activities	3,447,047
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Loss on advance refunding	166,904
Deferred outflows related to pensions	17,554,087
Deferred inflows related to pensions	(18,879,048)
Deferred outflows related to other postemployment benefits	4,014,642
Deferred inflows related to other postemployment benefits	(365,617)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(106,595,000)
Premium on debt	(3,377,803)
Compensated absences	(100,132)
Other postemployment benefit	(37,618,753)
Accrued interest on long-term obligations	(1,014,924)
Net position of governmental activities as reported on the statement of net position	$ 76,622,822

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, 2018

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 51,526,254	$ 13,399,834	$ 15,333,552	$ 2,822,732	$ 83,082,372
Licenses and permits	190,476	-	-	458,781	649,257
Intergovernmental revenues	10,508,887	47,856,046	-	16,003,882	74,368,815
Charges for services	2,833,423	912,106	-	1,942,130	5,687,659
Fines, forfeits and penalties	1,118,622	-	-	-	1,118,622
Investment income	410,412	-	-	162,764	573,176
Miscellaneous income	1,119,746	174,083	-	155,701	1,449,530
Total Revenues	67,707,820	62,342,069	15,333,552	21,545,990	166,929,431
EXPENDITURES					
Current					
General government	25,954,563	-	-	47,212	26,001,775
Health	-	15,550,266	-	8,113,687	23,663,953
Public safety	39,232,960	-	-	5,266,743	44,499,703
Social services	352,680	46,603,430	-	-	46,956,110
Education and recreation	2,372,519	-	-	2,112,929	4,485,448
Conservation and development	1,188,972	-	-	156,398	1,345,370
Capital Outlay	84,609	-	-	11,916,012	12,000,621
Debt Service					
Principal retirement	-	-	14,740,000	-	14,740,000
Interest, fiscal charges and debt issuance costs	-	-	2,889,266	165,497	3,054,763
Total Expenditures	69,186,303	62,153,696	17,629,266	27,778,478	176,747,743
Excess (deficiency) of revenues over expenditures	(1,478,483)	188,373	(2,295,714)	(6,232,488)	(9,818,312)

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, 2018

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	$ 18,000	$ -	$ -	$ 15,252,000	$ 15,270,000
Premium on issuance of debt	-	-	663,498	41,993	705,491
Transfers in	1,586,455	-	-	210,000	1,796,455
Transfers out	(752,472)	(201,257)	-	(7,252,414)	(8,206,143)
Total Other Financing Sources (Uses)	851,983	(201,257)	663,498	8,251,579	9,565,803
Net change in fund balance	(626,500)	(12,884)	(1,632,216)	2,019,091	(252,509)
FUND BALANCES					
Beginning of year	27,121,448	76,102	1,491,210	5,533,834	34,222,594
FUND BALANCES - END OF YEAR (deficit)	$ 26,494,948	$ 63,218	$ (141,006)	$ 7,552,925	$ 33,970,085

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, 2018

Net Change in Fund Balances - Total Governmental Funds	$	(252,509)
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
Capital assets reported as capital outlay in governmental fund statements		24,070,000
Contributed capital assets		4,253,823
Depreciation expense reported in the statement of activities		(8,750,957)
Net book value of disposals and adjustments		(853,389)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		(31,485)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued		(15,270,000)
Premium on debt issued		(705,491)
Principal repaid		14,740,000
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 the governmental funds:		
Accrued interest on long-term debt		(93,397)
Amortization of premiums, discounts and loss on advance refunding		422,163
Loss on advance refunding		(41,726)
Compensated absences		9,704
Net pension asset		9,566,877
Net pension liability		2,608,233
Deferred outflows of resources related to pensions		(2,647,920)
Deferred inflows of resources related to pensions		(10,644,814)
Other postemployment benefits		(1,385,015)
Deferred outflows of resources related to other postemployment benefits		1,063,740
Deferred inflows of resources related to other postemployment benefits		(365,617)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		70,291
Change in net position of governmental activities as reported in the statement of activities	$	15,762,511

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	$ 50,711,938	$ 50,497,153	$ 51,526,254	$ 1,029,101
Licenses and permits	187,900	187,900	190,476	2,576
Intergovernmental revenues	16,084,073	10,955,998	10,508,887	(447,111)
Charges for services	2,953,112	3,004,586	2,833,423	(171,163)
Fines, forfeits and penalties	1,207,466	1,315,352	1,118,622	(196,730)
Investment income	280,000	299,579	410,412	110,833
Miscellaneous income	374,964	613,475	1,119,746	506,271
Continuing appropriations	315,000	1,534,088	-	(1,534,088)
Total Revenues	72,114,453	68,408,131	67,707,820	(700,311)
Expenditures				
Current				
General government	25,690,071	25,954,563	25,954,563	-
Public safety	42,568,402	39,232,960	39,232,960	-
Social services	410,151	421,656	352,680	68,976
Education/recreation	2,463,846	2,610,593	2,372,519	238,074
Conservation and development	981,983	1,238,502	1,188,972	49,530
Capital Outlay	-	84,625	84,609	16
Total Expenditures	72,114,453	69,542,899	69,186,303	356,596
Excess (deficiency) of revenues over expenditures	-	(1,134,768)	(1,478,483)	(343,715)
Other Financing Sources (Uses)				
General obligation debt issued		18,000	18,000	-
Transfers in	-	1,586,455	1,586,455	-
Transfers out	-	(752,472)	(752,472)	-
Total Other Financing Sources (Uses)	-	851,983	851,983	-
Net change in fund balance	-	(282,785)	(626,500)	(343,715)
Fund balance - beginning	27,121,448	27,121,448	27,121,448	-
Fund balance - ending	$ 27,121,448	$ 26,838,663	$ 26,494,948	$ (343,715)

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	$ 13,399,834	$ 13,399,834	$ 13,399,834	$ -
Intergovernmental revenues	47,860,175	49,224,585	47,856,046	(1,368,539)
Charges for services	17,000	737,000	912,106	175,106
Miscellaneous income	376,851	424,524	174,083	(250,441)
Continuing appropriations	-	76,102		(76,102)
Total Revenues	61,653,860	63,862,045	62,342,069	(1,519,976)
Expenditures				
Current				
Health	14,272,721	15,550,266	15,550,266	-
Social services	47,381,139	48,282,474	46,603,430	1,679,044
Total Expenditures	61,653,860	63,832,740	62,153,696	1,679,044
Excess (deficiency) of revenues over expenditures	-	29,305	188,373	159,068
Other Financing Sources (Uses)				
Transfers out	-	(201,257)	(201,257)	-
Total Other Financing Sources (Uses)	-	(201,257)	(201,257)	-
Net change in fund balance	-	(171,952)	(12,884)	159,068
Fund balance - beginning	76,102	76,102	76,102	-
Fund balance - ending	$ 76,102	$ (95,850)	$ 63,218	$ 159,068

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
ASSETS					
Current assets					
Cash and cash equivalents	$ -	$ -	$ 370,023	$ 370,023	$ -
Accounts receivable	2,591,917	866,535	-	3,458,452	66,807
Property taxes receivable	-	1,840,478	-	1,840,478	227,105
Due from other governments	-	1,245,238	-	1,245,238	-
Due from other funds	-	-	-	-	6,803,939
Inventories	-	661,126	49,387	710,513	-
Prepaid items	79,719	-	-	79,719	50,000
Total current assets	2,671,636	4,613,377	419,410	7,704,423	7,147,851
Noncurrent assets					
Restricted cash and investments	-	-	-	-	1,047,946
Deposit in WMMIC	-	-	-	-	1,157,860
Net pension asset	1,564,506	843,204	181,240	2,588,950	-
Capital assets					
Land and construction in progress	203	60,409	277,646	338,258	682,623
Buildings and improvements	22,917,799	9,408,613	9,434,780	41,761,192	7,449,652
Machinery and equipment	9,379,147	14,698,144	3,442,094	27,519,385	638,654
Accumulated depreciation/amortization	(7,998,237)	(17,738,579)	(7,709,117)	(33,445,933)	(7,749,175)
Total capital assets	24,298,912	6,428,587	5,445,403	36,172,902	1,021,754
Total noncurrent assets	25,863,418	7,271,791	5,626,643	38,761,852	3,227,560
Total Assets	28,535,054	11,885,168	6,046,053	46,466,275	10,375,411
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	2,828,871	1,536,940	331,874	4,697,685	-
Deferred outflows related to OPEB	79,983	56,625	10,317	146,925	-
Total Deferred Outflows of Resources	2,908,854	1,593,565	342,191	4,844,610	-
LIABILITIES					
Current liabilities					
Accounts payable	488,437	605,240	33,078	1,126,755	843,118
Claims payable	-	-	-	-	5,787,186
Due to other funds	6,866,531	3,593,536	-	10,460,067	46,851
Special deposits	17,823	-	-	17,823	-
Other current liabilities	212,933	-	-	212,933	24,104
Current portion of long-term debt payable	79,983	56,625	10,317	146,925	-
Current portion of unamortized premium on debt	39,999	-	-	39,999	-
Unearned revenue	-	-	13,588	13,588	-
Total current liabilities	7,705,706	4,255,401	56,983	12,018,090	6,701,259
Noncurrent liabilities					
Advance due to other funds	2,288,000	-	-	2,288,000	-
Unamortized premium on bonds	639,978	-	-	639,978	-
Long-term obligations	22,071,121	1,369,274	171,243	23,611,638	-
Unamortized (discount) premium on debt	-	-	-	-	-
Total noncurrent liabilities	24,999,099	1,369,274	171,243	26,539,616	-
Total Liabilities	32,704,805	5,624,675	228,226	38,557,706	6,701,259
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	3,087,359	1,663,964	357,655	5,108,978	-
Deferred inflows related to OPEB	25,785	20,133	3,392	49,310	-
Deferred property tax levy	-	1,840,478	-	1,840,478	227,105
Total Deferred Inflows of Resources	3,113,144	3,524,575	361,047	6,998,766	227,105
NET POSITION					
Net investment in capital assets	6,008,912	(2,728,059)	5,445,403	8,726,256	1,021,754
Restricted for non-expendable fund use	1,582,329	843,204	181,240	2,606,773	-
Unrestricted (deficit)	(11,965,282)	6,214,338	172,328	(5,578,616)	2,425,293
Total Net Position	$ (4,374,041)	$ 4,329,483	$ 5,798,971	$ 5,754,413	$ 3,447,047

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
OPERATING REVENUES					
Charges for services	$ 17,228,036	$ 4,080,937	$ 2,801,267	$ 24,110,240	$ 27,100,669
Total Operating Revenues	17,228,036	4,080,937	2,801,267	24,110,240	27,100,669
OPERATING EXPENSES					
Operations and maintenance	19,406,632	19,158,993	2,726,629	41,292,254	27,418,828
Depreciation and amortization	1,007,690	916,810	562,074	2,486,574	368,746
Total Operating Expenses	20,414,322	20,075,803	3,288,703	43,778,828	27,787,574
Operating Income (Loss)	(3,186,286)	(15,994,866)	(487,436)	(19,668,588)	(686,905)
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	(262,548)	1,716,180	-	1,453,632	227,105
Intergovernmental grants	1,734,530	4,765,776	-	6,500,306	60,612
Investment income	19,641	-	-	19,641	60,612
Miscellaneous income	2,245	386	6,767	9,398	79,667
Amortization of debt premium	39,999	-	-	39,999	-
Interest and fiscal charges	(638,800)	-	-	(638,800)	(4,736)
Total Non-Operating Revenues (Expenses)	895,067	6,482,342	6,767	7,384,176	423,260
Income (Loss) Before Transfers	(2,291,219)	(9,512,524)	(480,669)	(12,284,412)	(263,645)
TRANSFERS					
Transfers in	713,738	4,906,434	458,000	6,078,172	337,472
Transfers out	(1,256)	-	(1,164)	(2,420)	(3,536)
Total Transfers	712,482	4,906,434	456,836	6,075,752	333,936
Change in net position	(1,578,737)	(4,606,090)	(23,833)	(6,208,660)	70,291
Net position - January 1, as originally stated	(2,156,396)	9,394,302	5,905,441	13,143,347	3,376,756
Cumulative Effect of Change in Accounting Principle - GASB 75 OPEB	(638,908)	(458,729)	(82,637)	(1,180,274)	-
Net position - January 1, as restated	(2,795,304)	8,935,573	5,822,804	11,963,073	3,376,756
Net position - December 31	$ (4,374,041)	$ 4,329,483	$ 5,798,971	$ 5,754,413	$ 3,447,047

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, 2018

	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	$ 17,989,519	$ 3,402,870	$ 2,809,723	$ 24,202,112	$ 27,097,560
Paid to suppliers and employees for goods and services	(19,378,837)	(19,377,346)	(2,707,504)	(41,463,687)	(26,734,680)
Cash Flows from Operating Activities	(1,389,318)	(15,974,476)	102,219	(17,261,575)	362,880
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	(262,548)	1,716,180	-	1,453,632	227,105
Due to/from other funds	(831,536)	5,093,536	-	4,262,000	(2,302,533)
Advance due to other funds	2,288,000	-	-	2,288,000	-
Intergovernmental grants	1,734,530	4,765,776	-	6,500,306	60,612
Miscellaneous income	2,245	386	6,767	9,398	79,667
Transfers	-	-	-	-	337,472
Cash Flows from Noncapital Financing Activities	2,930,691	11,575,878	6,767	14,513,336	(1,597,677)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid	(638,800)	-		(638,800)	-
Acquisition and construction of capital assets	(6,609,662)	(664,957)	(1,086,604)	(8,361,223)	-
Disposal and adjustments of capital assets	4,974,966	42,810	128,718	5,146,494	-
Transfers	712,482	4,906,434	456,836	6,075,752	(3,536)
Cash Flows from Capital and Related Financing Activities	(1,561,014)	4,284,287	(501,050)	2,222,223	(3,536)
CASH FLOWS FROM INVESTING ACTIVITIES					
Withdrawal from WMMIC restricted cash	-	-	-	-	66,327
Investment income	19,641	-	-	19,641	60,612
Cash Flows from Investing Activities	19,641	-	-	19,641	126,939
Net Change in Cash and Cash Equivalents	-	(114,311)	(392,064)	(506,375)	(1,111,394)
Cash and Cash Equivalents - Beginning of Year	-	114,311	762,087	876,398	1,111,394
Cash and Cash Equivalents - End of Year	$ -	$ -	$ 370,023	$ 370,023	$ -

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	$ (3,186,286)	$ (15,994,866)	$ (487,436)	$ (19,668,588)	$ (686,905)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:					
Depreciation expense and amortization	1,007,690	916,810	562,074	2,486,574	368,746
Change in net pension liability (assets) and deferred inflows/outflows related to pension	216,435	104,707	15,865	337,007	-
Change in net OPEB liability (assets) and deferred inflows/outflows related to OPEB	68,376	47,690	4,892	120,958	
Changes in assets and liabilities:					
Accounts receivable	761,483	(866,535)	8,215	(96,837)	(3,109)
Due from other governments	-	188,468	-	188,468	-
Inventories	-	(84,637)	2,276	(82,361)	-
Prepaid items	(2,330)	-	-	(2,330)	7,328
Accounts payable	(249,354)	(286,113)	(3,908)	(539,375)	181,567
Claims payable	-	-	-	-	499,767
Special deposits	(5,332)	-	-	(5,332)	-
Unearned revenue	-	-	241	241	(2,064)
Other current liabilities	-	-	-	-	(2,450)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (1,389,318)	$ (15,974,476)	$ 102,219	$ (17,261,575)	$ 362,880

Noncash investing, capital and financing activities: none

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ASSETS & LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
December 31, 2018

ASSETS		
Cash and temporary cash investments	$	4,151,185
Miscellaneous receivables		276,281
Total Assets	$	4,427,466
LIABILITIES		
Other accrued liabilities	$	4,427,466
Total Liabilities	$	4,427,466

See accompanying notes to the financial statements.

KENOSHA COUNTY

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December 31, 2018

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KENOSHA COUNTY

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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

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County allocates indirect expenses to functions in the Statement of Activities by using a cost allocation plan. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which, are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Fund Financial Statements (cont.)

Funds are organized as major funds or non-major funds within the governmental, proprietary, and fiduciary statements. An emphasis is placed on major funds within the governmental and proprietary categories.

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

a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

c. In addition, any other governmental or proprietary fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County reports the following major governmental funds:

- General – accounts for and reports all financial resources not accounted for and reported in another fund.

- Human Services – Accounts for resources legally restricted to supporting expenditures for the Social Services and Aging programs.

- Debt Service – accounts for resources accumulated and payments made for principal and interest on long-term debt other than enterprise fund debt.

The County reports the following major enterprise funds:

- Brookside Care Center – accounts for the operations of the County nursing home including the Willowbrook assisted living home.

- Highway – accounts for the maintenance of the County, state and local roads.

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 non-major governmental and enterprise funds:

- Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. These specific restricted or committed revenues should be the foundation for a special revenue fund. These funds are:

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

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

  Parkland Development
  Public Safety Access Point
  Public Safety Building
  Energy Reduction Technology
  Other Capital Projects

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

In addition, the County reports the following fund types:

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

  Human Services Building
  Health Insurance
  Workers' Compensation
  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

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

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special charges are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

Fund Financial Statements

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

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. Sales taxes are recognized as revenues in the year in which the underlying sales relating to it take place.

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

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

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

Fund Financial Statements (cont.)

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

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

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

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

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

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

Investments are stated at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

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

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

1. Deposits and Investments (cont.)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018 the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

The County's property taxes are levied on or before December 31 on the equalized valuation as of the prior January 1 for all general property located in the county. The taxes are due and payable in the following year.

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

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

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

Property taxes as levied are collected by local treasurers until January 31 in eleven municipalities and July 31 in two municipalities. At the end of the local treasurer's collection process, a settlement between the County treasurer and local treasurers determine the amount due the various taxing districts. Tax collection becomes the responsibility of the County and delinquent taxes receivable represent unpaid taxes levied for all taxing entities within the County. On August 31, the tax lien date, all unpaid taxes are reflected as tax certificates. No allowance for losses on delinquent taxes has been provided because the County has demonstrated its ability to recover any losses through the sale of property.

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

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

2. Receivables (cont.)

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

Property tax calendar – 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale – 2017 delinquent real estate taxes	October 2021

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds”. Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds”. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

The County has a 0.5% sales tax which is collected by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale related to it takes place. At December 31, 2018, the County has accrued two months of the subsequent year’s collections as receivable. In 2018, sales tax revenue totaled $14,842,932 of which $2,859,751 has been accrued.

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

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

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Financial Statements

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

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

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

5. Capital Assets (cont.)

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

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

Fund Financial Statements

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

6. Other Assets

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

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. The amount of accumulated sick leave that will not be paid with expendable available resources cannot be reasonably determined. Sick leave does not vest.

Vested vacation and casual days are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

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

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

7. Compensated Absences (cont.)

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

Accumulated liabilities at December 31, 2018 are determined on the basis of current salary rates and include salary related payments.

8. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The County reports unavailable revenues for special assessments and loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

9. Long-Term Obligations/Conduit Debt

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term obligations consist 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 refunding are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts is shown as an increase or decrease in the liability section of the balance sheet.

In September 2009, the County Board authorized issuance of conduit debt titled “Kenosha County, Wisconsin Community Facility Revenue Bond, Series 2009” whose principal may not exceed $8,300,000. The purpose of the bond is to assist a nonprofit community organization in the construction of a facility within the County. In 2013, the agency refinanced this bond at $5,713,550. In 2018, the interest rate was reset to 78% of Libor plus 3.60% and will be reset every five years.

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

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

The bank covenant also requires the agency to prepay $60,000 by December 1 of each year. Final maturity of the bond is September 2034. The bond is secured by various assets of the borrower. The balance of the debt as of December 31, 2018 is $4,798,440.

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.

10. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Government Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. See Note V. B. on commitments and contingencies.

11. Equity Classifications

Government-Wide Financial Statements

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

a. Net Investment in Capital Assets – includes the County's capital assets (net of accumulated depreciation and capital related deferred outflows of resources) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources. Certain capital assets reported in the proprietary funds are financed by debt for which the governmental funds are making payment.

b. Restricted Net Position – includes assets that have third party (statutory, bond covenant, or granting agency) limitations on their use. The County typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

c. Unrestricted Net Position – typically includes unrestricted liquid assets. The County has the authority to revisit or alter this position.

The calculation of net investment in capital assets includes the adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. See Note IV. C. Capital Assets for detail.

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.

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

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

11. Equity Classifications (cont.)

Fund Financial Statements

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

a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form, or because they are legally or contractually required to be maintained intact.

b. Restricted – Amounts that can be spent only for the specific purposed stipulated by constitution, external resource providers, or through enabling legislation.

c. Committed – Amounts that can be used only for the specific purposed determined by a formal action or resolution of the County Board (the County's highest level of decision-making authority).

d. Assigned – Amounts that are intended to be used for a particular purpose expressed by the Board or other authorized committee or individual.

e. Unassigned – All amounts not included in other spendable classifications.

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

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

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 POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities." All liabilities, both current and long-term**,** are reported in the statement of net position.

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

Internal Service Funds:	
Human Services Building	$ 1,947,046
Health Insurance	1,500,001
Total	$ 3,447,047

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. Continuing appropriations to the following year are included in assigned fund balance (for government funds) as follows:

General Fund	$ 1,248,409
Special Revenue Funds	8,344
Capital Projects Funds	10,599,553
	$ 11,856,306

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

B. GOVERNMENTAL FUNDS - EXCESS EXPENDITURES OVER APPROPRIATIONS

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

C. DEFICIT BALANCES

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

The following funds had deficit balances at December 31, 2018:

Fund	Amount
Debt Service Fund	$ 141,006
Capital Projects – Public Safety Building	2,250,346

Future borrowing or transfers from other funds are expected to finance the deficit.

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

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

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

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

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

The County has an agreement with Johnson Bank for collateralization of its deposits and investments. The bank has pledged $4,883,573 of various governmental securities as collateralization for the County's deposits.

The County maintains a cash and investment pool that is available for use by all funds. The carrying amount of the various fund types on December 31, 2018 are as follows:

General	$	19,401,389
Special Revenue		286,343
Capital Projects		742,635
Enterprise		370,023
Internal Service		2,205,806
Agency		4,151,185
	$	27,157,381

The distribution of deposits and investments is as follows:

Petty Cash	$	10,210
Deposits with financial institutions		3,753,160
Deposits with external administrators		2,272,133
Investments		21,121,878
	$	27,157,381

Deposits – Custodial Credit Risk

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

As of December 31, 2018, the carrying amount of the County's deposits was $3,755,458 and the bank balance was $5,378,892. As of December 31, 2018, $4,483,573 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits of which all were collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name. In addition, the County maintains petty cash funds in the amount of $10,210.

Investments

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

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

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

The County has investments in the Wisconsin local government investment pool of $7,097,301 at year-end. 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, 2018, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

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.

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

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

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

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government are not considered to have credit risk.

The credit risk profile for fixed income securities at December 31, 2018 is as follows:

U.S. Government Guaranteed		
Investment	Moody's Rating	Amount
AIM		
Government & Agency- Institutional	AAA	$ 5,817,661
Treasury - Institutional	AAA	257,750
DANA		
International Bank for Reconstruction and Development	AAA	300,941
Federal Farm Credit Bank	AAA	400,674
Federal Home Loan Mortgage Corp.	AAA	3,802,815
Federal National Mortgage Association	AAA	2,443,012
Government National Mortgage Association	AAA	9,042
Small Business Association	AAA	823,060
Total U.S. Government Guaranteed		**13,854,955**
Pooled Funds		
Wisconsin Local Government		
Investment Pool	Unrated	**7,097,301**
Money Market Accounts		
DANA Money Market Account	AAA	169,622
Total Money Market Accounts		**169,622**
Grand Total		**$ 21,121,878**

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, 2018 are as follows:

Issuer	Amount	Percentage
Federal National Mortgage Association	$ 2,443,012	12%
U.S.Treasury	6,376,353	30%
Federal Home Loan Mortgage Corp.	3,802,815	18%
Other issuers (none over 5%)	8,499,698	40%
	$ 21,121,878	100%

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

The County's Investment Policy does not address interest rate risk for its investments. In practice, the County contracts with professional portfolio management firms for its investments. Each portfolio management firm has been assigned a widely recognized benchmark consistent with their management strategy.

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

In addition to using the assigned benchmarks to evaluate the performance of the portfolio management firms, the firms also manage interest rate risk by maintaining the effective duration of their portfolios consistent to the duration of the assigned benchmark. The duration of the County's overall investments at December 31, 2018 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. (FHLMC)	$ 3,802,815	Average 270 days
International Bank for Reconstruction and Development (World Bank)	300,941	Average 573 days
Federal Farm Credit Bank	400,674	Average 420 days
Federal National Mortgage Association (FNMA)	2,443,012	Average 179 days
Government National Mortgage Association	9,042	Average 274 days
Small Business Association	823,060	Average 139 days
	$ 7,779,544	

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, 2018 is as follows:

Fund Name	Amount	Weighted Average Maturity
Wisconsin Local Government Investment Pool	$ 7,097,301	20 days
AIM Short Term Government & Agency	5,817,661	30 days
AIM Short Term Treasury	257,750	29 days
	$ 13,172,713	

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

A. DEPOSITS AND INVESTMENTS (cont.)

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
U.S. Treasuries	$ -	$ 257,750	$ -
U.S. Agencies	-	6,649,763	-
Money market mutual funds	169,622	-	-
World Bank	-	300,941	-
FFCB	-	400,674	-
FNMA	-	2,443,012	-
FHLMC	-	3,802,815	-
	$ 169,622	$ 13,854,955	$ -

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

B. RECEIVABLES

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

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

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

For the year ended December 31, 2018, collections in the first sixty days aggregated $433,302. Therefore, the delinquent property tax nonspendable fund balance is $3,946,934 less $433,302 or $3,513,632.

At December 31, 2018, delinquent property taxes by year levied consists of the following:

	Total	County Levied	County Purchased
Tax Certificates			
2017	$ 2,044,687	$ 342,988	$ 1,701,699
2016	1,090,924	182,998	907,926
2015	453,012	75,991	377,021
2014	137,310	23,033	114,277
2013	66,457	11,148	55,309
2012	40,794	6,843	33,951
2011	32,892	5,517	27,375
2010 and prior	80,858	13,564	67,294
Total Tax Certificates	3,946,934	$ 662,081	$ 3,284,852
Delinquent Special Assessments	667,464		
Tax Deeds held by County	2,577,803		
Other	(145,930)		
Total Delinquent Property Taxes Receivable	$ 7,046,270		

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, 2018, the County has not exceeded its maximum retention cap. If 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 2018 including new infrastructure assets. The deletion column represents the assets that were discarded in 2018.

Capital asset valuation and activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental Activities, excluding Internal Service Capital Assets					
Capital Assets not being depreciated:					
Construction in Progress	$ 10,407,078	$ 9,717,076	$ (10,286,683)	$ -	$ 9,837,471
Land Improvements	16,003,204	923,731	(340,600)	-	16,586,335
Land	20,923,366	151,747	-	-	21,075,113
Total Capital Assets not being depreciated	47,333,648	10,792,554	(10,627,283)	-	47,498,919
Other Capital Assets:					
Intangible Assets	-	3,579,280	-	-	3,579,280
Land Improvements	6,093,676	167,371	-	-	6,261,047
Buildings	101,621,339	8,288,682	-	1,574	109,911,595
Machinery & Equipment	41,795,355	6,528,753	(2,209,874)	99,554	46,213,788
Infrastructure	53,594,587	9,594,466	(3,634,361)	-	59,554,692
Total Other Capital Assets at Historical Cost	203,104,957	28,158,552	(5,844,235)	101,128	225,520,402
Less: Accumulated Depreciation					
Intangible Assets	-	(238,619)	-	-	(238,619)
Land Improvements	(3,636,213)	(186,782)	-	(3,024)	(3,826,019)
Buildings	(37,688,828)	(2,262,731)	-	104,580	(39,846,979)
Machinery & Equipment	(28,151,133)	(3,438,021)	2,045,687	(268,210)	(29,811,677)
Infrastructure	(25,017,005)	(2,624,804)	3,010,685	-	(24,631,124)
Total Accumulated Depreciation	(94,493,179)	(8,750,957)	5,056,372	(166,654)	(98,354,418)
Net Total Other Capital Assets	108,611,778	19,407,595	(787,863)	(65,526)	127,165,984
Net Subtotal Non-Internal Service Capital Assets	155,945,426	30,200,149	(11,415,146)	(65,526)	174,664,903

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

C. CAPITAL ASSETS (cont.)

Internal Service Capital Assets	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Capital Assets not being depreciated:					
Land	682,623	-	-	-	682,623
Total Capital Assets not being depreciated	682,623	-	-	-	682,623
Other Capital Assets:					
Buildings	7,479,351	-	-	(29,699)	7,449,652
Machinery & Equipment	632,512	-	(45,920)	52,062	638,654
Total Other Capital Assets	8,111,863	-	(45,920)	22,363	8,088,306
Less: Accumulated Depreciation	(7,403,986)	(487,967)	45,920	96,858	(7,749,175)
Net Total Other Capital Assets	707,877	(487,967)	-	119,221	339,131
Net Subtotal Internal Service Capital Assets	1,390,500	(487,967)	-	119,221	1,021,754
Net Total Government Activities Capital Assets	$ 157,335,926	$ 29,712,182	$ (11,415,146)	$ 53,695	$ 175,686,657
Add: Net book value of fixed assets reported in Proprietary Funds and paid for by Governmental Funds.					9,156,646
Adjusted net fixed assets for government-type funds					$ 184,843,303
Debt related to capital assets					106,595,000
Net investment in capital assets for government-wide statements					$ 78,248,303

The schedule above includes the detail for the net position adjustment for capital assets owned by the business-type activities funds but financed by the debt of the governmental activities funds.

Depreciation expense was charged to functions as follows:

General Government	$ 5,357,636
Public Safety	906,513
Public Works	2,624,804
Social Services	13,700
Education & Recreation	266,285
Health	32,286
Conservation & Development	37,700
Total Governmental Activities- Depreciation Expense	$ 9,238,924

Total governmental activities depreciation expense includes $368,746 recorded to the internal service fund Human Services Building.

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	$ 43,317,642	$ 8,637,602	$ (1,151,400)	$ 50,803,844
Bridges	5,926,162	932,204	(25,261)	6,833,105
Traffic signals	3,490,383	-	(2,457,700)	1,032,683
Sewer drainage	384,000	-	-	384,000
Culverts	476,400	24,660	-	501,060
Infrastructure	53,594,587	9,594,466	(3,634,361)	59,554,692
Less Accumulated Depreciation				
Roadways	(20,006,793)	(2,438,575)	1,092,085	(21,353,283)
Bridges	(2,242,334)	(127,418)	14,000	(2,355,752)
Traffic signals	(2,432,266)	(41,261)	1,904,600	(568,927)
Sewer drainage	(261,800)	(7,898)	-	(269,698)
Culverts	(73,812)	(9,652)	-	(83,464)
Total Accumulated Depreciation	(25,017,005)	(2,624,804)	3,010,685	(24,631,124)
Net Infrastructure	$ 28,577,582	$ 6,969,662	$ (623,676)	$ 34,923,568

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

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Business - type Activities					
Capital Assets not being depreciated/amortized:					
Land	$ 338,258	$ -	$ -	$ -	$ 338,258
Construction In Progress	4,259,231	-	(4,259,231)	-	-
Total Capital Assets not being depreciated/amortized	4,597,489	-	(4,259,231)	-	338,258
Other Capital Assets:					
Intangible Assets	29,508	-	(29,508)	-	-
Land Improvements	7,071,353	593,109	(431,727)	-	7,232,735
Buildings	30,700,355	7,963,650	(4,135,548)	-	34,528,457
Machinery & Equipment	27,313,830	4,063,695	(3,858,140)	-	27,519,385
Total Other Capital Assets at Historical Cost	65,115,046	12,620,454	(8,454,923)	-	69,280,577
Less: Accumulated Depreciation/Amortization					
Intangible Assets	(29,508)	-	29,508	-	-
Land Improvements	(4,046,077)	(130,770)	313,907	(499,920)	(4,362,860)
Buildings	(14,268,949)	(992,310)	235,125	1,170,356	(13,855,778)
Machinery & Equipment	(15,927,156)	(1,363,495)	2,733,790	(670,435)	(15,227,296)
Total Accumulated Depreciation/Amortization	(34,271,689)	(2,486,574)	3,312,330	-	(33,445,933)
Net Total Other Capital Assets	30,843,357	10,133,880	(5,142,593)	-	35,834,644
Net Total Business - type Activities Capital Assets	$ 35,440,846	$ 10,133,880	$ (9,401,824)	$ -	$ 36,172,902

Less: Net book value of fixed assets reported in Proprietary Funds and paid for by Governmental Funds.	9,156,646
Adjusted capital assets - business type	$ 27,016,256
Less debt related to capital assets	18,290,000
Net investment in capital assets for government-wide statements - business type	$ 8,726,256

The schedule above includes the detail for the net position adjustment for capital assets owned by the business-type activities funds but financed by the debt of the governmental activities funds.

Depreciation expense was charged to functions as follows:

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Brookside Care Center	$ 1,007,690
Highway	916,810
Golf Course	562,074
Total Business-type Activities - Depreciation/ Amortization Expense	$ 2,486,574

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		$ 944,625
Health Insurance		3,373,841
Workers Comp. Insurance		2,422,231
Human Services Building		1,007,867
Library System		318,965
Other Capital Projects		8,032,923
	Liability Insurance	(46,851)
	Human Services	(377,668)
	Health Department	(1,346,948)
	Land Information	(7,981)
	Debt Service	(120,851)
	Public Safety Building	(3,437,402)
	Public Safety Access Point Project	(302,684)
	Brookside Care Center	(6,866,531)
	Highway	(3,593,536)
		$ -

All of these balances are expected to be repaid within the year.

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

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

Noncurrent portions of the interfund receivables for the governmental funds are reported as “advances due from other funds” and “advances due to other funds” and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

Long-term Cash Advances to Finance Operating Cash Deficits of Other Funds

Receivable Fund	Payable Fund	Amount
General Fund		$ 2,288,000
	Brookside Care Center	(2,288,000)
		$ -

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

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

The following is a schedule of interfund transfers in the governmental fund statements:

		Amount		
Fund Transferred To	**Fund Transferred From**	**In**	**Out**	**Principal Purpose**
General Fund		21,344		To cover deficits caused by
Brookside		1,738		year end health insurance expense
Highway		12,266		allocation per adopted budget
Health Insurance		337,472		resolution.
	General Fund		337,472	
	Human Services		29,305	
	Human Services Building		3,536	
	Brookside		1,256	
	Golf		1,164	
	Health		87	
General Fund		1,565,111		Surplus available to lapse into
	Human Services		171,952	General.
	Health Department		62,819	
	Federal Inmate		1,330,340	
Brookside		205,000		Transfer reserves to Brookside
Other Capital Projects		210,000		and Facilities for capital projects.
	General Fund		415,000	
Brookside		507,000		To record bond proceeds in
Golf		458,000		appropriate funds.
Highway		4,894,168		
	Other Capital Projects		5,859,168	
	Totals	$ 8,212,099	$ 8,212,099	

The following reconciles the governmental statements to the government-wide presentation:

	Governmental Activities	**Business-type Activities**
Net activity above	$ (6,409,688)	$ 6,409,688
Infrastructure	17,079,467	(17,079,467)
Internal service elimination	333,936	(333,936)
Transfer in, (out)	$ 11,003,715	$ (11,003,715)

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, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	$ 106,065,000	$ 15,270,000	$ 14,740,000	$ 106,595,000	$ 14,255,000
Add/(Subtract) Deferred Amounts For:					
Bond premiums net of discounts	3,094,474	705,490	422,161	3,377,803	492,708
Total Bonds And Notes Payable	109,159,474	15,975,490	15,162,161	109,972,803	14,747,708
Other Liabilities:					
Post Retirement Benefits	36,233,738	1,385,015		37,618,753	955,642
Vested Vacation and Casual Days	109,836	-	9,704	100,132	42,385
Total Other Liabilities	36,343,574	1,385,015	9,704	37,718,885	998,027
Total Governmental Activities-Long-Term Obligations	$ 145,503,048	$ 17,360,505	$ 15,171,865	$ 147,691,688	$ 15,745,735

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable:					
General Obligation Debt	$ 18,290,000	$ -	$ -	$ 18,290,000	$ -
Add/(Subtract) Deferred Amounts For:					
Bond premiums net of discounts	719,976	-	39,999	679,977	39,999
Total Bonds And Notes Payable	19,009,976	-	39,999	18,969,977	39,999
Other Liabilities:					
Post Retirement Benefits	5,246,089	222,474		5,468,563	146,925
Total Other Liabilities	5,246,089	222,474	-	5,468,563	146,925
Total Business-type Activities-Long-Term Obligations	$ 24,256,065	$ 222,474	$ 39,999	$ 24,438,540	$ 186,924

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, 2018, was $780,584,355. Total general obligation debt outstanding at year end was $124,885,000.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2018
Governmental Activities - General Obligation Debt					
Refunding Bonds	2010	2022	0.50% - 3.75%	7,305,000	3,355,000
Promissory Notes	2011	2021	2.00% - 3.00%	10,030,000	4,430,000
Building Bonds	2011	2031	2.00% - 4.25%	2,810,000	2,095,000
Promissory Notes	2012	2022	1.00% - 2.50%	15,750,000	7,190,000
Building Bonds	2012	2032	2.00% - 3.50%	2,805,000	2,250,000
Promissory Notes	2013	2023	2.00% - 2.60%	9,765,000	6,725,000
Refunding Bonds	2013	2019	1.00% - 3.00%	11,115,000	1,345,000
Promissory Notes	2014	2024	2.00% - 3.00%	11,925,000	9,880,000
Refunding Bonds	2015	2030	0.05% - 4.00%	21,555,000	14,915,000
Promissory Notes	2015	2025	2.00% - 4.00%	12,305,000	9,695,000
Promissory Notes	2016	2026	2.00% - 3.00%	13,965,000	13,005,000
Promissory Notes	2017	2027	2.25% - 4.00%	13,255,000	11,400,000
Law Enforcement Enhancement Bonds	2017	2037	2.75% - 4.00%	5,315,000	5,040,000
Promissory Notes	2018	2028	3.00% - 4.00%	15,270,000	15,270,000
Total Governmental Activities - General Obligation Debt					$ 106,595,000

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2018
Business-type Activities - General Obligation Debt					
Refunding Bonds	2015	2035	3.00% - 4.00%	18,290,000	$ 18,290,000
Total Business-type Activities - General Obligation Debt					$ 18,290,000
Total Debt					$ 124,885,000

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
2019	14,255,000	3,044,023	-	638,800
2020	13,580,000	2,681,757	-	638,800
2021	13,925,000	2,296,199	-	638,800
2022	12,105,000	1,935,112	965,000	609,850
2023	10,565,000	1,598,975	1,000,000	579,850
2024-2028	36,860,000	3,940,256	5,465,000	2,417,150
2029-2033	5,150,000	598,050	6,395,000	1,403,875
2034-2037	155,000	129,206	4,465,000	183,400
Totals	$ 106,595,000	$ 16,223,578	$ 18,290,000	$ 7,110,525

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.

In prior years, the County advance refunded $8,235,000 of general obligation note issues. As a result, the refunded notes are also considered to be defeased and the liability has been removed from the financial statements.

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

F. PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

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

F. PENSION PLAN (cont.)

General Information about the Pension Plan (cont.)

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)
2017	2.0	4.0

***Contributions*.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and & Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period ending December 31, 2018, the WRS recognized $4,302,197 in contributions from the employer.

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

F. PENSION PLAN (cont.)

General Information about the Pension Plan (cont.)

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including executives, and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2018 the County reported a liability (asset) of ($12,155,827) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the County's proportion was 0.40940870%, which was an increase of 0.00663562% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018 the County recognized pension expense of $5,320,301.

At December 31, 2018 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,444,284	$ 7,224,325
Changes in assumptions	2,401,755	-
Net differences between projected and actual earnings on pension plan investments		16,707,058
Changes in proportion and differences between employer contributions and proportionate share of contributions	103,536	56,643
Employer contributions subsequent to the measurement date	4,302,197	-
Total	$ 22,251,772	$ 23,988,026

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

F. PENSION PLAN (cont.)

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

The $4,302,197 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Expense
2019	$ 1,362,643
2020	(86,621)
2021	(4,182,583)
2022	(3,161,002)
2023	29,112
Total	$ (6,038,451)

Actuarial assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.20%
Discount Rate:	7.20%
Salary Increases: Inflation Seniority/Merit	 3.20% 0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.10%

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

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

F. PENSION PLAN (cont.)

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

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

Asset Allocation Targets and Expected Returns
As of December 31, 2017

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50	8.2	5.3
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

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

F. PENSION PLAN (cont.)

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

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
County's proportionate share of the net pension liability (asset)	$ 31,451,282	$ (12,155,827)	$ (45,298,584)

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

At December 31, 2018 the County reported a payable of $309,869 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

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

G. RESTRICTED ASSETS

The County has restricted assets which consist of a deposit in Wisconsin Municipal Mutual Insurance Company (WMMIC) in the amount of $1,157,860. This deposit is the County's original capitalization investment. In addition, cash in the amount of $464,746 is restricted for liability insurance at WMMIC.

In addition, the County has cash in the amount of $583,200 restricted for health insurance claims with the plan manager, Humana Insurance Company.

H. LEASE DISCLOSURES

Lessor – Operating Leases

The County leases a portion (51%) of the Public Safety Building facility to the City of Kenosha and the Kenosha City-Joint Services Board under operating leases that are renewed on a year to year basis. The 2018 revenues of $802,902 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 $34,607,323 with a net book value of $22,312,185.

The County has no material operating leases with a remaining non-cancellable term exceeding one year.

Capital Leases – Lessee/Lessor

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

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

I. GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION

Governmental and business-type activities net position reported on the government-wide statement of net position at December 31, 2018 includes the following:

Governmental Activities

Invested in capital assets, net of related debt:	
Land and land improvements	$ 48,181,542
Other capital assets, net of accumulated depreciation	127,505,115
Less: related long-term debt outstanding (net of unspent proceeds of debt)	(106,595,000)
Net book value of fixed assets reported in Proprietary Funds and paid for by Governmental Funds.	9,156,646
Total net investment in capital assets	$ 78,248,303
Restricted for:	
Specific purpose: grants and loans	$ 1,347,302
Net pension asset	9,566,877
	10,914,179
Unrestricted (deficit)	$ (12,539,660)

Business-Type Activities

Invested in capital assets, net of related debt:	
Land and land improvements	$ 338,258
Other capital assets, net of accumulated depreciation	35,834,644
Less: related long-term debt outstanding (net of unspent proceeds of debt)	(18,290,000)
Net book value of fixed assets reported in Proprietary Funds and paid for by Governmental Funds.	(9,156,646)
Total net investment in capital assets	$ 8,726,256
Restricted for:	
Non-expendable fund use	$ 17,823
Net pension asset	2,588,950
	$ 2,606,773
Unrestricted (deficit)	$ (5,578,616)

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

I. GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2018 include the following:

Nonspendable		
Major Funds		
General Fund		
Prepaid items	$	612,923
Advances due from other funds		2,288,000
Delinquent taxes		3,513,632
Total Nonspendable - Major Funds	$	6,414,555
Nonmajor Funds		
Health Department		
Prepaid items	$	2,186
Total Nonspendable-Nonmajor Funds	$	2,186
Restricted		
Major Funds		
Human Service-Aging	$	63,218
Total Restricted - Major Funds	$	63,218
Nonmajor - Special Revenue Funds		
Housing Authority -revolving loan fund	$	31,049
Federal Equitable Sharing		63,481
Total Restricted - Nonmajor Funds	$	94,530
Committed		
Nonmajor Funds - Special Revenue		
Federated Library Fund - for Library use only	$	42
Geographic Information Systems - GIS use only		14,965
Total Committed - Nonmajor Funds	$	15,007

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

I. GOVERNMENTAL ACTIVITIES NET POSITION (cont.)

Governmental Activities (cont.)

Assigned	
Major Funds	
General Fund	
Encumbrances	$ 113,367
Subsequent year expenditures	1,248,409
Total Assigned - Major Funds	$ 1,361,776
Nonmajor Funds	
Health Department	
Encumbrances	$ 1,339
Federal Equitable Sharing	
Encumbrances	1,539
Geographic Information Systems	
Subsequent year expenditures	8,344
Capital Projects	
Encumbrances	1,930,061
Subsequent year expenditures	10,599,553
Capital Projects - Capital use only	254,559
Total Assigned - Nonmajor Funds	$ 12,795,395
Unassigned (deficit)	
Major Funds	
General Fund	$ 14,832,390
Debt Service Fund	(141,006)
Total Unassigned - Major Fund	$ 14,691,384
Nonmajor Funds	
Health Department	$ (2,272)
Capital Projects	(5,351,921)
Total Unassigned - Nonmajor Fund	$ (5,354,193)

NOTE V – OTHER INFORMATION

A. RISK MANAGEMENT

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

Public Entity Risk Pool

The County, together with certain other units of government within the State of Wisconsin, created the Wisconsin Municipal Mutual Insurance Company (WMMIC), a non-assessable mutual company which provides liability insurance and risk management services to its members. The County became a member of WMMIC in 1992 by issuing a general obligation note for $1,157,860 and investing the proceeds in WMMIC. The scope of insurance protection provided by WMMIC is broad, covering automobile liability, general liability, law enforcement liability, public official's errors and omissions, civil rights, incidental medical malpractice, personal injury, equal rights, and American with Disabilities Act at policy limits of $10,000,000 per occurrence and $30,000,000 annual aggregate on an excess basis above members per occurrence and annual aggregate self-insured retentions. The County's self-insured retention limit is $300,000 for each occurrence and $950,000 for the annual aggregate.

WMMIC's exposure in its layer of insurance is limited to $1,000,000 per occurrence in that the company purchases $9,000,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage. The amount of reinsurance may vary from year to year as determined by the WMMIC Board of Directors.

WMMIC is governed by one entity-one vote. Member entities include Kenosha County and; the counties of Brown, Chippewa, Dane, Dodge, Eau Claire, Jefferson, Lacrosse, Manitowoc, Marathon, Outagamie, Rock, Walworth, St. Croix and Waukesha; and the cities of Eau Claire, La Crosse, and Madison. All member entities participate in the governing of the company. Its Board of Directors is made up of at least five representatives of the participating entities and the company's charter allows for the appointment of two at-large members to the Board of Directors. The board members are elected at the annual meeting by the participants. The board has the authority to adopt its own budget, set policy matters and control the financial affairs of the company.

The actuary for WMMIC determines the insurance premiums for each member based upon the relevant rating exposure bases as well as the historical loss experience by member. WMMIC's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company.

NOTE V – OTHER INFORMATION (cont.)

A. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont)

The participant's share in the operation of WMMIC as of December 31, 2018 is as follows:

	Percentage
Brown County	6.92
Chippewa County	3.21
Dane County	9.01
Dodge County	3.76
Eau Claire County	3.84
Eau Claire, City of	3.19
Jefferson County	2.81
Kenosha County	5.97
La Crosse County	3.44
La Crosse, City of	1.42
Madison, City of	15.01
Manitowoc County	5.55
Marathon County	6.04
Outagamie County	5.94
Rock County	5.05
St. Croix County	3.47
Walworth County	5.57
Waukesha County	9.80
Total	100.00

The County's investment in WMMIC is reported on the General Liability Insurance Fund balance sheet as a deposit. The amount reported is the original capitalization of $1,157,860. For 2018, WMMIC prepared its statutory financial statements in accordance with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin (OCI). This reflects a change in basis in presentation since 2005 when the financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Therefore, in 2018, 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, 2018 is $1,759,376. The financial statements can be obtained from WMMIC at their address of 4785 Hayes Road, Madison, Wisconsin, 53704-7364.

NOTE V – OTHER INFORMATION (cont.)

A. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont)

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

Claims Liability – WMMIC	2018	2017
Unpaid claims, including IBNR – beginning of year	$ 1,209,592	$ 1,074,674
Current year claims and changes in estimates	876,555	447,255
Claim payments	(510,392)	(312,335)
Unpaid Claims – end of year	$ 1,575,755	$ 1,209,594

Self-Insurance – Workers Compensation

The County has also established a Risk Management program for workers compensation. All funds of the County participate in this program. The workers compensation internal service fund is maintained to provide for self-insured workers compensation insurance coverage and employee safety and loss control programs. The County contracts with a third party claims administrator for the purpose of adjusting workers compensation claims. An excess insurance policy covers individual claims in excess of the County's $650,000 self-insured retention up to statutory requirements (unlimited) per claim. One settled claim has exceeded the commercial coverage in 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, 2018, the County has established a future claims insurance liability in the amount of $2,470,431 to fund the estimated liability for the County's self-insured retention limits under its workers compensation program.

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

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

NOTE V – Other Information (cont.)

A. RISK MANAGEMENT (cont.)

Self-Insurance – Workers Compensation (cont)

Claims Liability	2018	2017
Unpaid claims, including IBNR – beginning of year	$ 2,449,825	$ 2,385,854
Current year claims and changes in estimates	1,354,022	1,386,656
Claim payments	(1,333,416)	(1,322,685)
Unpaid Claims – end of year	$ 2,470,431	$ 2,449,825

Self-Insurance – Health Insurance

In the Health Insurance internal service fund, revenues from County departments and other sources totaled $22,290,155. Expenditures in the same fund totaled $24,208,256. A deficit of $1,918,101 was allocated in the form of a chargeback resulting in additional revenue equal to the deficit from the County departments.

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

Claims Liability	2018	2017
Unpaid claims, including IBNR – beginning of year	$ 1,628,000	$ 1,806,000
Current year claims and changes in estimates	19,282,278	18,078,403
Claim payments	(19,169,278)	(18,256,403)
Unpaid Claims – end of year	$ 1,741,000	$ 1,628,000

NOTE V – Other Information (cont.)

B. COMMITMENTS AND CONTINGENCIES

From time to time, the County is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the County's Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

During 2018, the County borrowed $15,270,000 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, Health, Federal Equitable Sharing and Capital Projects-Other Fund totaled $2,046,306 at year end and is included in Assigned Fund Balance for encumbrances.

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

C. JOINT VENTURE

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

The Board consists of three members appointed by the County, three by the City of Kenosha and one independent member confirmed by both. County representatives are the County Executive, the County Board Chairman and the chairman of the County Judiciary Committee or their designees. The Board has the authority to adopt its own budget and control the financial affairs of the organization. The County made payments totaling $4,401,589 to the Board for 2018.

NOTE V – Other Information (cont.)

C. JOINT VENTURE (CONT)

The current 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, 2018 is available directly from the Board's office.

D. OTHER POSTEMPLOYMENT BENEFITS

The County has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits. Financial statements for the year ended December 31, 2017 have not been restated.

The cumulative effect of this change was to decrease the December 31, 2017 net position by $6,059,451 as follows:

Deferred outflows previously reported	$ -------		
Amounts paid after measurement date	2,950,902		
			$ 2,950,902
Other postemployment liability			
OPEB liability balance previously reported		$ 32,469,474	
Actuarially determined balance		41,479,827	
Change in other postemployment liability			(9,010,353)
			$ (6,059,451)

The County reports OPEB related balances at December 31, 2018 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Local Retiree Life Insurance Fund (LRLIF)	$ 3,697,166	$ 399,836	$ 75,036	$ 387,712
Single-employer defined OPEB plan	39,390,150	3,761,731	339,891	3,079,753
Total OPEB Liability	$ 43,087,316	$ 4,161,567	$ 414,927	$ 3,467,465

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

Deputy Sheriffs

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

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

All Others

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

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

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

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

All Others (continued)

Benefits

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

Consolidation of Years of Service- An employee who is reemployed by the County within three years of his/her resignation may request a bridge in service from the Director of Human Resources if that employee had a minimum of ten years of previous service with the County and had resigned in good standing. Such a request may be made only after the employee has been reemployed for a period of 24 months. National Health Insurance- In the case a plan of national health insurance should be established, the County reserves the right to make changes to a retiree's health insurance benefit. Such changes could include but are not limited to the reduction or cessation of the County's contributions for that benefit, changes in plan design, or changes in the benefits available under the plan. For example (and without limitation), the County could reduce its contribution or the benefits available in proportion to benefits which may be provided by the government under any plan.

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

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

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

In the event a retired employee who otherwise had qualified for a post-employment health benefit who has family coverage under the County health insurance plan dies before reaching Medicare eligibility age, his/her surviving spouse may continue

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

All Others (continued)

Benefits coverage under the County health insurance plan until becoming eligible for Medicare by paying the monthly budgeted premium cost (at an implicit subsidized rate) for single coverage. Medicare-eligible spouses of retired employees may purchase coverage under the County-sponsored Medicare supplement plan or another Medicare supplement plan at their own expense

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

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

Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the benefit terms using membership information as of February 14, 2018:

Active participants		859
Retirees and surviving spouses		177
	Total	1,036

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.

Total OPEB Liability

The County's total OPEB liability was measured as of December 31, 2017, and the total OPEB liability determined by an actuarial valuation as of December 31, 2017.

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial Assumptions
The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	3.20%
Discount Rate:	3.44%

The County has not established a separate, irrevocable trust to fund the annual OPEB cost and does not issue separate plan statements. As a result, actuarial assumptions included an annual healthcare cost trend rate of 5.8 percent per annum for 2018 grading down to an ultimate rate of 4.0 percent over a 56 year period. Medical inflation was based on the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trend. This model reflects the most current academic research regarding future healthcare cost trends. The discount rate is based upon the Bond Buyer General Obligation 20-Year Municipal Bond Index as of the measurement date. Expected medical relative cost factors were developed from the Milliman Health Cost Guidelines. Based on the County's recent claim experience, plan provisions, and relative age cost factors assumptions, the actuary developed age adjusted "per member per month" (PMPM) cost for 2018. Participation rate and spouse election was based on recent experience in the plan. In addition, the actuarial valuation calculated the liability estimates using actuarial assumptions related to the eligibility for Medicare, termination rates, retirement rates, disability rates, and mortality based on information provided by the County to the Wisconsin Retirement System (WRS) , and the actuarial firm's judgment.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2018	$ 38,469,823
Changes for the year:	
Service Cost	1,564,945
Interest on total OPEB liability	1,458,060
Effect of plan changes	-
Effect of economic/demographic gains/losses	-
Effect of assumptions changes inputs	848,224
Benefit changes	(2,950,902)
Net changes	920,327
Balance at December 31, 2018	$ 39,390,150

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the County calculated using a discount rate that is one percentage point lower (2.44%) or one percentage point higher (4.44%) than the current rate of 3.44%:

	1% Decrease to Discount rate (2.44%)	Current Discount Rate (3.44%)	1% Increase to Discount Rate (4.44%)
Total OPEB Liability	$ 41,958,779	$ 39,390,150	$ 36,935,516

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the County, as well as what the County's total liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.8% decreasing to 3.0%) or one percentage point higher (6.8% decreasing to 5.0%) that the current healthcare cost trend rates:

	1% Decrease (4.8% decreasing to 3.0%)	Healthcare Cost Trend Rates (5.8% decreasing to 4.0%	1% Increase (6.8% decreasing to 5.0%)
Total OPEB Liability	$ 43,505,400	$ 39,390,150	$ 35,832,122

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended December 31, 2018, the County recognized OPEB expense of $3,079,753. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 108,098	$ -
Changes in assumptions	702,731	339,891
Employer contributions subsequent to the measurement date	2,950,902	-
Total	$ 3,761,731	$ 339,891

The $2,950,902 reported as deferred outflows related to other post employment benefits resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB in the year ended December 31, 2019.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

Year Ended December 31,	Expense
2019	$ 78,368
2020	78,368
2021	78,368
2022	93,457
2023	142,377
Thereafter	-
Total	$ 470,938

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Payable to the OPEB Plan

At December 31, 2018, the County reported a payable of zero for the outstanding amount of contribution to the Plan required for the year ended December 31, 2018.

Local Retiree Life Insurance Fund (LRLIF)

Plan Description
The LRLIF is a cost sharing, multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin State Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position
The ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at http://etf.wi.gov/publications/cafr.htm.

Benefits Provided
The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions
The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2018 are:

Coverage Type	Employer Contribution
50% Post-retirement coverage	40% of employee contribution
25% Post-retirement coverage	20% of employee contribution

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per $1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are listed below:

Life Insurance
Employee Contribution Rates
For the Year Ended December 31, 2017

Attained Age	Basic
Under Age 30	$0.05
30 – 34	$0.06
35 – 39	$0.07
40 – 44	$0.08
45 – 49	$0.12
50 – 54	$0.22
55 – 59	$0.39
60 – 64	$0.49
65 – 69	$0.57

During the year ended December 31, 2018, the LRLIF recognized $23,337 in contributions from Kenosha County.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the County reported a liability of $3,697,166 for its proportionate share of the OPEB liability. The net OPEB liability as measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net OPEB liability was based on the County's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the County's proportion was 1.228874%, which was a decrease of 0.010898% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the County recognized OPEB expense of $387,712.

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 52,091
Net differences between projected and actual earnings on OPEB plan investments	42,571	-
Changes in assumptions	357,265	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	22,945
Employer contributions subsequent to the measurement date	-	-
Total	$ 399,836	$ 75,036

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Expense
2019	53,863
2020	53,863
2021	53,863
2022	53,863
2023	43,220
2024	66,128
Total	$ 324,800

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial Assumptions - The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date:	January 1, 2017
Measurement date of net OPEB liability (asset):	December 31, 2017
Actuarial cost method:	Entry age normal
20-year tax-exempt municipal bond yield:	3.44%
Long-term expected rate of return:	5.00%
Discount rate:	3.63%
Salary increases:	
Inflation	3.20%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

Long-term expected return on plan assets – The long-term expected rate of return is determined by adding expected inflation to expected long-term returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Government Bonds	Barclays Government	1%	1.13%
U.S. Credit Bonds	Barclays Credit	65%	2.61%
U.S. Long Credit Bonds	Barclays Long Credit	3%	3.08%
U.S. Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-term expected rate of return			5.00%

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Single discount rate – A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to the make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the County's proportionate share of net OPEB liability to changes in the discount rate
The following presents the County's proportionate share of the net OPEB liability calculated using the discount rate of 3.63%, as well as what the County's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63%) or 1-percentage-point higher (4.63%) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
County's proportionate share of the net OPEB liability (asset)	$5,225,500	$3,697,166	$2,524,329

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at http://eft.wi.gov/publications/cafr.htm.

Payable to the OPEB Plan

At December 31, 2018, the County reported a payable of zero for the outstanding amount of contribution to the Plan required for the year ended December 31, 2018.

NOTE V – Other Information (cont.)

E. Cumulative Effect of Change in Accounting Principle

The County has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The County will, after adoption of GASB No. 75, recognize on the face of the financial statements, its OPEB liability. The cumulative effect of this change is summarized below:

	Governmental Activities	Business-type Activities				Total
		Brookside Care Center	Highway	Golf Course	Total Business-type Activities	
Net position - January 1, as originally stated	$ 65,739,488	$ (2,156,396)	$ 9,394,302	$ 5,905,441	$ 13,143,347	$ 78,882,835
Cumulative effect of change in accounting principle - GASB 75 OPEB	(4,879,177)	(638,908)	(458,729)	(82,637)	(1,180,274)	(6,059,451)
Net position - January 1, as restated	$ 60,860,311	$ (2,795,304)	$ 8,935,573	$ 5,822,804	$ 11,963,073	$ 72,823,384

F. Subsequent Events

Management evaluated subsequent events through July 22, 2019. Events or transactions occurring after December 31, 2018, but prior to July 22, 2019 that provided additional evidence about conditions that existed at December 31, 2018, have been recognized in the financial statements for the year ended December 31, 2018. Events or transactions that provided evidence about conditions that did not exist at December 31, 2018 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, 2018.

G. Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Health Insurance OPEB Liability and Related Ratios

Last 10 Fiscal Years

	2018
Total OPEB Liability	
Service Cost	$1,564,945
Interest on total OPEB liability	$1,458,060
Effect of plan changes	$0
Effect of economic/demographic gains or losses	$0
Effect of assumptions changes or inputs	$848,224
Benefit payments	($2,950,902)
Net change in total OPEB liability	$920,327
Total OPEB Liability- beginning balance	$38,469,823
Total OPEB Liability - ending balance	$39,390,150
Covered-employee payroll	$58,258,794
County's total liability as a percentage of covered-employee payroll	67.60%

KENOSHA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

Schedule of Proportionate Share of the Net OPEB Liability (Asset)
Local Retiree Life Insurance Fund

Plan Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/2017	1.28874000%	$ 3,697,166	57,187,343	6.47%	44.81%

Schedule of Contributions
Local Retiree Life Insurance Fund
Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2018	$ 23,337	$ 23,337	$ -	$ 58,258,794	0.04%

See Notes to Required Supplementary Information.

KENOSHA COUNTY

SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (Plan Year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.40241775%	(9,884,481)	52,348,117	18.88%	102.74%
12/31/15	0.39990601%	6,498,395	53,343,061	12.18%	98.20%
12/31/16	0.40277308%	3,319,812	54,998,853	6.04%	99.12%
12/31/17	0.40940870%	(12,155,830)	57,187,343	21.26%	102.93%

Schedule of Employer Contributions

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/15	3,870,441	3,870,441	-	53,343,061	7.26%
12/31/16	3,879,598	3,879,598	-	54,998,853	7.05%
12/31/17	4,245,268	4,245,268	-	57,187,343	7.42%
12/31/18	4,302,197	4,302,197	-	58,258,794	7.38%

See Notes to Required Supplementary Information.

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

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

NOTE B. - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 75

The County implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended December 31, 2018. Information for prior years is not available. The County currently has no assets accumulated in a trust for the single employer plan.

NOTE C – WISCONSIN RETIREMENT SYSTEM

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

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The County is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

SUPPLEMENTARY INFORMATION

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2018

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	$ 96,210	$ 1,857,577	$ 1,953,787
Receivables			
Property taxes	2,672,883	32,191	2,705,074
Due from other governments	1,536,575	2,712,544	4,249,119
Due from other funds	318,965	8,032,923	8,351,888
Prepaid items	2,186	-	2,186
Loans receivable	1,189,554	-	1,189,554
TOTAL ASSETS	$ 5,816,373	$ 12,635,235	$ 18,451,608
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 138,889	$ 1,430,706	$ 1,569,595
Special deposits	20,522	-	20,522
Due to other funds	1,354,929	3,740,086	5,095,015
Other unearned revenue	318,923	-	318,923
Total Liabilities	1,833,263	5,170,792	7,004,055
Deferred Inflows of Resources			
Deferred property tax revenue	2,672,883	32,191	2,705,074
Revolving loan fund outstanding loans	1,189,554	-	1,189,554
Total deferred inflows of resources	3,862,437	32,191	3,894,628
Fund Balances			
Nonspendable			
Prepaid items	2,186	-	2,186
Restricted			
Housing Authority revolving loan fund	31,049	-	31,049
Federal Equitable Sharing funds	63,481	-	63,481
Committed			
Federated Library System	42	-	42
Geographic Information Systems	14,965	-	14,965
Assigned			
Encumbrances	2,878	1,930,061	1,932,939
Subsequent year expenditures	8,344	10,599,553	10,607,897
Capital Projects	-	254,559	254,559
Unassigned (deficit)	(2,272)	(5,351,921)	(5,354,193)
Total Fund Balances	120,673	7,432,252	7,552,925
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 5,816,373	$ 12,635,235	$ 18,451,608

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2018

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Federal Equitable Sharing	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and investments	$ 31,049	$ -	$ -	$ -	$ 65,161	$ 96,210
Receivables						
Property taxes	-	1,079,103	1,593,780	-	-	2,672,883
Miscellaneous	-	-	-	-	-	-
Due from other governments	-	1,505,285	-	31,290	-	1,536,575
Due from other funds	-	-	318,965	-	-	318,965
Prepaid items	-	2,186	-	-	-	2,186
Loans receivable	1,189,554	-	-	-	-	1,189,554
TOTAL ASSETS	$ 1,220,603	$ 2,586,574	$ 1,912,745	$ 31,290	$ 65,161	$ 5,816,373
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	$ -	$ 138,748	$ -	$ -	$ 141	$ 138,889
Special deposits	-	20,522	-	-	-	20,522
Due to other funds	-	1,346,948	-	7,981	-	1,354,929
Other unearned revenue	-	-	318,923	-	-	318,923
Total Liabilities	-	1,506,218	318,923	7,981	141	1,833,263
Deferred Inflows of Resources						
Deferred property tax revenue	-	1,079,103	1,593,780	-	-	2,672,883
Revolving loan fund outstanding loans	1,189,554	-	-	-	-	1,189,554
Total Deferred Inflows of Resources	1,189,554	1,079,103	1,593,780	-	-	3,862,437
Fund Balances						
Nonspendable						
Prepaid items	-	2,186	-	-	-	2,186
Restricted						
Housing Authority revolving loan fund	31,049	-	-	-	-	31,049
Federal Equitable Sharing funds	-	-	-	-	63,481	63,481
Committed						
Federated Library System	-	-	42	-	-	42
Geographic Information Systems	-	-	-	14,965	-	14,965
Assigned						
Subsequent year expenditures	-	-	-	8,344	-	8,344
Encumbrances	-	1,339	-		1,539	2,878
Unassigned (deficit)	-	(2,272)	-	-	-	(2,272)
Total Fund Balances	31,049	1,253	42	23,309	65,020	120,673
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 1,220,603	$ 2,586,574	$ 1,912,745	$ 31,290	$ 65,161	$ 5,816,373

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
December 31, 2018

	Parkland Development	Public Safety Building	Energy Reduction Technology	Public Safety Access Point Project	Other Capital Projects	Total Nonmajor Capital Projects Funds
ASSETS						
Cash and investments	$ 528,742	$ -	$ 170,347	$ -	$ 1,158,488	$ 1,857,577
Property taxes receivable	-	-	-	-	32,191	32,191
Due from other governments	-	2,200,000	-	467,243	45,301	2,712,544
Due from other funds	-	-	-	-	8,032,923	8,032,923
TOTAL ASSETS	$ 528,742	$ 2,200,000	$ 170,347	$ 467,243	$ 9,268,903	$ 12,635,235
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 1,508	$ 1,012,944	$ -	$ -	$ 416,254	$ 1,430,706
Due to other funds	-	3,437,402	-	302,684	-	3,740,086
Total Liabilities	1,508	4,450,346	-	302,684	416,254	5,170,792
Deferred Inflows of Resources						
Deferred property tax revenue	-	-	-	-	32,191	32,191
Total deferred inflows of resources	-	-	-	-	32,191	32,191
Fund Balance						
Assigned						
Encumbrances	-	-	-	-	1,930,061	1,930,061
Subsequent year expenditures	527,234	2,475,766	80,347	-	7,516,206	10,599,553
Capital Projects		-	90,000	164,559	-	254,559
Unassigned (deficit)	-	(4,726,112)	-		(625,809)	(5,351,921)
Total Fund Balances	527,234	(2,250,346)	170,347	164,559	8,820,458	7,432,252
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 528,742	$ 2,200,000	$ 170,347	$ 467,243	$ 9,268,903	$ 12,635,235

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	$ 2,800,541	$ 22,191	$ 2,822,732
Licenses and permits	458,781	-	458,781
Intergovernmental revenues	11,851,167	4,152,715	16,003,882
Charges for services	1,833,275	108,855	1,942,130
Investment income	-	162,764	162,764
Miscellaneous income	38,262	117,439	155,701
Total Revenues	16,982,026	4,563,964	21,545,990
EXPENDITURES			
Current			
General government	-	47,212	47,212
Health	8,113,687	-	8,113,687
Public Safety	5,266,743	-	5,266,743
Education and recreation	2,112,929	-	2,112,929
Conservation and development	103,323	53,075	156,398
Capital Outlay	47,216	11,868,796	11,916,012
Debt Service			
Interest, fiscal charges and debt issuance costs	-	165,497	165,497
Total Expenditures	15,643,898	12,134,580	27,778,478
Excess (deficiency) of revenues over expenditures	1,338,128	(7,570,616)	(6,232,488)
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	15,252,000	15,252,000
Premium on issuance of debt	-	41,993	41,993
Transfers in	-	210,000	210,000
Transfers out	(1,393,246)	(5,859,168)	(7,252,414)
Total Other Financing Sources (Uses)	(1,393,246)	9,644,825	8,251,579
Net change in fund balance	(55,118)	2,074,209	2,019,091
FUND BALANCES			
Beginning of year	175,791	5,358,043	5,533,834
FUND BALANCES - END OF YEAR	$ 120,673	$ 7,432,252	$ 7,552,925

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2018

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Federal Equitable Sharing	Sheriff Federal Equitable Sharing	Federal Inmate Fund	Total Nonmajor Special Revenue Funds
REVENUES								
Taxes	$ -	$ 1,215,794	$ 1,584,747	$ -	$ -	$ -	$ -	$ 2,800,541
Licenses and permits	-	458,781	-	-	-	-	-	458,781
Intergovernmental revenues	-	4,635,229	528,182	84,591	48,240	-	6,554,925	11,851,167
Charges for services	-	1,833,045	-	230	-	-	-	1,833,275
Miscellaneous income	30,505	7,757	-	-	-	-	-	38,262
Total Revenues	30,505	8,150,606	2,112,929	84,821	48,240	-	6,554,925	16,982,026
EXPENDITURES								
Current								
Health	-	8,113,687	-	-	-	-	-	8,113,687
Public Safety	-	-	-	-	40,164	1,994	5,224,585	5,266,743
Education and recreation	-	-	2,112,929	-	-	-	-	2,112,929
Conservation and development	16,810	-	-	86,513	-	-	-	103,323
Capital Outlay	-	-	-	-	7,314	39,902	-	47,216
Total Expenditures	16,810	8,113,687	2,112,929	86,513	47,478	41,896	5,224,585	15,643,898
Excess (deficiency) of revenues over expenditures	13,695	36,919	-	(1,692)	762	(41,896)	1,330,340	1,338,128
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-		-	-
Transfers out	-	(62,906)	-	-	-	-	(1,330,340)	(1,393,246)
Total Other Financing Sources (Uses)	-	(62,906)	-	-	-	-	(1,330,340)	(1,393,246)
Net change in fund balance	13,695	(25,987)	-	(1,692)	762	(41,896)	-	(55,118)
FUND BALANCES								
Beginning of year	17,354	27,240	42	25,001	64,258	41,896	-	175,791
FUND BALANCES - END OF YEAR	$ 31,049	$ 1,253	$ 42	$ 23,309	$ 65,020	$ -	$ -	$ 120,673

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2018

	Parkland Development	Public Safety Building	Energy Reduction Technology	Public Safety Access Point Project	Other Capital Projects	Nonmajor Capital Projects Funds
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ 22,191	$ 22,191
Intergovernmental revenues	-	1,300,000	-	-	2,852,715	4,152,715
Charges for services	62,783	-	-	-	46,072	108,855
Investment income	-	-	-	-	162,764	162,764
Miscellaneous income	75,000	-	-	-	42,439	117,439
Total Revenues	137,783	1,300,000	-	-	3,126,181	4,563,964
EXPENDITURES						
Current						
General government	-	-	-	-	47,212	47,212
Conservation and development	-	-	-	-	53,075	53,075
Capital Outlay	228,147	3,170,563	71,049		8,399,037	11,868,796
Debt Service						
Interest, fiscal charges and debt issuance costs	-	-	-	-	165,497	165,497
Total Expenditures	228,147	3,170,563	71,049	-	8,664,821	12,134,580
Excess (deficiency) of revenues over expenditures	(90,364)	(1,870,563)	(71,049)	-	(5,538,640)	(7,570,616)
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	-	300,000	150,000	-	14,802,000	15,252,000
Premium on issuance of debt	-	-	-	-	41,993	41,993
Transfers in	-	-	-	-	210,000	210,000
Transfers out	-	-	-	-	(5,859,168)	(5,859,168)
Total Other Financing Sources (Uses)	-	300,000	150,000	-	9,194,825	9,644,825
Net change in fund balance	(90,364)	(1,570,563)	78,951	-	3,656,185	2,074,209
FUND BALANCES						
Beginning of year (deficit)	617,598	(679,783)	91,396	164,559	5,164,273	5,358,043
FUND BALANCES - END OF YEAR (deficit)	$ 527,234	$ (2,250,346)	$170,347	$ 164,559	$ 8,820,458	$ 7,432,252

KENOSHA COUNTY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2018

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
ASSETS					
Current assets					
Accounts receivable	$ 222	$ 66,585	$ -	$ -	$ 66,807
Property taxes receivable	227,105	-	-	-	227,105
Due from other funds	1,007,867	3,373,841	2,422,231	-	6,803,939
Prepaid items	-	-	50,000	-	50,000
Total current assets	1,235,194	3,440,426	2,472,231	-	7,147,851
Noncurrent assets					
Restricted cash and investments	-	583,200	-	464,746	1,047,946
Deposit in WMMIC	-	-	-	1,157,860	1,157,860
Capital assets					
Land and construction in progress	682,623	-	-	-	682,623
Buildings and improvements	7,449,652	-	-	-	7,449,652
Machinery and equipment	638,654	-	-	-	638,654
Accumulated depreciation	(7,749,175)	-	-	-	(7,749,175)
Total capital assets	1,021,754	-	-	-	1,021,754
Total noncurrent assets	1,021,754	583,200	-	1,622,606	3,227,560
Total Assets	2,256,948	4,023,626	2,472,231	1,622,606	10,375,411
LIABILITIES					
Current liabilities					
Accounts payable	67,865	773,453	1,800	-	843,118
Claims payable	-	1,741,000	2,470,431	1,575,755	5,787,186
Due to other funds	-	-	-	46,851	46,851
Other current liabilities	14,932	9,172	-	-	24,104
Total current liabilities	82,797	2,523,625	2,472,231	1,622,606	6,701,259
Total Liabilities	82,797	2,523,625	2,472,231	1,622,606	6,701,259
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax levy	227,105	-	-	-	227,105
	227,105	-	-	-	227,105
NET POSITION					
Net investment in capital assets	1,021,754	-	-	-	1,021,754
Unrestricted	925,292	1,500,001	-	-	2,425,293
Total Net Position	$ 1,947,046	$ 1,500,001	$ -	$ -	$ 3,447,047

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2018

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
OPERATING REVENUES					
Charges for services	$ 561,545	$ 23,809,662	$ 1,478,030	$ 1,251,432	$ 27,100,669
Total Operating Revenues	561,545	23,809,662	1,478,030	1,251,432	27,100,669
OPERATING EXPENSES					
Operations and maintenance	341,341	24,208,256	1,530,294	1,338,937	27,418,828
Depreciation and amortization	368,746	-	-	-	368,746
Total Operating Expenses	710,087	24,208,256	1,530,294	1,338,937	27,787,574
Operating (loss)	(148,542)	(398,594)	(52,264)	(87,505)	(686,905)
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	227,105	-	-	-	227,105
Intergovernmental grants	-	60,612	-	-	60,612
Investment income	-	-	52,264	8,348	60,612
Miscellaneous income	-	510	-	79,157	79,667
Interest and fiscal charges	(4,736)	-	-	-	(4,736)
Total Non-operating Revenues (Expenses)	222,369	61,122	52,264	87,505	423,260
Income (Loss) Before Transfers	73,827	(337,472)	-	-	(263,645)
TRANSFERS					
Transfers in	-	337,472	-	-	337,472
Transfers out	(3,536)	-	-	-	(3,536)
	(3,536)	337,472	-	-	333,936
Change in net position	70,291	-	-	-	70,291
Total net position at the beginning of year	1,876,755	1,500,001	-	-	3,376,756
Total net position at end of year	$ 1,947,046	$ 1,500,001	$ -	$ -	$ 3,447,047

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2018

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	$ 561,323	$ 23,806,775	$ 1,478,030	$ 1,251,432	$ 27,097,560
Paid to suppliers for goods and services	(324,009)	(23,793,501)	(1,510,500)	(1,106,670)	(26,734,680)
Cash Flows from Operating Activities	237,314	13,274	(32,470)	144,762	362,880
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	227,105	-	-	-	227,105
Due to/ from other funds	(507,867)	(973,841)	(522,231)	(298,594)	(2,302,533)
Intergovernmental grants	-	60,612	-	-	60,612
Miscellaneous income	-	510	-	79,157	79,667
Transfers	-	337,472	-	-	337,472
Cash Flows from Noncapital Financing Activities	(280,762)	(575,247)	(522,231)	(219,437)	(1,597,677)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Transfers	(3,536)	-	-	-	(3,536)
Cash Flows from Capital and Related Financing Activities	(3,536)	-	-	-	(3,536)
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) Decrease in restricted cash	-	-	-	66,327	66,327
Investment income	-	-	52,264	8,348	60,612
Cash Flows from Investing Activities	-	-	52,264	74,675	126,939
Net Change in Cash and Cash Equivalents	(46,984)	(561,973)	(502,437)	-	(1,111,394)
Cash and Cash Equivalents - Beginning of Year	46,984	561,973	502,437	-	1,111,394
Cash and Cash Equivalents - End of Year	$ -	$ -	$ -	$ -	$ -

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2018

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Loss	$ (148,542)	$ (398,594)	$ (52,264)	$ (87,505)	$ (686,905)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities					
Non-cash items included in operating income:					
Depreciation expense	368,746	-	-	-	368,746
Changes in assets and liabilities					
Accounts receivable	(222)	(2,887)	-	-	(3,109)
Prepaid items	-	7,328	-	-	7,328
Accounts payable	17,332	298,941	(812)	(133,894)	181,567
Claims payable	-	113,000	20,606	366,161	499,767
Other current liabilities		(2,450)	-		(2,450)
Unearned revenue	-	(2,064)	-	-	(2,064)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 237,314	$ 13,274	$ (32,470)	$ 144,762	$ 362,880

Noncash investing, capital and financing activities: Non

KENOSHA COUNTY
COMBINING BALANCE SHEET - AGENCY FUNDS
December 31, 2018

	Agency				
	Clerk of Courts	Child Support	Social Services	Other Agency Funds	Totals
ASSETS					
Cash and temporary cash investments	$ 2,602,001	$ 140,354	$ 63,281	$ 1,345,549	$ 4,151,185
Miscellaneous receivables	276,281	-	-	-	276,281
Total Assets	$ 2,878,282	$ 140,354	$ 63,281	$ 1,345,549	$ 4,427,466
LIABILITIES					
Other accrued liabilities	$ 2,878,282	$ 140,354	$ 63,281	$ 1,345,549	$ 4,427,466
Total Liabilities	$ 2,878,282	$ 140,354	$ 63,281	$ 1,345,549	$ 4,427,466

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the County Board of Supervisors
Kenosha County, Wisconsin

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin, (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon July 22, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Green Bay, Wisconsin
July 22, 2019

CliftonLarsonAllen LLP
CLAconnect.com

Independent auditors' report on compliance for each major federal and state program and on internal control over compliance required by the Uniform Guidance and the *State Single Audit Guidelines*

To the County Board
Kenosha County, Wisconsin

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM

We have audited Kenosha County, Wisconsin's ("the County's") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2018. The County's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

AUDITORS' RESPONSIBILITY

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

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

OPINION ON EACH MAJOR FEDERAL AND STATE PROGRAM

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2018.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Green Bay, Wisconsin
September 23, 2019 except for the Schedule of
Expenditures of Federal and State Awards
as to which the date is July 22, 2019

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2018

Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Pass-Through Agency	Direct/Pass-Through Agency ID	Revenues: (Accrued) Deferred Beginning Balance	Revenues: Adjust-ments	Revenues: Cash Received (Refunded)	Revenues: Accrued (Deferred) Ending Balance	Revenues: Total Revenues	Expenditures	Federal Funds Transmitted to Subrecipients
FEDERAL PROGRAMS										
U.S. Department of Agriculture										
Special Supplemental Food Program for Women, Infants, and Children	10.557	DHS	Type 930/830	$ (261,964)	$ -	$ 846,201	$ 229,823	$ 814,060	$ 814,060	$ 786,909
SNAP Cluster										
State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	Type 930/830	(6,701)	-	29,390	13,493	36,182	36,182	30,332
State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	Type 715/815	(454,002)	-	1,876,063	465,243	1,887,304	1,887,304	789,082
Total SNAP Cluster				(460,703)	-	1,905,453	478,736	1,923,486	1,923,486	819,414
Total U.S. Department of Agriculture				(722,667)	-	2,751,654	708,559	2,737,546	2,737,546	1,606,323
U.S. Department of Housing and Urban Development										
Direct Funding										
Lead Hazard Reduction Demonstration Grant	14.905	NA	WILHD0267-14	(171,403)	-	1,115,334	99,368	1,043,299	1,043,299	-
Total U.S. Department of Housing and Urban Development				(171,403)	-	1,115,334	99,368	1,043,299	1,043,299	-
U.S. Department of Agriculture Forest Service										
Direct Funding										
Great Lakes Restoration	15.662	NA	Unknown	-	-	78,757	-	78,757	78,757	-
Total U.S. Department of Agriculture Forrest Service				-	-	78,757	-	78,757	78,757	-
U.S. Department of Justice										
Direct Funding										
Organized Crime Drug Enforcement Task Forces	16.xxx	NA	GL-WIE-0196	-	-	-	1,837	1,837	1,837	-
State Criminal Alien Assistance Program	16.606	NA	2019-AP-BX-0134	(32,000)	(2,284)	34,284	-	-	-	-
State Criminal Alien Assistance Program	16.606	NA	2019-H0130-WI-AP	-	-	-	34,000	34,000	34,000	-
Paul Coverdell Forensic Sciences Improvement Grant	16.742	NA	2018-CD-BX-0040	-	-	-	2,717	2,717	2,717	-
Equitable Sharing Program [1]	16.922	NA	#WIEQ00164	64,258	-	48,240	(65,020)	47,478	47,478	-
Edward Byrne Memorial Justice Assistance Grant	16.738	Racine Co	2015-DJ-01-12764	-	-	30,777	1,018	31,795	31,795	-
Edward Byrne Memorial Justice Assistance Grant	16.738	Racine Co	2016-DJ-01-12233	(761)	-	761	-	-	-	-
Edward Byrne Memorial Justice Assistance Grant	16.738	City Kenosha	2017-DJ-BX-0318	-	-	-	11,804	11,804	11,804	-
Total Edward Byrne Memorial JAG				(761)	-	31,538	12,822	43,599	43,599	-
Cease Grant	16.595	DOJ	WI Approp #100.241	-	-	1,782	-	1,782	1,782	-
Public Safety Partnership and Community Policing Grants	16.710	Walworth Co	Anti-Heroin Grant	-	-	786	-	786	786	

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

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
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Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Pass-Through Agency	Direct/Pass-Through Agency ID	Revenues: (Accrued) Deferred Beginning Balance	Revenues: Adjust-ments	Revenues: Cash Received (Refunded)	Revenues: Accrued (Deferred) Ending Balance	Revenues: Total Revenues	Expenditures	Federal Funds Transmitted to Subrecipients
FEDERAL PROGRAMS continued										
U.S. Department of Justice continued										
Public Safety Partnership and Community										
Policing Grants	16.710	Racine Co	Anti-Heroin Grant	(4,467)	-	13,838	18,089	27,460	27,460	-
Total U.S. Department of Justice				27,030	(2,284)	130,468	4,445	159,659	159,659	-
U.S. Department of Labor										
WIA/WIOA Program Cluster										
WIA/WIOA Adult Program	17.258	DWD	no identifier	(134,195)	-	1,132,069	175,100	1,172,974	1,172,974	1,172,974
WIA/WIOA Youth Activities	17.259	DWD	no identifier	(166,085)	-	1,191,714	118,559	1,144,188	1,144,188	207,590
WIA/WIOA Dislocated Worker Formula Grants	17.278	DWD	no identifier	(153,561)	-	869,195	71,751	787,385	787,385	787,385
Total WIA/WIOA Program Cluster				(453,841)	-	3,192,978	365,410	3,104,547	3,104,547	2,167,949
H-1B Job Training Grants	17.268	DWD	no identifier	(10,335)	-	60,933	3,537	54,135	54,135	54,135
Total U.S. Department of Labor				(464,176)	-	3,253,911	368,947	3,158,682	3,158,682	2,222,084
U.S. Department of Transportation										
Highway Planning and Construction Cluster										
Highway Planning and Construction	20.205	DOT	3736-06-00	-	-	48,430	-	48,430	48,430	-
Highway Planning and Construction	20.205	DOT	3766-00-00/70	-	6,746	(6,746)	-	-	-	-
Highway Planning and Construction	20.205	DOT	3830-02-70	-	(6,746)	27,798	-	21,052	21,052	-
Highway Planning and Construction	20.205	DOT	3330-00-05	-	-	387,971	-	387,971	387,971	
Highway Planning and Construction	20.205	DOT	3766-00-71	-	-	9,740	-	9,740	9,740	-
Total Highway Planning and Construction Cluster				-	-	467,193	-	467,193	467,193	-
National Recreation Trails Program	20.219	DNR	RTP-853-16D	-	-	-	45,000	45,000	45,000	-
Formula Grants for Rural Areas	20.509	DOT	no identifier	(65,007)	-	294,957	49,249	279,199	279,199	-
Transit Services Programs Cluster										
New Freedom Program	20.521	DOT	no identifier	(6,127)	-	30,060	10,222	34,155	34,155	-
Total Transit Services Programs Cluster				(6,127)	-	30,060	10,222	34,155	34,155	-
Highway Safety Cluster										
State and Community Highway Safety	20.600	DOT	1320-25-93	-	-	-	2,952	2,952	2,952	-
National Priority Safety Programs	20.616	Racine Co	3950958-31-25	(1,362)	-	11,909		10,547	10,547	-
National Priority Safety Programs	20.616	Racine Co	3950959-31-27	-	-	-	3,419	3,419	3,419	-
Total Highway Safety Cluster				(1,362)	-	11,909	6,371	16,918	16,918	-
Total U.S. Department of Transportation				(72,496)	-	804,119	110,842	842,465	842,465	-

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

KENOSHA COUNTY

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FEDERAL PROGRAMS continued										
U.S. Environmental Protection Agency										
State Indoor Radon Grants	66.032	DHS	Type 930/830	(3,161)	-	8,904	3,457	9,200	9,200	-
Total U.S. Environmental Protection Agency				(3,161)	-	8,904	3,457	9,200	9,200	-
U. S. Department of Education										
Special Education - Grants for Infants and Families	84.181	DHS	Type 710/810	-	-	150,102	-	150,102	150,102	150,102
Total U.S. Department of Education				-	-	150,102	-	150,102	150,102	150,102
U. S. Department of Health and Human Services										
Public Health Emergency Preparedness	93.069	DHS	Type 930/830	(6,480)	-	79,614	66,186	139,320	139,320	-
Environmental Public Health and Emergency Response	93.070	DHS	Type 930/830	(17,849)	-	66,495	27,282	75,928	75,928	-
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	DHS	Type 930/830	(30,117)	-	30,117	-	-	-	-
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	DHS	Type 930/830	(53,408)	-	270,367	52,626	269,585	269,585	-
Immunization Cooperative Agreements	93.268	DHS	Type 930/830	(8,118)	-	8,118	-	-	-	-
U.S. Department of Health and Human Services continued										
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505	DCF	Sparc	(257,495)	-	257,495	-	-	-	-
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure - Performance Financed	93.539	DHS	Type 930/830	-	-	21,936	19,343	41,279	41,279	-
Promoting Safe and Stable Families	93.556	DCF	Sparc	-	-	57,103	-	57,103	57,103	-
TANF Cluster										
Block Grants for Temporary Assist for Needy Families	93.558	DCF	Sparc	(225,441)	21,970	328,809	-	125,338	125,338	-
Block Grants for Temporary Assist for Needy Families	93.558	DCF	Sparc 1008	-	-	886,482	489,328	1,375,810	1,375,810	
Block Grants for Temporary Assist for Needy Families	93.558	DHS	Type 710/810	-	-	360,754	-	360,754	360,754	-
Total TANF Cluster				(225,441)	21,970	1,576,045	489,328	1,861,902	1,861,902	-
Child Support Enforcement	93.563	DCF	no identifier	(900,777)	27,498	3,736,505	966,850	3,830,076	3,830,076	-
Child Support Enforcement Research	93.564	DCF	no identifier	(14,166)	(25,140)	83,915	7,761	52,370	52,370	-
Low Income Home Energy Assistance Block Grant	93.568	DOA	no identifier	(83,531)	-	209,787	18,440	144,696	144,696	144,696
Child Care and Development Block Grant	93.575	DCF	Sparc	-	-	841,341	34,867	876,208	876,208	-
Community Based Child Abuse Prevention Grants	93.590	DCF	Sparc	(2,566)	1	10,913	1,785	10,133	10,133	-
CS Child Support Access and Visitation	93.597	DCF	no identifier	(19,677)	19,677	31,308	6,964	38,272	38,272	-

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

KENOSHA COUNTY

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Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Pass-Through Agency	Direct/Pass-Through Agency ID	Revenues: (Accrued) Deferred Beginning Balance	Revenues: Adjust-ments	Revenues: Cash Received (Refunded)	Revenues: Accrued (Deferred) Ending Balance	Revenues: Total Revenues	Expenditures	Federal Funds Transmitted to Subrecipients
FEDERAL PROGRAMS continued										
U.S. Department of Health and Human Services continued										
CCDF Cluster										
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	Sparc	(105,104)	48,636	56,468	-	-	-	-
Total CCDF Cluster				(105,104)	48,636	56,468	-	-	-	-
Chafee Education and Training Vouchers Program	93.599	DCF	Sparc	(8,863)	-	9,152	2,144	2,433	2,433	-
Adoption and Legal Guardianship Incentive Payments	93.603	DCF	Sparc	-	-	12,436	2,817	15,253	15,253	-
Child Welfare Services Grant - State Grants	93.645	DCF	Sparc	-	-	143,283	-	143,283	143,283	-
Foster Care Title - IV-E	93.658	DCF	Sparc	(12,222)	-	1,405,009	6,405	1,399,192	1,399,192	-
Adoption Assistance	93.659	DCF	Sparc	(15,804)	-	55,048	15,927	55,171	55,171	-
Social Services Block Grant	93.667	DHS	Type 710/810	-	-	673,738	-	673,738	673,738	-
Chafee Foster Care Independence Program	93.674	DCF	Sparc	(30,000)	-	177,645	-	147,645	147,645	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	DHS	Type 930/830	(3,065)	-	14,710	2	11,647	11,647	-
Children's Health Insurance Program	93.767	DHS	Type 715/815	(60,175)	-	240,280	57,434	237,539	237,539	98,587
Medicaid Cluster										
Medical Assistance Program	93.778	DHS	Type 710/810	(16,094)	-	42,461	1,378	27,745	27,745	-
Medical Assistance Program	93.778	DHS	Type 725/825	(335,567)	13,302	1,137,245	367,160	1,182,140	1,182,140	-
Medical Assistance Program	93.778	DHS	Type 715/815	(618,938)	-	2,424,058	587,398	2,392,518	2,392,518	998,762
Medical Assistance Program	93.778	DHS	Type 930/830	(1,211)	-	5,266	-	4,055	4,055	-
Medical Assistance Program	93.778	GWAAR	no identifier	-	-	7,360	-	7,360	7,360	-
Medical Assistance Program - WIMCR	93.778	DHS	no identifier	-	-	2,321,696	-	2,321,696	2,321,696	-
Medical Assistance Program	93.778	DHS	TPA-CLTS	-	-	1,094,008	-	1,094,008	1,094,008	-
Total Medicaid Cluster				(971,810)	13,302	7,032,094	955,936	7,029,522	7,029,522	998,762
Opioid State Targeted Response	93.788	DHS	Type 710/810	-	-	111,194	-	111,194	111,194	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	DHS	Type 930/830	-	-	4,069	-	4,069	4,069	-
Block Grants for Community Mental Health Services	93.958	DHS	Type 710/810	(887)	-	82,556	20,000	101,669	101,669	-
Block Grants for Prevention & Treat. of Substance Abuse	93.959	DHS	Type 710/810	(127,427)	-	792,815	201,965	867,353	867,353	-
Block Grants for Prevention & Treat. of Substance Abuse	93.959	DCF	Sparc	(4,677)	4,677	-	-	-	-	-
Total Block Grants for Prevention and Treatment of Substance Abuse				(132,104)	4,677	792,815	201,965	867,353	867,353	-
Maternal and Child Health Services Block Grant	93.994	DHS	Type 930/830	(62,124)	-	129,070	26,779	93,725	93,725	-

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

KENOSHA COUNTY

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FEDERAL PROGRAMS continued										
U.S. Department of Health and Human Services continued										
Special Programs for the Aging										
Title III, Part D - Preventive Health	93.043	GWAAR	no identifier	(1,460)	-	12,526	2,909	13,975	13,975	-
Title III, Part E - National Family Support	93.052	GWAAR	no identifier	(16,655)	-	62,221	15,932	61,498	61,498	-
Medicare Enrollment Assistance Program	93.071	GWAAR	MIPPA	(3,313)	-	11,333	-	8,020	8,020	-
State Health Insurance Assistance Program	93.324	GWAAR	SHIP	-	-	6,344	-	6,344	6,344	-
Aging Cluster										
Title III, Part B - Grants for Supportive Services	93.044	GWAAR	no identifier	(41,125)	-	131,498	36,367	126,740	126,740	-
Title III, Part C - Nutrition Services	93.045	GWAAR	no identifier	(156,045)	-	488,138	112,869	444,962	444,962	444,962
Nutritional Services Incentive Program	93.053	GWAAR	no identifier	-	-	46,534	-	46,534	46,534	46,534
Total Aging Cluster				(197,170)	-	666,170	149,236	618,236	618,236	491,496
Total U.S. Department of Health and Human Services				(3,240,381)	110,621	18,979,220	3,148,918	18,998,378	18,998,378	1,733,541
Executive Office of the President										
High Intensity Drug Trafficking Area (HIDTA)	95.001	Milw HIDTA	G18ML0008A	-	-	17,562	2,850	20,412	20,412	-
High Intensity Drug Trafficking Area (HIDTA)	95.001	Waukesha Co	G18ML0008A	-	-	7,800	-	7,800	7,800	-
Total High Intensity Drug Trafficking Area (HIDTA)				-	-	25,362	2,850	28,212	28,212	-
Total Executive Office of the President				-	-	25,362	2,850	28,212	28,212	-
U. S. Department of Homeland Security										
Emergency Management Performance Grants	97.042	DMA	no identifier	(64,830)	-	88,422	65,012	88,604	88,604	-
Homeland Security Grant Program	97.067	DMA	2015-HSW-02A-11027	-	-	2,286	-	2,286	2,286	-
Homeland Security Grant Program	97.067	DMA	2015-HSW-02A-10955	-	-	79,856	-	79,856	79,856	-
Homeland Security Grant Program	97.067	DMA	2015-HSW-04-010907	(865)	-	865	-	-	-	-
Total U.S. Department of Homeland Security				(65,695)	-	171,429	65,012	170,746	170,746	-
TOTAL FEDERAL PROGRAMS				$ (4,712,949)	$ 108,337	$ 27,469,260	$ 4,512,398	$ 27,377,046	$ 27,377,046	$ 5,712,050

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

KENOSHA COUNTY

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STATE PROGRAMS								
Wisconsin Department of Agriculture, Trade, and Consumer Protection								
Agricultural Clean Sweep	115.040	$ (1,688)	$ -	$ 1,688	$ -	$ -	$ -	$ -
County Staff and Support	115.150	(117,448)	-	241,736	-	124,288	124,288	-
Land and Water Resource Management	115.400	-	(675)	53,976	31,290	84,591	84,591	-
Total WI Department of Agriculture, Trade, and Consumer Protection		(119,136)	(675)	297,400	31,290	208,879	208,879	-
Wisconsin Department of Public Instruction								
Public Library Systems Aid	255.002	299,925	-	430,951	(318,923)	411,953	411,953	-
Total Wisconsin Department of Public Instruction		299,925	-	430,951	(318,923)	411,953	411,953	-
Wisconsin Department of Natural Resources								
Local Park Aids Stewardship - ADLP	370.TA1	-	-	103,657	-	103,657	103,657	-
Recreational Aids - Snowmobile Trail and Area	370.485	-	-	20,962	-	20,962	20,962	-
Boating Enforcement Aids	370.550	(24,071)	-	32,969	-	8,898	8,898	-
County Conservation Aids	370.563	-	(1,537)	2,786	-	1,249	1,249	-
Transient Non-Community Water Sampling Contracts	370.QBHI4824	(6,823)	-	28,528	6,338	28,043	28,043	-
Total Wisconsin Department of Natural Resources		(30,894)	(1,537)	188,902	6,338	162,809	162,809	-
Wisconsin Department of Transportation								
Elderly and Handicapped County Aids	395.101	82,538	1,443	363,700	(83,981)	363,700	363,700	-
Transit Operating Aids	395.104	(724)	-	724	-	-	-	-
Local Roads Improvement Projects Discretionary Grants	395.206	-	(77,372)	77,372	-	-	-	-
Total Wisconsin Department of Transportation		81,814	(75,929)	441,796	(83,981)	363,700	363,700	-

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STATE PROGRAMS continued								
Wisconsin Department of Corrections								
Community Corrections Program (Living Free ATR Program)	410.111	(3,333)	-	33,333	-	30,000	30,000	-
Windows to Work	410.112	(10,672)	-	33,188	84,567	107,083	107,083	107,083
Bryne Competitive Program - Recidivism Reduction Grant	410.112	-	-	89,793	-	89,793	89,793	-
Total Wisconsin Department of Corrections		(14,005)	-	156,314	84,567	226,876	226,876	107,083
Wisconsin Department of Health Services								
Reproductive Health SLOH	435.152002	(11,920)	11,920	-	-	-	-	-
Family Health - Women's Health	435.152020	-	-	31,500	4,906	36,406	36,406	-
WIC Farmers Market Grant	435.154720	-	-	3,141	3,856	6,997	6,997	6,997
Comm Disease Control & Prevention	435.155800	-	-	9,958	514	10,472	10,472	-
HIV Prevention PS & Linkages	435.155957	(2,000)	-	7,393	5,840	11,233	11,233	-
WWWP - GPR CC	435.157010	-	-	-	77,550	77,550	77,550	-
Childhood Lead - Consolidated	435.157720	(6,573)	-	25,503	2,308	21,238	21,238	-
Maternal Child Health - Consolidated	435.159320	(1,211)	-	1,211	-	-	-	-
Reproductive Health	435.159321	(30,355)	-	54,775	-	24,420	24,420	24,420
Cons Contracts MCH	435.159322	-	-	4,055	-	4,055	4,055	-
Family Plan 253.07(4)(A)	435.159327	(95,069)	-	160,069	-	65,000	65,000	65,000
Tobacco Prevention and Control Program - Wisconsin Wins	435.181005	(9,740)	-	9,740	-	-	-	-
Tobacco Prevention and Control Program - Community Interventions - LHD	435.181012	(22,793)	-	22,793	-	-	-	-
Fraud Prevention Investigation, State Share	435.060	-	-	47,129	38,540	85,669	85,669	85,669
IMAA State Share	435.283	-	-	1,680,490	6,962	1,687,452	1,687,452	876,463
IMAA Federal Share	435.284	(13,066)	-	13,066	-	-	-	-
Adult Protective Services	435.312	-	-	159,031	-	159,031	159,031	-
Children's COP	435.377	(70,136)	-	113,171	13,761	56,796	56,796	-
Enhanced IM Funding	435.468	-	-	671,295	-	671,295	671,295	347,460

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

KENOSHA COUNTY

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STATE PROGRAMS continued								
Wisconsin Department of Health Services continued								
Coordinated Services County	435.515	(6,911)	-	56,591	-	49,680	49,680	-
Community Mental Health	435.516	-	-	708,894	-	708,894	708,894	-
IMD Rebalancing Initiative	435.518	(7,090)	-	80,951	-	73,861	73,861	-
Birth to Three Initiative	435.550	-	-	147,306	-	147,306	147,306	147,306
Basic County Allocation	435.561	-	-	3,882,709	-	3,882,709	3,882,709	-
State County Match	435.681	-	-	540,751	-	540,751	540,751	-
CLTS OTHER GPR	435.871	-	-	553,191	-	553,191	553,191	-
CLTS AUTISM GPR	435.874	-	-	180,223	-	180,223	180,223	-
CLTS Other - Co Administrative Costs, State Share	435.877	(13,895)	-	29,984	841	16,930	16,930	-
CLTS Autism - Co Administrative Costs, State Share	435.880	(2,194)	-	12,481	538	10,825	10,825	-
ADRC MFP - NH Relocation, State Share	435.560065	(11,339)	-	40,403	10,373	39,437	39,437	-
Aging and Disability Resource Centers	435.560100	(21,407)	-	1,065,838	-	1,044,431	1,044,431	-
ADRC Dementia Care Project	435.560158	(8,710)	(13,302)	103,806	36,299	118,093	118,093	-
Dementia Care Innovation	435.560203	(1,769)	-	1,769	-	-	-	-
Environmental Monitoring of Nuclear Power Plants for Radiological Emissions	435.DPH 90013 DC	(2,750)	-	5,500	2,750	5,500	5,500	-
HIV Counseling, Testing and Referral Program	435.FAI10019.	(540)	-	9,188	5,840	14,488	14,488	-
Passed Through Greater WI Agency on Aging Resources								
I&A EBS Benefit Specialist	435.560024	-	-	66,876	-	66,876	66,876	-
State Senior Community Services	435.560330	(2,318)	-	11,707	-	9,389	9,389	-
Congregate Meals	435.560350	(39,254)	-	70,496	11,661	42,903	42,903	42,903
Nutrition Revitalization	435.560351	(6,150)	-	6,150	-	-	-	-
Home Delivered Meals	435.560360	(5,395)	-	7,140	484	2,229	2,229	2,229
Alzheimer's Family and Caregiver Support	435.560381	(29,173)	-	81,048	11,609	63,484	63,484	-
Elder Abuse	435.560490	(34,236)	-	38,938	42,302	47,004	47,004	-
Total Wisconsin Department of Health Services		(455,994)	(1,382)	10,716,260	276,934	10,535,818	10,535,818	1,598,447

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2018

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues: (Accrued) Deferred Beginning Balance	Revenues: Adjust-ments	Revenues: Cash Received (Refunded)	Revenues: Accrued (Deferred) Ending Balance	Revenues: Total Revenues	Expenditures	State Funds Transmitted to Subrecipients
STATE PROGRAMS continued								
Wisconsin Department of Children and Families								
Child Abuse & Neglect Prevention Board - Parent Education Child Abuse	437.6093	(23,090)	-	98,216	16,067	91,193	91,193	-
Children First	437.700	(7,041)	-	65,236	(5,560)	52,635	52,635	-
Food Stamp Agency Incentives	437.965	(8,728)	-	63,343	4,419	59,034	59,034	-
AFDC Agency Incentives	437.975	(5)	1	149	-	145	145	-
Medicaid Agency Incentives	437.980	(2,966)	-	32,734	6,832	36,600	36,600	-
BFI - DCF GPR/Regular TANF	437.1402	-	-	1,017	67,268	68,285	68,285	-
CW Kinship Care Program - Benefits	437.3377	-	-	519,914	155,645	675,559	675,559	-
Kinship Care Program - Assessment	437.3380	-	-	54,264	-	54,264	54,264	-
Community Intervention Program	437.3410	-	-	51,720	110,129	161,849	161,849	-
Youth Aids AODA	437.3411	-	-	-	56,856	56,856	56,856	-
Youth Aids	437.3413	-	-	2,970,457	-	2,970,457	2,970,457	-
Community Supervision Services	437.3414	-	-	-	2,460	2,460	2,460	-
Brighter Futures Initiative	437.3540	-	(4,677)	86,392	-	81,715	81,715	-
Children & Families Allocation	437.3561	-	-	1,241,797	-	1,241,797	1,241,797	-
Children & Families Allocation - State/County Match	437.3681	-	-	98,303	-	98,303	98,303	-
Out-of-Home Care Placements for Sex Trafficked Youth	437.3720	-	-	-	168,107	168,107	168,107	-
CS Medical Support Liability (MSL) Incentive	437.7332	(9,063)	-	97,457	8,912	97,306	97,306	-
CS State GPR/PR Funding Allocation	437.7502	-	-	292,236	-	292,236	292,236	-
CS Medical Support GPR Earned	437.7606	-	-	11,108	-	11,108	11,108	-
CS Supporting Parents Supporting Kids	437.7702	-	(20,249)	20,249	-	-	-	-
CS Enforcement - SPSK SUP PARENTS SUP KIDS	437.7903	1,786	(1,786)	(5,478)	(1,826)	(7,304)	(7,304)	-
Total Wisconsin Department of Children and Family		(49,107)	(26,711)	5,699,114	589,309	6,212,605	6,212,605	-

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2018

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues: (Accrued) Deferred Beginning Balance	Revenues: Adjust-ments	Revenues: Cash Received (Refunded)	Revenues: Accrued (Deferred) Ending Balance	Revenues: Total Revenues	Expenditures	State Funds Transmitted to Subrecipients
STATE PROGRAMS continued								
Wisconsin Department of Justice								
Treatment Alternatives and Diversion	455.xxx	-	(24,412)	80,291	61,578	117,457	117,457	-
DNA Sample Reimbursement Grant	455.221	-	-	8,980	-	8,980	8,980	-
Law Enforcement Training Fund Local Assistance	455.231	(5,016)	-	56,446	-	51,430	51,430	-
Victim and Witness Assistance Program - Part A	455.532	(123,324)	-	242,409	119,787	238,872	238,872	-
Youth Diversion - Aids - Gang - PR	455.629	(33,343)	-	59,784	62,484	88,925	88,925	-
Passed through Racine County		-						
Drug Crimes Enforcement	455.225	-	-	21,345	-	21,345	21,345	-
Total Wisconsin Department of Justice		(161,683)	(24,412)	469,255	243,849	527,009	527,009	-
Wisconsin Department of Military Affairs								
Emergency Response Equipment Grant	465.308	(33,156)	-	33,156	31,839	31,839	31,839	-
Mobile Field Force Grants	465.312	-	-	-	5,699	5,699	5,699	-
Emergency Planning Grant	465.337	-	-	7,922	-	7,922	7,922	-
Total Wisconsin Department of Military Affairs		(33,156)	-	41,078	37,538	45,460	45,460	-
Wisconsin Department of Veteran Affairs								
County Veterans Service Officer	485.001	-	-	13,000	-	13,000	13,000	-
Total Wisconsin Department of Veteran Affairs		-	-	13,000	-	13,000	13,000	-
Wisconsin Department of Administration								
Land Information Board Grants	505.116	1,000	(1,000)	26,000	-	26,000	26,000	-
Public Benefits	505.371	(24,039)	-	157,785	51,533	185,279	185,279	185,279
Total Wisconsin Department of Administration		(23,039)	(1,000)	183,785	51,533	211,279	211,279	185,279
TOTAL STATE PROGRAMS		$ (505,275)	$ (131,646)	$ 18,637,855	$ 918,454	$ 18,919,388	$ 18,919,388	$ 1,890,809

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

KENOSHA COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards for Kenosha County, Wisconsin are presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The Schedules of Expenditures of Federal and State Awards include all federal and state awards of Kenosha County. Because the schedules present only a selected portion of the operations of Kenosha County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Kenosha County.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in Kenosha County's 2018 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to Kenosha County in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded Kenosha County expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

NOTE 3 – OVERSIGHT AGENCIES

The federal and state oversight agencies for Kenosha County are as follows:

Federal – U.S. Department of Housing and Urban Development
State – Wisconsin Department of Health Services

NOTE 4 – DIRECT PAYMENTS – STATE OF WISCONSIN

Direct payments to individuals from the State of Wisconsin on behalf of Kenosha County for the year ended December 31, 2018 included:

Program	CFDA No.	Unaudited Amount
Food Share Wisconsin Program	10.561	$ 27,424,927

NOTE 5 – DIRECT PAYMENTS – WISCONSIN MEDICAL ASSISTANCE

The County received the following payments from Wisconsin Medical Assistance in 2018:

County Department of Human Services:	Provider Number	Unaudited Amount
Division of Aging & Disability Services	43072900	$ 98,148
Division of Aging & Disability Services	43422900	46,056
Division of Aging & Disability Services	32975900	977,544
Division of Aging & Disability Services	100038404	9,110,195
Division of Children & Family Services	43073000	315,768
Brookside Care Center	20130300	4,194,579
Division of Health Services	41862400	6,209
Division of Health Services	42010200	50,056
Division of Health Services	43084000	93,946
Total		$ 14,892,501

The payments are considered a contract for services between the State and Kenosha County and therefore are not reported as federal or state awards.

NOTE 6 – CARS / SPARC REPORT DATES

The Schedule of Expenditures of Federal and State Awards include adjustments through Community Aids Reporting System reports dated May, 2019 and the SPARC reports for December, 2018.

NOTE 7 – ALLOCATION OF INDIRECT COSTS

Kenosha County chooses not to utilize the de minimis rate as allowed under Uniform Guidance. Instead, Kenosha County identifies and recovers indirect costs using a cost allocation plan developed annually by Maximus Inc.

NOTE 8 – PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:
GWAAR - Greater Wisconsin Agency on Aging Resources
DCF - Wisconsin Department of Children and Families
DHS - Wisconsin Department of Health Services
DMA - Wisconsin Department of Military Affairs
DNR - Wisconsin Department of Natural Resources
DOA - Wisconsin Department of Administration
DOC - Wisconsin Department of Corrections
DOJ - Wisconsin Department of Justice
DOT - Wisconsin Department of Transportation
DWD - Wisconsin Department of Workforce Development

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

SECTION I – Summary of Auditors' Results

Financial Statements

Type of Auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal or State Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*?	No
Auditee qualified as low-risk auditee for federal programs?	Yes
Auditee qualified as low-risk auditee for state programs?	Yes

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

SECTION I – Summary of Auditors' Results continued

Identification of major federal programs:

CFDA Number	Name of Federal Programs
14.905	Lead Hazard Reduction Demonstration Grant
93.558	Block Grants for Temporary Assistance for Needy Families
93.575	Child Care and Development Block Grant
93.658	Foster Care Title IV-E
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Identification of major state programs:

State ID Number	Name of State Programs
395.101	Elderly and Handicapped County Aids
435.561	Basic County Allocation
435.681	State/County Match
437.3377	CW Kinship Care Program - Benefits
437.3561	Basic County Allocation
437.3681	State/County Match

	Federal	State	
		DHS	All Others
Dollar threshold used to distinguish between Type A and Type B programs	$ 821,311	$ 316,075	$ 250,000

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

None

SECTION III – Federal and State Award Findings and Questioned Costs

None

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

Section IV – Other Issues

1.	Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?	yes	X	no
2.	Does the audit report show audit issues (i.e., material non-compliance, non-material noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines:			
	Department of Agriculture, Trade and Consumer Protection	yes	X	no
	Department of Public Instruction	yes	X	no
	Department of Natural Resources	yes	X	no
	Department of Transportation	yes	X	no
	Department of Corrections	yes	X	no
	Department of Health Services	yes	X	no
	Department of Children and Families	yes	X	no
	Department of Workforce Development	yes	X	no
	Department of Justice	Yes	X	no
	Department of Military Affairs	yes	X	no
	Department of Veteran Affairs	yes	X	no
	Department of Administration	yes	X	no
3.	Was a Management Letter or other document conveying audit comments issued as a result of this audit?	X yes		no
4.	Name and signature of partner	Paul G. Denis, Principal		
5.	Date of report	September 23, 2019		

KENOSHA COUNTY

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2018

Prior Year Audit Findings

None

Corrective Action Plan

None required