

KENOSHA COUNTY

Kenosha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2014

KENOSHA COUNTY

TABLE OF CONTENTS December 31, 2014

Independent Auditors' Report	1
Management's Discussion and Analysis	3
<i>Basic Financial Statements</i>	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	21
Statement of Activities	22
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	23
Reconciliation of the Governmental Fund Balance Sheet and the Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	29
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Human Services Fund	30
Statement of Net Position – Proprietary Funds	31
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	34
Statement of Assets and Liabilities – Fiduciary Funds – Agency Funds	36
<i>Notes to the Financial Statements</i>	37
<i>Required Supplementary Information – Other Postemployment Benefits Plan - Schedule of Funding Status and Schedule of Employer Contributions</i>	90

KENOSHA COUNTY

TABLE OF CONTENTS (cont.) December 31, 2014

<i>Supplementary Information</i>	
Combining Balance Sheet – Nonmajor Governmental Funds	92
Combining Balance Sheet – Nonmajor Governmental Funds - Special Revenue Funds	93
Combining Balance Sheet – Nonmajor Governmental Funds - Capital Project Funds	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds - Special Revenue Funds	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Capital Projects Funds	97
Combining Statement of Net Position – Internal Service Funds	98
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	99
Combining Statement of Cash Flows - Internal Service Funds	100
Combining Balance Sheet – Agency Funds	102
Combining Statements of Changes in Assets and Liabilities - All Agency Funds	103
<i>Additional Independent Auditors Report For Financial Statements</i>	
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 <i>Government Auditing Standards</i>	104
<i>Federal Awards and State Financial Assistance</i>	
Independent Auditors' Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance Required by OMB Circular A-133 and the <i>State Single Audit Guidelines</i>	106
Schedule of Expenditures of Federal and State Awards	108
Notes to the Schedule of Expenditures of Federal and State Awards	120
Schedule of Findings and Questioned Costs	122
<i>Independent Auditors' Report on State Financial Report Form</i>	126

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin ("the County") as of and for the year ended December 31, 2014, 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 auditor considers 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress and the schedule of employer contributions on pages 3 through 20 and 90 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 and the schedule of expenditures of federal awards and schedule of state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the State of Wisconsin, and the other information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
July 14, 2015

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Our discussion and analysis of Kenosha County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2014.

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

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

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

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

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

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

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

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Governmental activities (continued):

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

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

Reporting the County's Most Significant Funds

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

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

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

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

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

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Reporting the County's Most Significant Funds (continued)

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

The County as Trustee

The County is the trustee, or fiduciary, for the Culich/Schneider Memorial Fund and for the State of Wisconsin. The Culich/Schneider Memorial Fund is reported within the Brookside 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 2013.

Net position may serve over time as a useful indicator of a government's financial position. In 2014 the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$60,148,146. The largest portion (94 percent) reflects the County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

The remainder of the County's net position total (3 percent) is the category of unrestricted net position which is normally used to meet the County's ongoing obligations to citizens and creditors. In 2014, this category has a balance of \$1,788,436.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY AS A WHOLE (continued)

KENOSHA COUNTY
NET POSITION

(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 107.23	\$ 104.09	\$ 8.77	\$ 9.30	\$ 116.00	\$ 113.39
Capital assets	<u>141.54</u>	<u>142.21</u>	<u>14.79</u>	<u>14.78</u>	<u>156.33</u>	<u>156.99</u>
Total Assets	<u>248.77</u>	<u>246.30</u>	<u>23.56</u>	<u>24.08</u>	<u>272.33</u>	<u>270.38</u>
Deferred outflows of resources	0.33	0.38	-	-	0.33	0.38
Long-term liabilities outstanding	125.89	123.14	5.21	5.55	131.10	128.69
Other liabilities	<u>17.12</u>	<u>19.66</u>	<u>1.68</u>	<u>2.05</u>	<u>18.80</u>	<u>21.71</u>
Total liabilities	<u>143.01</u>	<u>142.80</u>	<u>6.89</u>	<u>7.60</u>	<u>149.90</u>	<u>150.40</u>
Deferred inflows of resources	60.65	58.32	1.96	2.18	62.61	60.50
Net position:						
Invested in capital assets	51.88	53.20	14.52	14.24	56.80	58.58
Restricted	1.41	1.39	0.15	0.15	1.56	1.54
Unrestricted (deficit)	<u>(7.85)</u>	<u>(9.04)</u>	<u>0.04</u>	<u>(0.08)</u>	<u>1.79</u>	<u>(0.72)</u>
Total Net Position	<u>\$ 45.44</u>	<u>\$ 45.55</u>	<u>\$ 14.71</u>	<u>\$ 14.31</u>	<u>\$ 60.15</u>	<u>\$ 59.86</u>

Total assets for the County increased by \$2 million reflected by a \$2.3 million increase in receivables related to property tax. Total liabilities decreased by \$0.5 million mostly due to a decrease in long term liabilities. The Governmental type liabilities show an increase in long-term liabilities because business-type activities received bond proceeds to purchase fixed assets but the bonds will be the responsibility of the governmental activities. The category reported as "Deferred inflows of resources" reflects the tax levy that will be recorded as revenue in 2014. This amount increased by \$2 million from 2013.

The County's total net position increased by a net of \$322,979. Within this small increase, is a marked decrease of \$2.2 million in the amount that the County has invested in capital assets net of related debt. The County's Unrestricted Net Assets increased by a corresponding \$2.5 million which reflects a positive trend.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY AS A WHOLE (continued)

KENOSHA COUNTY
CHANGES IN NET POSITION
Year Ended December 31, 2014
(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 6.27	\$ 6.17	\$ 22.30	\$ 21.09	\$ 28.57	\$ 27.26
Operating grants and contributions	57.00	55.83	3.75	3.64	60.75	59.47
Capital grants and contributions	0.63	0.28	0.43	0.60	1.06	0.88
General revenues:						
Property taxes	61.24	59.48	1.60	2.24	62.84	61.72
Other taxes	12.82	11.23	-	-	12.82	11.23
Grants and contributions not restricted to specific programs	4.11	4.13	-	-	4.11	4.13
Other	0.98	1.46	0.01	-	0.99	1.46
Total revenues	<u>143.05</u>	<u>138.58</u>	<u>28.09</u>	<u>27.57</u>	<u>171.14</u>	<u>166.15</u>
Expenses:						
General government	26.36	22.69	-	-	26.36	22.69
Health	18.71	17.98	-	-	18.71	17.98
Public works	2.05	2.24	-	-	2.05	2.24
Public safety	43.60	39.64	-	-	43.60	39.64
Social services	41.08	39.70	-	-	41.08	39.70
Education and recreation	4.08	4.10	-	-	4.08	4.10
Conservation and development	2.53	1.83	-	-	2.53	1.83
Interest on long-term debt	2.70	3.12	-	-	2.70	3.12
Nursing home	-	-	16.04	14.35	16.04	14.35
Highway	-	-	10.80	11.69	10.80	11.69
Golf Course	-	-	2.87	3.04	2.87	3.04
Total expenses	<u>141.11</u>	<u>131.30</u>	<u>29.71</u>	<u>29.08</u>	<u>170.82</u>	<u>160.38</u>
Increase (decrease) in net position before transfers	1.94	7.28	(1.62)	(1.51)	0.32	5.77
Transfers	(2.02)	(3.15)	2.02	3.15	-	-
Increase (decrease) in net position	<u>(0.08)</u>	<u>4.13</u>	<u>0.40</u>	<u>1.64</u>	<u>0.32</u>	<u>5.77</u>
Net position beginning of year	45.52	41.42	14.31	12.67	59.83	54.09
Net position end of year	<u>\$ 45.44</u>	<u>\$ 45.55</u>	<u>\$ 14.71</u>	<u>\$ 14.31</u>	<u>\$ 60.15</u>	<u>\$ 59.86</u>

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY AS A WHOLE (continued)

Revenue for governmental activities increased by a net amount of \$4.5 million when compared to 2013. Key elements of this net decrease are as follows:

- Increase in state sales tax receipts of \$1.6 million.
- Increased property tax of \$1.7 million.
- Increase in FEMA revenue thru the Housing Authority of \$0.3 million.
- Increase in Tobacco Intervention Grant of \$0.5 million thru the Health Department.
- Increase in Federal Inmate Housing revenues of \$0.5 million.
- Increase in interest and penalties collected for delinquent taxes of \$0.2 million.
- Increase in Federal grants received through the Health Department of \$0.3 million.
- Decrease in grants for Child Support revenue of \$0.8 million.
- Decrease of \$0.3 million one-time payment received from ATC in 2013 for the Western County communication project completion.

Expenditures for governmental activities increased by \$9.8 million when compared to 2013. Key elements of this decrease are as follows:

- Increase of \$1.4 million net in Human Services due to State contracting out the W-2 program and the emergency assistance program.
- Increase in insurance costs in all departments by \$3.7 million.
- Increase in public safety expenses by \$4.0 million due to a decrease in federal inmate population and savings in health insurance costs.

Revenue for the Business-type activities increased by \$0.5 million in 2014 when compared to 2013. Key elements of this increase are as follows:

- Brookside operating revenue and grants experienced an increase of \$0.7 million..
- Highway revenue increased by \$0.6 million related to federal highway project revenue.
- Taxes levied for business-type activities decreased by \$0.6 million.

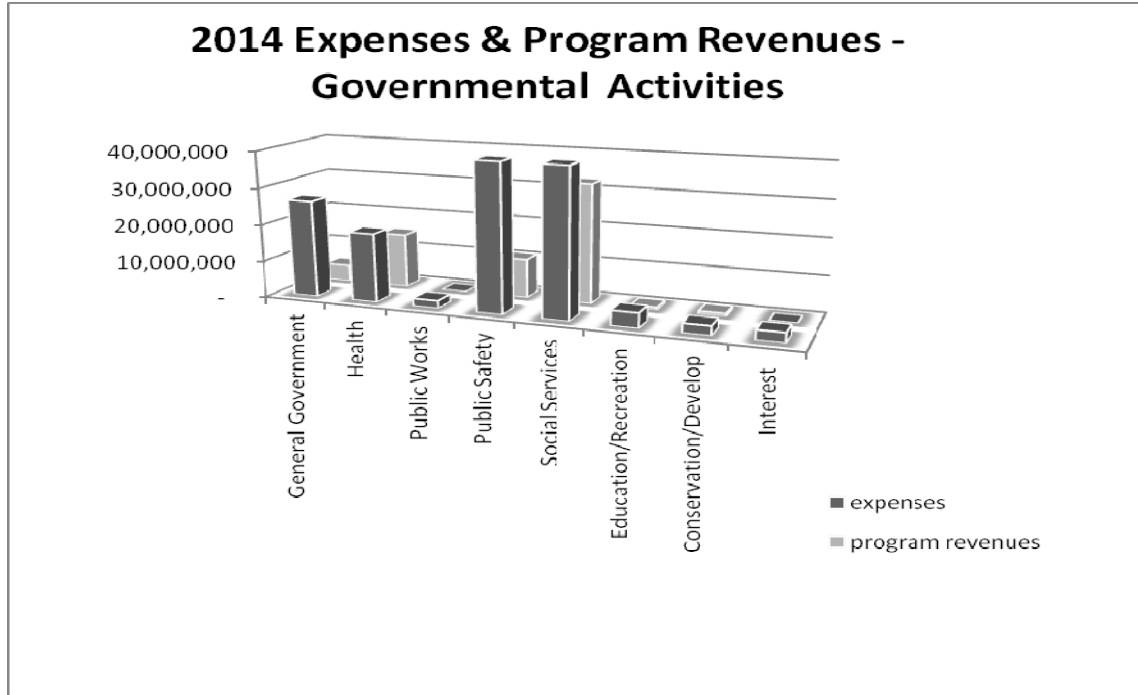
Expenses for Business-type activities increased \$0.6 million in 2014 when compared to 2013. Key elements of this increase are as follows:

- Increase of overall operating costs of \$1.7 million for Brookside.
- Decrease in highway expenses of \$1.1 million due to decrease in major road projects that were completed in 2013.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

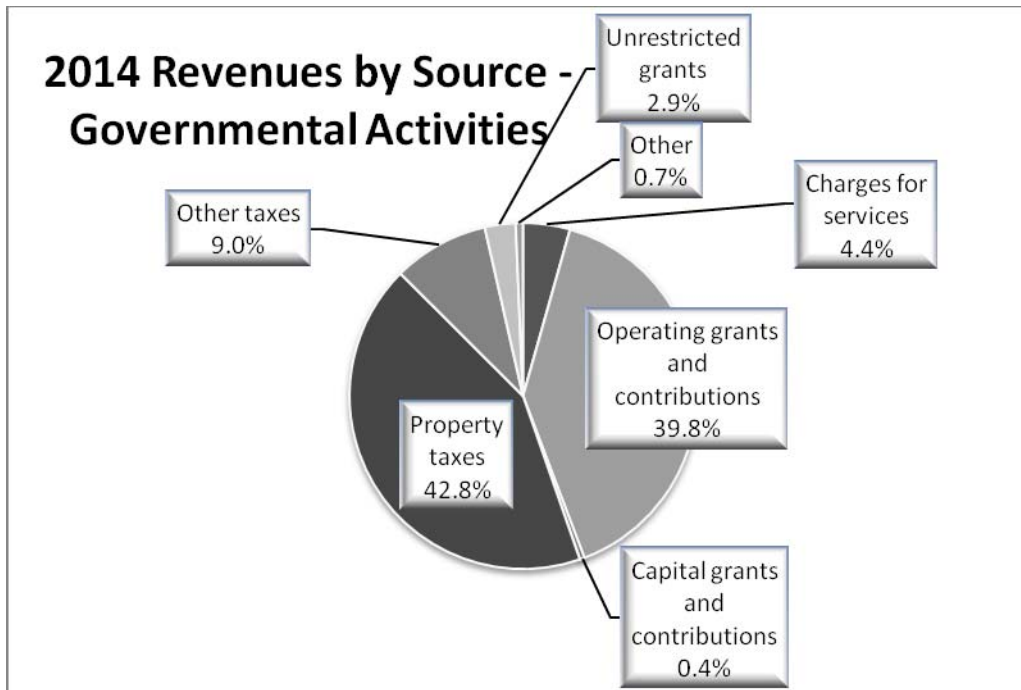
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for 2014.



REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

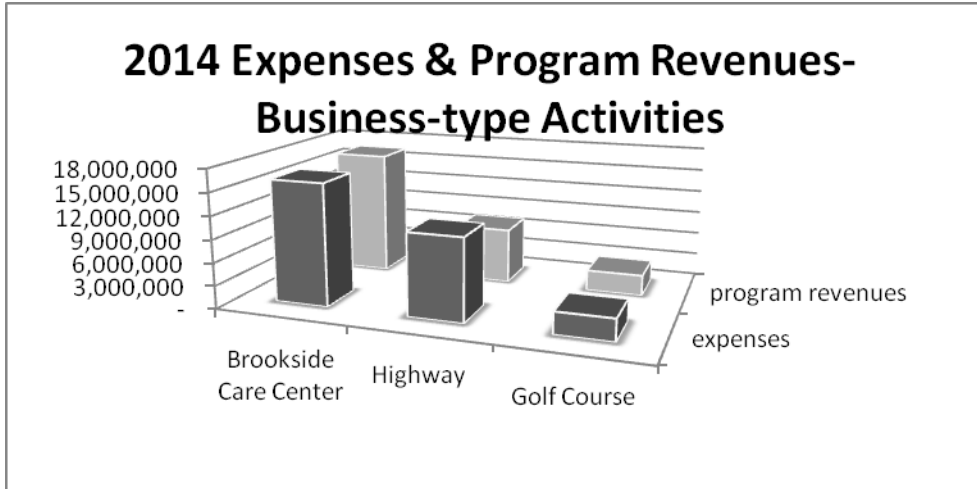
This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2014.



KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

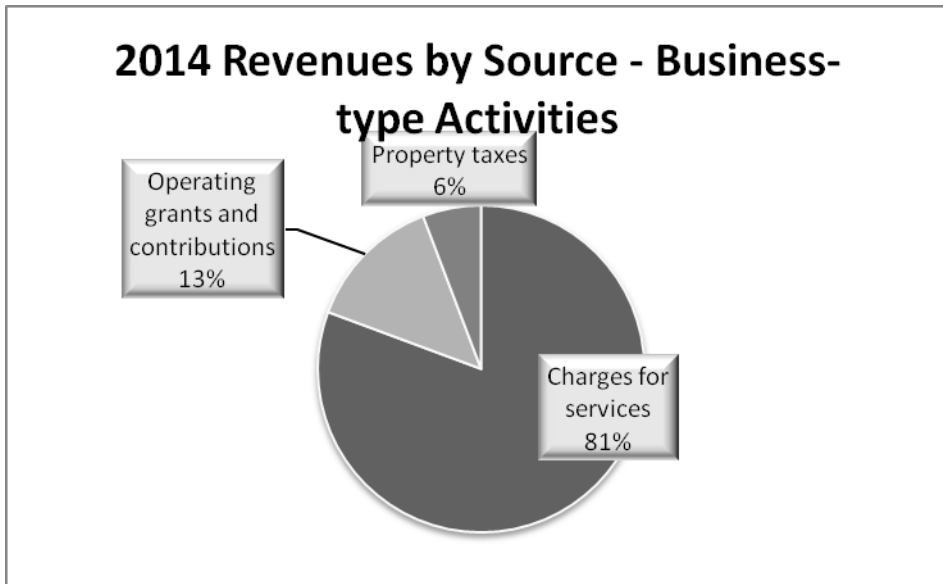
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2014.



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2014.



KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS

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

General Fund

The General Fund experienced a material increase in the total unassigned fund balance with an increase in unassigned fund balance over the 2014 balance of \$3.5 million. The unassigned fund balance increased to \$15.1 million in 2014 compared to \$11.6 million in 2013. In 2008, the General Fund was significantly affected by the housing market downturn. Tax delinquencies have decreased somewhat with a decrease of \$95,851 in 2014. In addition, sales tax revenues came in at \$2.0 million more than expected. Other items impacting the General Fund are discussed below.

Because of the approval of the Health Insurance internal service reserve policy, funds that otherwise would have lapsed to the General Fund remain in the Health Insurance internal service fund for a maximum of \$1.5 million as approved by County Board. The County Board changed the reserve policy relative to the County Nursing Home (Brookside), requiring any cash surplus to lapse to the General Fund. The following chart shows total reserve balances when Health Insurance is included:

	2008	2009	2010	2011	2012	2013	2014
General Fund	\$ 8,396,379	\$ 5,936,999	\$ 7,385,156	\$8,087,217	\$10,229,584	\$11,588,684	\$ 15,080,088
Health Insurance	1,500,000	1,500,000	1,500,001	1,500,001	1,500,001	1,500,001	1,500,001
Total	<u>\$ 9,896,379</u>	<u>\$ 7,436,999</u>	<u>\$ 8,885,157</u>	<u>\$9,587,218</u>	<u>\$11,729,585</u>	<u>\$13,088,685</u>	<u>\$ 16,580,089</u>

The unassigned fund balance amount is significant, as this is the amount available for future expenditures if approved by the County Board. A summary of the primary elements for all funds resulting in the increase in unassigned fund balance in the General Fund is provided on page 14.

In 2013, the County Board amended the Brookside reserve policy, and requiring available and expendable cash reserves from Brookside to lapse to the general fund. This policy has been revised effective in 2015 stating that Brookside will retain their cash reserves going forward.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

General Fund (continued)

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

- To maintain the fund balance of the General Fund at levels sufficient to protect the County's creditworthiness as well as its financial positions from unforeseeable emergencies.
- To ensure sufficient liquidity to provide for County obligations as they become due.
- To maintain the proper balance between maintaining a prudent level of reserves that is neither too low nor too high. The policy requires that the County maintain 17% of General Fund expenditures as unassigned fund balance in the General Fund. The County surpassed the 17% threshold by \$3.5 million at year-end 2014. See the summary on page 14 for an analysis of this.

In accord with this policy, available balances within the General Fund in excess of 17% may be used for capital expenditures and one-time operating expenditures. An amount not to exceed \$300,000 may be used for ongoing operational expenditures. In the 2014 audit, \$260,000 of funds from the General Fund was designated to fund a one-time expense for the 2015 budget. This policy does permit reserves to be used for mid-year budget transfers.

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

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

Items that affected the General Fund:

Health Insurance Internal Service Fund – The net health insurance surplus was \$248,466 more than was budgeted.

Sales Tax - Sales tax collections were higher than expected by \$1,968,877.

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 2014, the budgeted County vacancy adjustment was \$900,000. In 2014, the General Fund was affected with a deficit effect of \$175,046 due to the vacancy adjustment.

Human Services – Revenues from Medicaid and government grants were \$1.3 million greater than budgeted. This was augmented by \$150,000 in mental health expense savings and offset by expenses greater than budgeted in the amount of \$240,000 in youth institution days and \$500,000 increase in treatment foster care days.

DPW – Facilities – The facilities costs such as utilities, telecommunication, and building maintenance experienced cost savings of \$340,000 under budget.

Sheriff – Fees related to housing Federal inmates were \$793,432 greater than budgeted with a corresponding greater than budgeted expense. The fees from Process, PMS,. Huber, and phone commissions were \$358,144 lower than expected.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Decrease in Tax Delinquencies - The amount of delinquencies at year end 2014 was \$7.7 million compared to year end 2013 delinquencies of \$7.8 million or a decrease of \$95,851.

Liability Insurance – In 2014, liability insurance experienced an increase in claims that was higher than expected by \$206,436.

Highway revenues – Revenues from providing road services to the State, other municipalities and local transportation aids were \$671,000 more than budgeted.

Ordinance Fines – Revenue from ordinance related fines were \$261,954 lower than budgeted.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Summary of 2014 Operations: Review of Major Elements Impacting the Unassigned Fund Balance in the General Fund

2014 General Fund Yearend Forecast	
2013 Unassigned Reserves	\$ 11,588,684
<u>Items causing increase to the General Fund</u>	
Health Insurance Surplus	\$ 248,466
DHS - Medicaid Revenue	831,080
DHS - Intergovernmental Revenue	473,858
DHS - Mental Health Expense Savings	150,000
DHS - Brookside Medicare Revenue	692,565
DWP - Highway Rev - State/Municipalities/Local Aids	671,000
Facilities - Utilities/Building Maintenance	340,528
Register of Deed Revenue	32,230
State Shared Revenue	100,283
Sales Tax Revenue	1,968,877
Juvenile Intake - Juvenile Detention	80,166
Decrease in Tax Delinquencies	95,851
Sheriff Federal Inmate Revenues	793,432
Miscellaneous Department Surpluses	193,900
Total Increase to the General Fund	\$ 6,672,236
<u>All other net reductions to General Fund</u>	
Reserves used to fund one time expenditures in the 2015 budget	\$ (260,000)
Total Planned Decrease to the General fund	\$ (260,000)
<u>Items causing decrease to the General Fund</u>	
Vacancy	\$ (175,046)
Circuit Court Revenues - Court fees/investments/various others	(101,583)
Treasurer	(32,523)
Land Information System Fee	(50,150)
Ordinance Fines	(261,954)
Indirect Cost Revenue	(116,435)
Profit Loss Tax Deed	(143,375)
DHS - Increase in Children Institution Days	(240,000)
DHS - Increase in Treatment Foster Care Days	(500,000)
Sheriff - Revenue Fees-Process/PMS/Huber/Phone	(358,144)
Safety Building Jail Fines/Building Maintenance Rev	(116,800)
Liability Insurance	(206,436)
Sheriff - Personnel/Overtime and other Jail related expenses	(793,432)
Total all other net reductions to Fund Balance	\$ (2,920,832)
2014 year end unassigned fund balance	\$ 15,080,088
Less: County Board requirement of 17% of General Funds Expenditures	10,285,572
Amount over 17%	\$ 4,794,516
2014 General Fund	\$ 15,080,088
Increase in General Fund 2013/2014	3,491,404
2014 General Fund Expenditure	\$ 60,503,364
Unassigned reserves as a Percentage of General Fund	24.92%
<u>Effect of increase in tax delinquencies on reserves</u>	
Historical level of delinquencies - 2005 Base Year (incl.60 day collected)	3,246,221
Current delinquency balance (includes 60 day collected)	7,760,443
Current delinquency balance above average - impact on General Fund	4,514,222
General Fund unassigned reserves if no tax delinquency increase	19,594,310
Percentage Increase	32.39%

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

Brookside Enterprise Fund

In 2014, the Brookside Fund had a surplus of \$692,565 from noncapital financing activities which was lapsed to the General Fund. Most of this surplus was due to an increase in revenues from Medicare. Transfers into Brookside in the amount of \$321,108 consisted of bonding approved in the 2014 adopted budget issued for Brookside purposes of capital outlay. This bond amount was not added to the debt of Brookside but will be paid for in the Debt Service Fund.

Golf Course Fund

The golf course closed with a surplus of \$88,482 from noncapital financing activities. This surplus remained in the Golf Course fund to cover future outlays. This is the third year in a row in which this fund did not experience a deficit.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The first category includes amendments for carryover funds from the prior year. The carryover of these funds allows the County to complete projects previously authorized by the Board.
- The second category includes budget amendments done to reflect changes in intergovernmental aids and grants.
- The third category includes transfers the Board approved for use between appropriations to prevent budget overruns. All of the transfers in this category were done within the total budget.
- The fourth category includes transfers from the General Fund approved by the County Board.
- 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 \$103,038 for Park projects, \$107,824 for various facilities improvements and \$43,434 to purchase equipment for Highway damaged in the adverse weather conditions.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

The County Board has approved all budget amendments. See "Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual" presented for the General Fund on page 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 2014 when the unassigned fund balance closed the year at \$15.1 million. County unassigned fund balance now has increased for five consecutive years. This reflects a material recovery from 2009, when the General Fund declined to \$5.9 million.

The County reached a milestone in 2012 when its General Fund unassigned balance exceeded 17% of general fund expenditures, climbing above the policy benchmark for the first time in 6 years. This trend continued in 2014 when the balance reached 25%. Many factors contributed to this event, as explained in this report.

Now, as a result of many factors as reflected on page 14, the County exceeds its reserve policy benchmark. Also, if delinquencies had not increased from \$3.2 million to \$7.8 million during the great recession, the reserve benchmark would be at 32%, or 15% above the policy benchmark. It is worth noting that the County was able to return back to reserve policy compliance without a significant decrease in property tax delinquencies. As the economy continues to improve, a decline in delinquencies has the potential to significantly increase reserves above the policy benchmark.

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

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

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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

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

The recession continued into 2009. The General Fund declined by \$2.5 million to \$6.2 million. The primary reason for the decline in the General Fund has been the increase in property tax delinquencies. From the low point of \$4 million in 2005, tax delinquencies have increased to \$7.8 million in 2014. Had tax delinquencies remained stable, the unassigned General Fund balance would be at about 32% or 15% above the policy benchmark.

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

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

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

State and National events have had and will continue to have a significant impact upon the County. In 2014, the County demonstrated continued economic recovery, as property tax delinquencies declined for the first time in 9 years and property values increased for the first time in 6 years. The current 5-year budget forecast reflects sustainability with regard to County operations. No major reductions in service appear to be necessary at this time.

The preliminary State 2015 – 2017 biennial budget does not change County levy limits. County operations are financially sustainable under these levy limits. The State Budget has not been adopted as of the date of this report.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2014, the County had \$156.32 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

The \$5.0 million increase in machinery and equipment in the Governmental activities reflects the County's continued investment in Broadband infrastructure and computer equipment as well as annual update of vehicles and maintenance equipment. See Notes to the Financial Statements page 64 through 66 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Construction in progress	\$ 4.02	\$ 2.14	\$ -	\$ -	\$ 4.02	\$ 2.14
Land	21.22	20.68	0.34	0.34	21.56	21.02
Land improvements	18.41	18.44	5.96	5.89	24.37	24.33
Intangible assets	-	-	0.03	0.03	0.03	0.03
Buildings	102.08	102.30	16.73	16.54	118.81	118.84
Machinery & equipment	33.62	30.12	21.58	20.93	55.20	51.05
Infrastructure	43.78	44.03	-	-	43.78	44.03
Total capital assets	223.12	217.71	44.65	43.73	267.77	261.44
Less: accumulated depreciation	(81.59)	(75.50)	(29.86)	(28.95)	(111.44)	(104.45)
Total net capital assets	\$ 141.54	\$ 142.21	\$ 14.79	\$ 14.78	\$ 156.32	\$ 156.99

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt

At year-end, the County had \$99,515,000 in outstanding general obligation debt.

Bonded debt outstanding at 12/31/13	\$ 99,110,000
Principal retired in 2014	(11,520,000)
Notes issued to fund 2014 capital projects	11,925,000
Debt outstanding at 12/31/14	<u>\$ 99,515,000</u>

New principal issued was \$11,925,000. Total general obligation debt outstanding increased by \$405,000 or 0.41%.

In 2014, Standard and Poor's Ratings Service revised its outlook to positive from stable and affirmed its 'AA' rating. The outlook revision reflects S&P's view of the positive trends in economic indicators which could lead to an upgrade within the next two years. Fitch Ratings assigned an '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 million in 1999, including the County's unfunded actuarial pension liability. As of year end 2014, total County general obligation debt outstanding has decreased to \$99.1 million compared to \$112.9 million at year end 1999.

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.

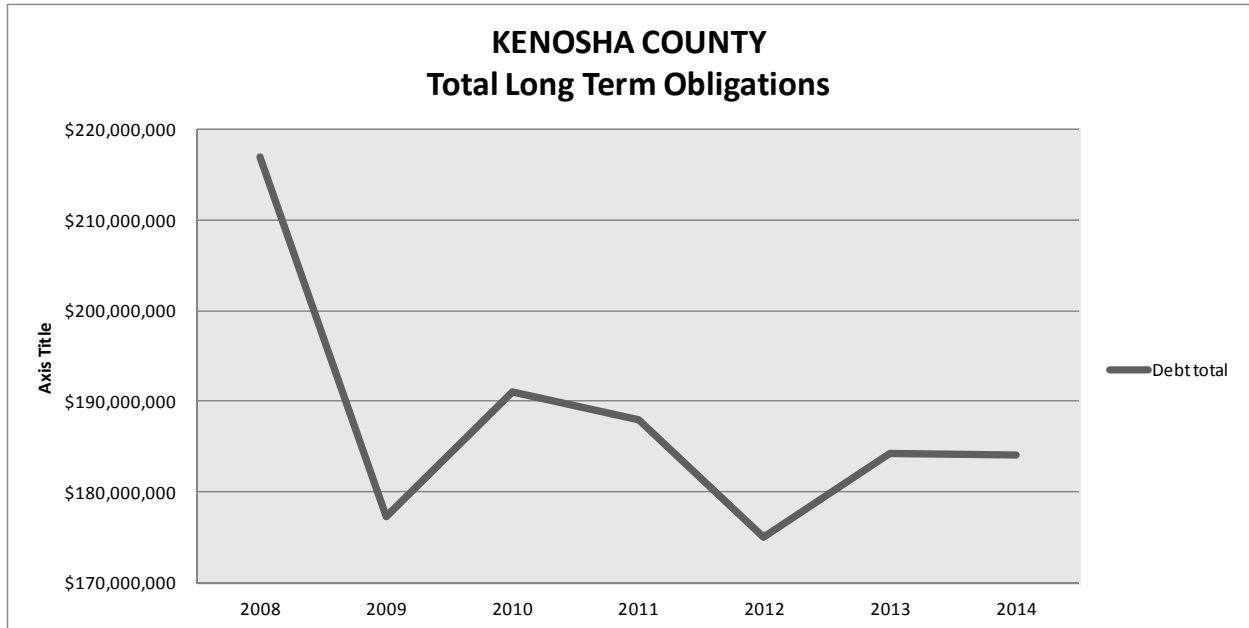
KENOSHA COUNTY							
TOTAL LONG TERM OBLIGATIONS							
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Obligation Debt	\$ 80,144,831	\$ 83,790,000	\$ 95,765,000	\$ 97,180,000	\$ 101,325,000	\$ 99,110,000	\$ 99,515,000
OPEB Protective Debt	\$ 41,513,500	\$ 34,308,744	\$ 35,048,490	\$ 33,726,650	\$ 29,700,000	\$ 40,154,327	\$ 40,471,845
OPEB Nonprotective Debt	\$ 91,143,500	\$ 55,091,237	\$ 56,176,150	\$ 53,545,927	\$ 40,600,000	\$ 44,798,295	\$ 43,968,115
Vacation/Casual Accrual	\$ 4,032,615	\$ 4,107,955	\$ 4,039,364	\$ 3,449,308	\$ 3,435,000	\$ 109,317	\$ 118,925
	<u>\$ 216,834,446</u>	<u>\$ 177,297,936</u>	<u>\$ 191,029,004</u>	<u>\$ 187,901,885</u>	<u>\$ 175,060,000</u>	<u>\$ 184,171,939</u>	<u>\$ 184,073,885</u>

The OPEB debt in the above table represents the actuarial present value of projected benefits at January 1, 2014. This amount exceeds the actuarial accrued liability reported in the required supplementary information (RSI). The RSI amount represents the present value of benefits already earned.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

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



See Notes to the Financial Statements page 69 for more detail about the County's debt.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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

KENOSHA COUNTY
STATEMENT OF NET POSITION
As of December 31, 2014

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and temporary cash investments	\$ 21,193,159	\$ 2,632,867	\$ 23,826,026
Receivables			
Property taxes	60,647,474	1,963,317	62,610,791
Delinquent taxes	11,870,791	-	11,870,791
Miscellaneous	2,322,690	2,011,643	4,334,333
Due from other governments	9,120,961	1,401,415	10,522,376
Prepaid items	411,362	-	411,362
Inventories	-	610,493	610,493
Restricted cash and investments	-	152,024	152,024
Deposit with Wisconsin Municipal Mutual Insurance Co.	1,662,437	-	1,662,437
Capital assets			
Land, improvements, and construction in progress	39,130,261	338,258	39,468,519
Other capital assets, net of depreciation	102,406,085	14,449,934	116,856,019
Total Capital Assets	<u>141,536,346</u>	<u>14,788,192</u>	<u>156,324,538</u>
Total Assets	<u>248,765,220</u>	<u>23,559,951</u>	<u>272,325,171</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of bond	<u>333,808</u>	<u>-</u>	<u>333,808</u>
LIABILITIES			
Accounts payable	8,528,387	950,998	9,479,385
Accrued compensation	1,669,313	-	1,669,313
Other current liabilities	766,550	23,707	790,257
Special deposits	15,593	15,091	30,684
Due to other governments	5,554,247	680,732	6,234,979
Unearned revenue	586,769	14,246	601,015
Long-term liabilities			
Due within one year	15,301,165	272,963	15,574,128
Due in more than one year	<u>110,585,719</u>	<u>4,934,562</u>	<u>115,520,281</u>
Total Liabilities	<u>143,007,743</u>	<u>6,892,299</u>	<u>149,900,042</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax levy	<u>60,647,474</u>	<u>1,963,317</u>	<u>62,610,791</u>
Total Deferred Inflows of Resources	<u>60,647,474</u>	<u>1,963,317</u>	<u>62,610,791</u>
NET POSITION			
Net investment in capital assets	51,882,838	14,515,230	56,795,665
Restricted for:			-
Specific purpose: grants and loans	1,412,020	-	1,412,020
Non-expendable fund use	-	152,024	152,024
Unrestricted (deficit)	<u>(7,851,047)</u>	<u>37,081</u>	<u>1,788,436</u>
Total Net Position	<u>\$ 45,443,811</u>	<u>\$ 14,704,335</u>	<u>\$ 60,148,146</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Governmental activities:							
General government	\$ 26,364,197	\$ 2,596,800	\$ 1,941,062	\$ -	\$ (21,826,335)	\$ -	\$ (21,826,335)
Health	18,712,423	1,306,614	13,462,048	-	(3,943,761)	-	(3,943,761)
Public works	2,051,622	-	-	-	(2,051,622)	-	(2,051,622)
Public safety	43,604,632	1,830,677	8,723,635	116,000	(32,934,320)	-	(32,934,320)
Social services	41,059,770	146,903	32,202,844	72,680	(8,637,343)	-	(8,637,343)
Education and recreation	4,080,818	177,335	520,456	-	(3,383,027)	-	(3,383,027)
Conservation and development	2,532,750	212,442	155,648	438,383	(1,726,277)	-	(1,726,277)
Interest on long-term debt	2,700,222	-	-	-	(2,700,222)	-	(2,700,222)
Total Governmental Activities	141,106,434	6,270,771	57,005,693	627,063	(77,202,907)	-	(77,202,907)
Business-type activities:							
Brookside Care Center	16,044,039	15,414,158	1,031,200	-	-	401,319	401,319
Highway	10,786,989	4,148,085	2,720,951	431,342	-	(3,486,611)	(3,486,611)
Golf Course	2,874,371	2,724,073	-	-	-	(150,298)	(150,298)
Total Business-type Activities	29,705,399	22,286,316	3,752,151	431,342	-	(3,235,590)	(3,235,590)
Totals	<u>\$ 170,811,833</u>	<u>\$ 28,557,087</u>	<u>\$ 60,757,844</u>	<u>\$ 1,058,405</u>	(77,202,907)	(3,235,590)	(80,438,497)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					47,839,094	1,598,949	49,438,043
Property taxes, levied for debt service					13,402,152	-	13,402,152
Sales tax - County					12,818,960	-	12,818,960
Grants and contributions not restricted to specific programs					4,111,077	-	4,111,077
Unrestricted investment earnings					176,938	1,072	178,010
Miscellaneous					805,804	7,430	813,234
Transfers					(2,024,874)	2,024,874	-
Total general revenues and transfers					77,129,151	3,632,325	80,761,476
Change in net position					(73,756)	396,735	322,979
Net position-beginning restated					45,517,567	14,307,600	59,825,167
Net position-ending					<u>\$ 45,443,811</u>	<u>\$ 14,704,335</u>	<u>\$ 60,148,146</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014**

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 14,152,043	\$ 56,887	\$ 795,487	\$ 2,760,668	\$ 17,765,085
Receivables					
Property taxes	32,342,747	11,909,063	14,018,098	2,183,561	60,453,469
Delinquent taxes	11,870,791	-	-	-	11,870,791
Miscellaneous	259,420	315,028	-	225,664	800,112
Due from other governments	3,437,322	4,172,995	-	1,510,644	9,120,961
Due from other funds	326,314	-	-	1,379,851	1,706,165
Prepaid items	387,727	-	-	-	387,727
Loans receivable	-	-	-	1,234,113	1,234,113
TOTAL ASSETS	\$ 62,776,364	\$ 16,453,973	\$ 14,813,585	\$ 9,294,501	\$ 103,338,423
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,216,349	\$ 1,978,489	\$ -	\$ 515,555	\$ 3,710,393
Accrued compensation	1,669,313	-	-	-	1,669,313
Special deposits	3,101	2,846	-	9,646	15,593
Due to other governments	2,742,111	2,339,492	-	472,644	5,554,247
Due to other funds	-	-	-	1,706,165	1,706,165
Other unearned revenue	182,712	105,051	-	299,006	586,769
Total Liabilities	<u>5,813,586</u>	<u>4,425,878</u>	<u>-</u>	<u>3,003,016</u>	<u>13,242,480</u>
Deferred Inflows of Resources					
Deferred property tax levy	32,342,747	11,909,063	14,018,098	2,183,561	60,453,469
Revolving loan fund outstanding loans	-	-	-	1,234,113	1,234,113
Total deferred inflows of resources	<u>32,342,747</u>	<u>11,909,063</u>	<u>14,018,098</u>	<u>3,417,674</u>	<u>61,687,582</u>
Fund Balances					
<i>Nonspendable</i>					
Prepaid items	387,727	-	-	-	387,727
Delinquent taxes	7,760,443	-	-	-	7,760,443
<i>Restricted</i>					
Human services	-	119,032	-	-	119,032
Debt service	-	-	795,487	-	795,487
Health Department city contribution share	-	-	-	269,516	269,516
Housing Authority revolving loan fund	-	-	-	177,907	177,907
Federated Library System	-	-	-	1,014	1,014
Geographic Information Systems	-	-	-	12,923	12,923
<i>Assigned</i>					
Encumbrances	6,033	-	-	42,685	48,718
Sheriff special deposit-DARE program	10,362	-	-	-	10,362
Subsequent year expenditures	1,375,378	-	-	4,016,595	5,391,973
<i>Unassigned(deficit)</i>	<u>15,080,088</u>	<u>-</u>	<u>-</u>	<u>(1,646,829)</u>	<u>13,433,259</u>
Total Fund Balances	<u>24,620,031</u>	<u>119,032</u>	<u>795,487</u>	<u>2,873,811</u>	<u>28,408,361</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 62,776,364	\$ 16,453,973	\$ 14,813,585	\$ 9,294,501	\$ 103,338,423

See accompanying notes to the financial statements.

KENOSHA COUNTY
Reconciliation of the Governmental Fund Balance Sheet
and the Statement of Net Position
As of December 31, 2014

Fund Balance - Total Governmental Funds	\$ 28,408,361
This is the amount of net total capital assets (\$141,536,346) less capital assets reported in internal service funds (\$2,845,400).	138,690,946
Long-term liabilities, including bonds and notes payable are not due and payable in the current period and therefore are not reported in the funds. See Note II.A.	(125,886,884)
Loss on refunding of debt is amortized over the life of the new debt and the unamortized balance shown as deferred outflows.	333,808
Interest expense is not accrued in the governmental funds	(754,119)
Proceeds of loans receivable collected are recorded as revenue in government-wide not as deferred inflow.	1,234,113
Internal service funds are classed as proprietary funds in the fund statements but are governmental type in the entity wide statements. See Note II.A.	<u>3,417,586</u>
Total Net Position - Governmental Activities	<u><u>\$ 45,443,811</u></u>

See accompanying notes to the financial statements.

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KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 46,287,327	\$ 11,963,681	\$ 13,402,152	\$ 2,412,993	\$ 74,066,153
Licenses and permits	146,643	-	-	433,928	580,571
Intergovernmental revenues	9,079,669	40,134,901	314,606	11,957,299	61,486,475
Charges for services	2,767,297	22,480	-	1,615,742	4,405,519
Fines, forfeits and penalties	1,126,753	118,836	-	-	1,245,589
Investment income	154,164	-	-	8,314	162,478
Miscellaneous income	452,873	4,287	-	444,414	901,574
Total Revenues	<u>60,014,726</u>	<u>52,244,185</u>	<u>13,716,758</u>	<u>16,872,690</u>	<u>142,848,359</u>
EXPENDITURES					
Current					
General government	20,526,466	-	-	-	20,526,466
Health	-	11,008,935	-	7,614,422	18,623,357
Public safety	36,897,791	-	-	4,298,195	41,195,986
Social services	253,856	40,667,406	-	-	40,921,262
Education and recreation	1,920,620	-	-	1,881,739	3,802,359
Conservation and development	840,594	-	-	1,739,730	2,580,324
Capital Outlay	12,886	-	-	6,931,375	6,944,261
Debt Service					
Principal retirement	-	-	11,132,414	-	11,132,414
Interest, fiscal charges and debt issuance costs	-	-	2,736,250	156,014	2,892,264
Total Expenditures	<u>60,452,213</u>	<u>51,676,341</u>	<u>13,868,664</u>	<u>22,621,475</u>	<u>148,618,693</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	<u>(437,487)</u>	<u>567,844</u>	<u>(151,906)</u>	<u>(5,748,785)</u>	<u>(5,770,334)</u>
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	-	-	11,925,000	11,925,000
Premium on issuance of debt	-	-	-	399,849	399,849
Transfers in	4,432,359	200,000	327,876	1,386,151	6,346,386
Transfers out	<u>(51,151)</u>	<u>(915,194)</u>	<u>-</u>	<u>(8,766,335)</u>	<u>(9,732,680)</u>
Total Other Financing Sources (Uses)	<u>4,381,208</u>	<u>(715,194)</u>	<u>327,876</u>	<u>4,944,665</u>	<u>8,938,555</u>
Net change in fund balance	3,943,721	(147,350)	175,970	(804,120)	3,168,221
FUND BALANCES					
Beginning of year	<u>20,676,310</u>	<u>266,382</u>	<u>619,517</u>	<u>3,677,931</u>	<u>25,240,140</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 24,620,031</u></u>	<u><u>\$ 119,032</u></u>	<u><u>\$ 795,487</u></u>	<u><u>\$ 2,873,811</u></u>	<u><u>\$ 28,408,361</u></u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	3,168,221
--	----	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$8,348,472), is greater than depreciation (\$8,010,849) in the current period.		337,623
---	--	---------

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase (decrease) net position.		(481,790)
---	--	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		116,666
--	--	---------

Bond issues provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued. See Note II.B.		(896,520)
--	--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. See Note II.B.		(1,946,219)
--	--	-------------

Internal service funds are used by management to charge the costs of certain activities, such as insurance and public works, to individual funds. The net expense of certain internal service funds is reported with governmental activities, plus capital assets acquired.		(371,737)
---	--	-----------

Change in net position of governmental activities	\$	(73,756)
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KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 44,576,595	\$ 44,280,292	\$ 46,287,327	\$ 2,007,035
Licenses and permits	154,250	154,250	146,643	(7,607)
Intergovernmental revenues	14,044,985	9,231,689	9,079,669	(152,020)
Charges for services	2,969,127	3,114,684	2,767,297	(347,387)
Fines, forfeits and penalties	1,338,015	1,338,015	1,126,753	(211,262)
Investment income	200,000	200,000	154,164	(45,836)
Miscellaneous income	618,786	672,785	452,873	(219,912)
Carryovers	339,340	1,142,430	-	(1,142,430)
Total Revenues	<u>64,241,098</u>	<u>60,134,145</u>	<u>60,014,726</u>	<u>(119,419)</u>
Expenditures				
Current				
General government	20,815,669	21,502,566	20,526,466	976,100
Public safety	39,938,597	37,270,826	36,897,791	373,035
Social services	271,905	260,385	253,856	6,529
Education/recreation	2,259,803	2,343,602	1,920,620	422,982
Conservation and development	955,124	974,739	840,594	134,145
Capital Outlay	-	46,145	12,886	33,259
Total Expenditures	<u>64,241,098</u>	<u>62,398,263</u>	<u>60,452,213</u>	<u>1,946,050</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(2,264,118)</u>	<u>(437,487)</u>	<u>1,826,631</u>
Other Financing Sources (Uses)				
Transfers in	-	4,432,359	4,432,359	-
Transfers out	-	(51,151)	(51,151)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,381,208</u>	<u>4,381,208</u>	<u>-</u>
Net change in fund balance	-	2,117,090	3,943,721	1,826,631
Fund balance - beginning	<u>20,676,310</u>	<u>20,676,310</u>	<u>20,676,310</u>	<u>-</u>
Fund balance - ending	<u>\$ 20,676,310</u>	<u>\$ 22,793,400</u>	<u>\$ 24,620,031</u>	<u>\$ 1,826,631</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - HUMAN SERVICES FUND
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 11,963,681	\$ 11,963,681	\$ 11,963,681	\$ -
Intergovernmental revenues	38,272,276	40,108,599	40,134,901	26,302
Charges for services	28,671	28,671	22,480	(6,191)
Fines, forfeits and penalties	175,000	175,000	118,836	(56,164)
Miscellaneous income	4,523	4,523	4,287	(236)
Carryovers	80,000	266,380	-	(266,380)
Total Revenues	<u>50,524,151</u>	<u>52,546,854</u>	<u>52,244,185</u>	<u>(302,669)</u>
Expenditures				
Current				
Health	10,824,756	11,080,776	11,008,935	71,841
Social services	39,699,395	41,826,418	40,667,406	1,159,012
Total Expenditures	<u>50,524,151</u>	<u>52,907,194</u>	<u>51,676,341</u>	<u>1,230,853</u>
Excess (deficiency) of revenues over expenditures	-	(360,340)	567,844	928,184
Other Financing Sources (Uses)				
Transfers in	-	200,000	200,000	-
Transfers out	-	(915,194)	(915,194)	-
Total Other Financing Sources (Uses)	-	(715,194)	(715,194)	-
Net change in fund balance	-	(1,075,534)	(147,350)	928,184
Fund balance - beginning	<u>266,382</u>	<u>266,382</u>	<u>266,382</u>	<u>-</u>
Fund balance - ending	<u>\$ 266,382</u>	<u>\$ (809,152)</u>	<u>\$ 119,032</u>	<u>\$ 928,184</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014**

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
ASSETS					
Current assets					
Cash and cash equivalents	\$ -	\$ 2,467,697	\$ 165,170	\$ 2,632,867	\$ 3,428,074
Accounts receivable	1,997,151	14,279	213	2,011,643	-
Property taxes receivable		1,963,317	-	1,963,317	194,005
Due from other governments	516,900	884,515	-	1,401,415	288,464
Due from other funds	-	1,564,216	-	1,564,216	1,452,303
Inventories	41,161	507,636	61,696	610,493	-
Prepaid items	-	-	-	-	23,634
Total current assets	<u>2,555,212</u>	<u>7,401,660</u>	<u>227,079</u>	<u>10,183,951</u>	<u>5,386,480</u>
Noncurrent assets					
Restricted cash and investments	152,024	-	-	152,024	504,577
Deposit in WMMIC	-	-	-	-	1,157,860
Capital assets					
Land and construction in progress	203	60,409	277,646	338,258	682,623
Intangible assets	-	-	29,508	29,508	-
Buildings and improvements	5,948,088	8,292,369	8,454,473	22,694,930	7,451,991
Machinery and equipment	5,338,264	13,281,301	2,964,922	21,584,487	619,623
Accumulated depreciation/amortization	<u>(7,641,727)</u>	<u>(15,409,629)</u>	<u>(6,807,635)</u>	<u>(29,858,991)</u>	<u>(5,908,837)</u>
Total capital assets	<u>3,644,828</u>	<u>6,224,450</u>	<u>4,918,914</u>	<u>14,788,192</u>	<u>2,845,400</u>
Total Assets	<u>6,352,064</u>	<u>13,626,110</u>	<u>5,145,993</u>	<u>25,124,167</u>	<u>9,894,317</u>
LIABILITIES					
Current liabilities					
Accounts payable	457,131	463,797	30,070	950,998	337,837
Claims payable	-	-	-	-	4,480,150
Due to other funds	1,564,216	-	-	1,564,216	1,452,303
Due to other governments	-	680,732	-	680,732	-
Other current liabilities	38,798	-	-	38,798	12,436
Current portion of long-term debt payable	-	-	315,000	315,000	-
Current portion of unamortized (discount) premium on debt	-	-	(42,037)	(42,037)	-
Unearned revenue	-	-	14,246	14,246	-
Total current liabilities	<u>2,060,145</u>	<u>1,144,529</u>	<u>317,279</u>	<u>3,521,953</u>	<u>6,282,726</u>
Noncurrent liabilities					
Long-term obligations	<u>3,059,801</u>	<u>1,768,142</u>	<u>106,619</u>	<u>4,934,562</u>	<u>-</u>
Total noncurrent liabilities	<u>3,059,801</u>	<u>1,768,142</u>	<u>106,619</u>	<u>4,934,562</u>	<u>-</u>
Total Liabilities	<u>5,119,946</u>	<u>2,912,671</u>	<u>423,898</u>	<u>8,456,515</u>	<u>6,282,726</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax levy	<u>-</u>	<u>1,963,317</u>	<u>-</u>	<u>1,963,317</u>	<u>194,005</u>
NET POSITION					
Net investment in capital assets	3,644,828	6,224,451	4,645,951	14,515,230	2,845,400
Restricted for non-expendable fund use	152,024	-	-	152,024	-
Unrestricted (deficit)	<u>(2,564,734)</u>	<u>2,525,671</u>	<u>76,144</u>	<u>37,081</u>	<u>572,186</u>
Total Net Position	<u>\$ 1,232,118</u>	<u>\$ 8,750,122</u>	<u>\$ 4,722,095</u>	<u>\$ 14,704,335</u>	<u>\$ 3,417,586</u>

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, 2014

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
OPERATING REVENUES					
Charges for services	\$ 15,414,158	\$ 4,148,085	\$ 2,724,073	\$ 22,286,316	\$ 23,790,288
Total Operating Revenues	15,414,158	4,148,085	2,724,073	22,286,316	23,790,288
OPERATING EXPENSES					
Operations and maintenance	14,270,482	11,015,883	2,202,932	27,489,297	23,529,663
General and administrative	1,319,437	472,401	-	1,791,838	-
Depreciation and amortization	454,120	860,125	605,384	1,919,629	497,112
Total Operating Expenses	16,044,039	12,348,409	2,808,316	31,200,764	24,026,775
Operating Loss	(629,881)	(8,200,324)	(84,243)	(8,914,448)	(236,487)
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	(578,336)	2,177,285	-	1,598,949	(6,030)
Intergovernmental grants	1,031,200	3,152,293	-	4,183,493	-
Investment income	1,072	-	-	1,072	14,460
Miscellaneous income	7,430	-	-	7,430	136,607
Amortization of debt discount and loss on refinancing	-	-	(41,957)	(41,957)	-
Interest and fiscal charges	-	-	(24,098)	(24,098)	(80,284)
Total Non-Operating Revenues (Expenses)	461,366	5,329,578	(66,055)	5,724,889	64,753
Loss Before Transfers	(168,515)	(2,870,746)	(150,298)	(3,189,559)	(171,734)
TRANSFERS					
Transfers in	321,108	4,382,799	374,000	5,077,907	-
Transfers out	(692,565)	(799,048)	-	(1,491,613)	(200,000)
Total Transfers	(371,457)	3,583,751	374,000	3,586,294	(200,000)
Change in net position	(539,972)	713,005	223,702	396,735	(371,734)
Total net position at the beginning of year	1,772,090	8,037,117	4,498,393	14,307,600	3,789,320
Total net position at end of year	\$ 1,232,118	\$ 8,750,122	\$ 4,722,095	\$ 14,704,335	\$ 3,417,586

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, 2014

	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	\$ 15,001,637	\$ 3,542,413	\$ 2,731,882	\$ 21,275,932	\$ 23,968,324
Paid to suppliers and employees for goods and services	(14,773,114)	(12,173,258)	(2,258,325)	(29,204,697)	(23,894,873)
Cash Flows from Operating Activities	<u>228,523</u>	<u>(8,630,845)</u>	<u>473,557</u>	<u>(7,928,765)</u>	<u>73,451</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	(578,336)	2,177,285	-	1,598,949	(6,030)
Intergovernmental grants	1,031,200	3,152,293	-	4,183,493	-
Miscellaneous income	7,430	-	-	7,430	136,607
Transfers	(692,565)	(799,048)	-	(1,491,613)	-
Cash Flows from Noncapital Financing Activities	<u>(232,271)</u>	<u>4,530,530</u>	<u>-</u>	<u>4,298,259</u>	<u>130,577</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	-	-	(315,000)	(315,000)	-
Interest paid	-	-	(24,098)	(24,098)	(82,729)
Debt issued	-	-	-	-	-
Miscellaneous income	-	-	-	-	-
Premium on debt issued	-	-	-	-	-
Acquisition and construction of capital assets	(319,188)	(1,210,934)	(568,573)	(2,098,695)	-
Disposal of capital assets	-	84,748	89,007	173,755	-
Transfers	321,108	4,382,799	374,000	5,077,907	(200,000)
Cash Flows from Capital and Related Financing Activities	<u>1,920</u>	<u>3,256,613</u>	<u>(444,664)</u>	<u>2,813,869</u>	<u>(282,729)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit to WMMIC restricted cash	-	-	-	-	(1,855)
Investment income (loss)	1,072	-	-	1,072	14,460
Cash Flows from Investing Activities	<u>1,072</u>	<u>-</u>	<u>-</u>	<u>1,072</u>	<u>12,605</u>
Net Change in Cash and Cash Equivalents	(756)	(843,702)	28,893	(815,565)	(66,096)
Cash and Cash Equivalents - Beginning of Year	<u>152,780</u>	<u>3,311,399</u>	<u>136,277</u>	<u>3,600,456</u>	<u>3,494,170</u>
Cash and Cash Equivalents - End of Year	<u>\$ 152,024</u>	<u>\$ 2,467,697</u>	<u>\$ 165,170</u>	<u>\$ 2,784,891</u>	<u>\$ 3,428,074</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014**

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (629,881)	\$ (8,200,324)	\$ (84,243)	\$ (8,914,448)	\$ (236,487)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:					
Depreciation expense and amortization	454,120	860,125	605,384	1,919,629	497,112
Changes in assets and liabilities:					
Accounts receivable	104,379	(11,406)	4,670	97,643	(102,308)
Due from other governments	(516,900)	151,906	3,139	(361,855)	-
Inventories	1,979	(215,893)	(23,325)	(237,239)	-
Due from other funds	-	(746,172)	-	(746,172)	280,344
Prepaid items	-	-	4,794	4,794	(15,844)
Accounts payable	66,850	(409,552)	(3,477)	(346,179)	(317,736)
Claims payable	-	-	-	-	248,714
Due to other governments	-	(37,162)	(1,786)	(38,948)	-
Due to other funds	746,172	-	-	746,172	(280,344)
Unearned revenue	-	-	12,478	12,478	-
OPEB payable	(7,151)	(22,367)	(39,586)	(69,104)	-
Accrued compensation	-	-	(4,491)	(4,491)	-
Other current liabilities	8,955	-	-	8,955	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 228,523</u></u>	<u><u>\$ (8,630,845)</u></u>	<u><u>\$ 473,557</u></u>	<u><u>\$ (7,928,765)</u></u>	<u><u>\$ 73,451</u></u>
Noncash investing, capital and financing activities:					
Infrastructure transferred to governmental activities	<u><u>\$ -</u></u>	<u><u>\$ 1,561,420</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,561,420</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

FIDUCIARY FUNDS - AGENCY FUNDS
December 31, 2014

ASSETS

Cash and temporary cash investments	\$ 4,137,765
Miscellaneous receivables	<u>306,734</u>
Total Assets	<u><u>\$ 4,444,499</u></u>

LIABILITIES

Other accrued liabilities	<u>\$ 4,444,499</u>
Total Liabilities	<u><u>\$ 4,444,499</u></u>

See accompanying notes to the financial statements.

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2014

NOTE	<u>Page</u>
I. Summary of Significant Accounting Policies	39
A. Reporting Entity	39
B. Government-Wide and Fund Financial Statements	39
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	43
D. Assets, Liabilities, and Net Position or Equity	45
1. Deposits and Investments	45
2. Receivables	46
3. Inventories and Prepaid Items	48
4. Restricted Assets	48
5. Capital Assets	48
6. Other Assets	49
7. Compensated Absences	49
8. Long-Term Obligations/Conduit Debt	50
9. Claims and Judgments	51
10. Equity Classifications	51
II. Reconciliation of Government-Wide and Fund Financial Statements	52
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	52
B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities	53
III. Stewardship, Compliance, and Accountability	55
A. Budgetary Information	55
B. Governmental Funds - Excess Expenditures Over Appropriations	55
C. Deficit Balances	55
D. Limitations on the County's Tax Levy, Rate and its Ability to Issue New Debt	56
IV. Detailed Notes on All Funds	57
A. Deposits and Investments	57
B. Receivables	63
C. Capital Assets	64
D. Interfund Receivables/Payables and Transfers	67
E. Long-Term Obligations	69
F. Restricted Assets	
G. Lease Disclosures	73
H. Governmental Activities Net Position	73

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS (cont.) December 31, 2014

NOTE	<u>Page</u>
V. Other Information	76
A. Employees' Retirement System	76
B. Risk Management	77
C. Commitments and Contingencies	81
D. Joint Venture	81
E. Other Postemployment Benefits	82
F. Subsequent Events	88
G. Upcoming Accounting Announcements	88

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Kenosha, Wisconsin conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one type that qualifies for reporting in this category, loss on refunding of bond. This amount is amortized over the life of the debt and so is not realized until future periods.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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	Federated Library System
Health Department	Geographic Information Systems
Federal Inmate	

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

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

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

In addition, the County reports the following fund types:

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

Human Services Building	Workers Compensation
Health Insurance	General Liability Insurance

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

Clerk of Courts	Social Services
Child Support	Other Agency Funds

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board.

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

Fund Financial Statements

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014 the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

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

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 – 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale – 2013 delinquent real estate taxes	October 2017

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, 2014, the County has accrued two months of the subsequent year’s collections as receivable.

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Financial Statements

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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

5. *Capital Assets* (cont)

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

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

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 repaid with expendable available resources cannot be reasonably determined. Sick leave does not vest.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources. The payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt which ever is shorter. The balance at year end for both premiums/discounts is shown as an increase or decrease in the liability section of the balance sheet.

In September 2009, the County Board authorized issuance of conduit debt titled “Kenosha County, Wisconsin Community Facility Revenue Bond, Series 2009” whose principal may not exceed \$8,300,000. The purpose of the bond is to assist a non profit community organization in the construction of a facility within the County. In 2013, this agency refinanced this bond at \$5,713,550. Final maturity of the bonds is September 2030. The bonds are secured by various assets of the borrower. The balance of the debt as of December 31, 2014 is \$5,549,360.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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

9. Claims and Judgments

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

10. Equity Classifications

Government-Wide Financial Statements

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

- a. Net Investment in Capital Assets – includes the County's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 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 designation.

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

	Governmental Activities	Business- type Activities	Adjustment	Total
Invested in capital assets, net of related debt	\$ 51,882,838	\$ 14,515,229	\$ (9,602,402)	\$ 56,795,665
Unrestricted (deficit)	\$ (7,851,047)	\$ 37,081	\$ 9,602,402	\$ 1,788,436

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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

10. Equity Classifications (cont)

Fund Financial Statements

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

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form, or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- c. Committed – Amounts that can be used only for the specific purposes 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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

Following are details of these differences:

Bonds and notes payable(excluding internal service fund debt)	\$ 99,200,000
Bond premiums net of discounts	1,015,910
Post retirement health insurance benefits	25,552,049
Vacation/casual day accrual	<u>118,925</u>
Combined adjustment for long-term liabilities	<u>\$ 125,886,884</u>

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

Internal Service Funds:	
Human Services Building	\$ 1,917,584
Health Insurance	1,500,001
Workers Compensation	<u>1</u>
Total	<u>\$ 3,417,586</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental* funds and *changes in net position of governmental* activities as reported in the government-wide statement of activities.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (cont)

Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$(896,520) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (11,925,000)
Current year net premiums	(327,876)
Current year net premium amortization	151,356
Principal repayments:	
General obligation debt	<u>11,205,000</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (896,520)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$(1,946,219) difference are as follows:

Post retirement health insurance benefits	\$ (1,838,708)
Vacation/casual day accrual	(14,098)
Amortization of loss on refunding	(41,726)
Accrued interest	<u>(51,687)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,946,219)</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

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

General Fund	\$ 1,375,378
Health Department	147,500
Capital Projects Funds	4,381,208

B. GOVERNMENTAL FUNDS - EXCESS EXPENDITURES OVER APPROPRIATIONS

The County controls expenditures at the business unit level. There were no expenditure line item accounts that experienced expenditures which exceed appropriations.

C. DEFICIT BALANCES

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

As of December 31, 2014, the following fund held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Administration Building Restoration	\$1,486,063	The project was completed earlier than anticipated. The bonding revenue will be received in 2015.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

The County has an agreement with Johnson Bank for collateralization of its deposits and investments. The bank has pledged \$5,143,741 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, 2014 are as follows:

Cash and temporary cash investments	\$ 23,826,026
Restricted cash and investments	152,024
Agency funds	4,137,765
	<u>\$ 28,115,815</u>

The distribution of deposits and investments is as follows:

Petty Cash	\$ 8,460
Deposits	5,074,475
Investments	23,032,880
	<u>\$ 28,115,815</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits – Custodial Credit Risk

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

As of December 31, 2014, the carrying amount of the County's deposits was \$5,074,474 and the bank balance was \$6,156,326. This entire bank balance at year-end was covered by the Federal depository insurance and the bank has pledged \$5,143,741 of governmental securities as collateralization for the County's deposits and repurchase agreements. In addition, the County maintains petty cash funds in the amount of \$8,460.

Investments

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

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are recorded at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

Investment Risk Factors

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 County's repurchase agreements are not subject to credit risk because the securities underlying the agreements are not subject to credit risk.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont)

The credit risk profile for fixed income securities at December 31, 2014 is as follows:

U.S. Government Guaranteed		
Investment	Moody's Rating	Amount
AIM		
Government & Agency- Institutional	AAA	\$ 657,042
Treasury - Institutional	AAA	250,777
DANA		
Federal Home Loan Bank	AAA	1,129,904
Federal Home Loan Mortgage Corp.	AAA	2,687,775
Federal National Mortgage Association	AAA	1,748,533
Government National Mortgage Association	AAA	21,296
Small Business Association	AAA	1,071,517
Treasury Bonds	AAA	805,981
Kenosha Community Foundation		
Federated Govt Ultrashort Fund	AAA	18,738
BMO Government Income Fund	AAA	5,301
Treasury Notes	AAA	75,624
Total U.S. Government Guaranteed		8,472,487
Pooled Funds		
Wisconsin Local Government		
Investment Pool	Unrated	14,258,847
Money Market Accounts		
BMO Prime Money Market	AAA	1,204
DANA Money Market Account	AAA	300,343
Total Money Market Accounts		301,547
Grand Total		\$ 23,032,881

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014 are as follows:

Issuer	Amount	Percentage
Federal National Mortgage Association	\$ 1,748,533	8%
Federal Home Loan Bank	1,129,904	5%
U.S. Treasury	1,789,424	8%
Federal Home Loan Mortgage Corp.	2,687,775	12%
Other issuers (none over 5%)	15,677,245	69%
	<u>\$ 23,032,881</u>	100%

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014 is as follows (total duration includes money market accounts, which are not listed in the table):

<u>Investment Type</u>	<u>Amount</u>	<u>Effective Duration</u>
Federal Home Loan Mortgage Corp.	\$ 2,687,775	Average 471 days
Federal Home Loan Bank	\$ 1,129,904	Average 489 days
Federal National Mortgage Association	1,748,533	Average 266 days
Government National Mortgage Association	21,296	Average 474 days
Small Business Association	1,071,517	Average 117 days
US Treasury	881,605	Average 7.3 days
Federated Government Ultrashort Duration	18,738	Average 106 days
	<u>\$ 7,559,368</u>	

For money market fund investments and the Wisconsin Local Government Investment Pool, weighted average maturity is used to measure interest rate risk. The weighted average maturity of all of the County's money market investments at December 31, 2014 is as follows:

<u>Fund Name</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Wisconsin Local Government Investment Pool	\$ 14,258,847	34.00 days
AIM Short Term Government & Agency	657,042	33.89 days
AIM Short Term Treasury	250,777	39.80 days
BMO Government Income	5,301	2.76 days
BMO Money Market Fund	1,204	0.13 days
JP Morgan Chase Money Market Fund	300,343	24.00 days
	<u>\$ 15,473,513</u>	

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

B. RECEIVABLES

Revenues of the County are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period were zero.

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

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, 2014, collections in the first sixty days aggregated \$869,662. Therefore, the delinquent property tax nonspendable fund balance is \$8,630,105 less \$869,662 or \$7,760,443.

At December 31, 2014, delinquent property taxes by year levied consists of the following:

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax Certificates			
2013	\$ 3,888,289	640,022	3,248,267
2012	2,217,244	364,963	1,852,281
2011	1,271,445	209,283	1,062,162
2010	687,558	113,174	574,384
2009	324,967	53,490	271,477
2008	141,401	23,275	118,126
2008 and prior	99,201	16,329	82,872
Total Tax Certificates	8,630,105	<u>\$ 1,420,539</u>	<u>\$ 7,209,567</u>
Delinquent Special Assessments	1,742,741		
Tax Deeds held by County	1,498,958		
Illegal Taxes	(1,013)		
Total Delinquent Property Taxes Receivable	<u>\$ 11,870,791</u>		

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

At December 31, 2014, the County has not exceeded its maximum retention cap. If it does, a liability to the state will be recorded.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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 2014 including new infrastructure assets. The deletion column represents the assets that were discarded in 2014. The adjustment column is a correction to a beginning balance.

Capital asset valuation and activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental Activities, excluding Internal Service Capital Assets					
Capital Assets not being depreciated:					
Construction in Progress	\$ 2,141,096	\$ 3,182,990	\$ (1,300,000)	\$ -	\$ 4,024,086
Land Improvements	14,020,955	332,271	(465,100)	-	13,888,126
Land	20,003,829	558,322	(26,725)	-	20,535,426
Total Capital Assets not being depreciated	36,165,880	4,073,583	(1,791,825)	-	38,447,638
Other Capital Assets:					
Land Improvements	4,417,315	101,729	-	-	4,519,044
Buildings	94,847,452	81,970	(272,640)	(30,988)	94,625,794
Machinery & Equipment	29,490,208	4,321,595	(815,124)	-	32,996,679
Infrastructure	44,034,512	1,561,420	(1,817,380)	-	43,778,552
Total Other Capital Assets at Historical Cost	172,789,487	6,066,714	(2,905,144)	(30,988)	175,920,069
Less: Accumulated Depreciation					
Land Improvements	(2,924,954)	(144,449)	-	-	(3,069,403)
Buildings	(29,862,847)	(1,908,722)	210,716	-	(31,560,853)
Machinery & Equipment	(17,804,224)	(3,408,945)	679,871	-	(20,533,299)
Infrastructure	(19,497,240)	(2,051,622)	1,035,653	-	(20,513,209)
Total Accumulated Depreciation	(70,089,265)	(7,513,737)	1,926,241	-	(75,676,760)
Net Total Other Capital Assets	102,700,222	(1,447,024)	(978,902)	(30,988)	100,243,308
Net Subtotal Non-Internal Service Capital Assets	138,866,102	2,626,560	(2,770,727)	(30,988)	138,690,946
Internal Service Capital Assets					
Capital Assets not being depreciated:					
Land	682,623	-	-	-	682,623
Total Capital Assets not being depreciated	682,623	-	-	-	682,623
Other Capital Assets:					
Buildings	7,451,991	-	-	-	7,451,991
Machinery & Equipment	619,623	-	-	-	619,623
Total Other Capital Assets	8,071,614	-	-	-	8,071,614
Less: Accumulated Depreciation	(5,411,725)	(497,112)	-	-	(5,908,837)
Net Total Other Capital Assets	2,659,889	(497,112)	-	-	2,162,777
Net Subtotal Internal Service Capital Assets	3,342,512	(497,112)	-	-	2,845,400
Net Total Government Activities Capital Assets	<u>\$ 142,208,614</u>	<u>\$ 2,129,448</u>	<u>\$ (2,770,727)</u>	<u>\$ (30,988)</u>	<u>\$ 141,536,346</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

C. CAPITAL ASSETS (con't)

Depreciation expense was charged to functions as follows:

Depreciation expense was charged to functions as follows:	
General Government	\$ 4,712,387
Public Safety	764,675
Public Works	2,051,622
Social Services	16,977
Education & Recreation	285,049
Health	54,060
Conservation & Development	126,079
Total Governmental Activities- Depreciation Expense	<u>\$ 8,010,849</u>

Total depreciation includes \$497,112 recorded to the internal service fund Human Services Building.

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

<u>Infrastructure Category</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Roadways	\$ 34,588,865	\$ 1,561,420	\$ (1,817,380)	\$ 34,332,905
Bridges	5,336,264	-	-	5,336,264
Traffic signals	3,490,383	-	-	3,490,383
Sewer drainage	384,000	-	-	384,000
Culverts	235,000	-	-	235,000
Infrastructure	<u>44,034,512</u>	<u>1,561,420</u>	<u>(1,817,380)</u>	<u>43,778,552</u>
Less Accumulated Depreciation				
Roadways	(15,535,918)	(1,794,111)	1,035,653	(16,294,376)
Bridges	(1,808,100)	(105,500)	-	(1,913,600)
Traffic signals	(1,874,222)	(139,511)	-	(2,013,733)
Sewer drainage	(230,600)	(7,800)	-	(238,400)
Culverts	(48,400)	(4,700)	-	(53,100)
Total Accumulated Depreciation	<u>(19,497,240)</u>	<u>(2,051,622)</u>	<u>1,035,653</u>	<u>(20,513,209)</u>
Net Infrastructure	<u>\$ 24,537,272</u>	<u>\$ (490,202)</u>	<u>\$ (781,727)</u>	<u>\$ 23,265,343</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business - type Activities				
Capital Assets not being depreciated/amortized:				
Land	\$ 338,258	\$ -	\$ -	\$ 338,258
Total Capital Assets not being depreciated/amortized	338,258	-	-	338,258
Other Capital Assets:				
Intangible Assets	29,508	-	-	29,508
Land Improvements	5,894,446	69,801	-	5,964,247
Buildings	16,542,861	187,822	-	16,730,683
Machinery & Equipment	20,926,762	1,841,075	(1,183,350)	21,584,487
Total Other Capital Assets at Historical Cost	43,393,577	2,098,698	(1,183,350)	44,308,925
Less: Accumulated Depreciation/Amortization				
Intangible Assets	(8,853)	-	-	(8,853)
Land Improvements	(3,161,365)	(210,364)	-	(3,371,729)
Buildings	(11,645,204)	(590,502)	-	(12,235,706)
Machinery & Equipment	(14,133,533)	(1,118,763)	1,009,593	(14,242,703)
Total Accumulated Depreciation/Amortization	(28,948,955)	(1,919,629)	1,009,593	(29,858,991)
Net Total Other Capital Assets	14,444,622	179,069	(173,757)	14,449,934
Net Total Business - type Activities Capital Assets	\$ 14,782,880	\$ 179,069	\$ (173,757)	\$ 14,788,192

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Brookside Care Center	\$ 454,120
Highway	860,125
Golf Course	605,384
Total Business-type Activities - Depreciation/ Amortization Expense	\$ 1,919,629

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund		\$ 326,314
	Health Department	(326,314)
Capital Projects-General		1,379,851
	Capital Projects - Admin Building Restoration	(1,379,851)
Highway		1,564,216
	Brookside Care Center	(1,564,216)
Health Insurance		1,452,303
	Human Services Building	(854,490)
	General Liability Insurance	(597,813)

All of these balances will be repaid within the year.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount		Principal Purpose
		In	Out	
General Fund		4,432,359		To record lapsing funds transferred at year end.
	Human Services		915,194	
	Health Department		134,956	
	Federal Inmate		1,890,596	
	Brookside		692,565	
	Highway		799,048	
Brookside Care Center		321,108		To record bond proceeds in appropriate funds.
Golf Course		374,000		
Highway		4,382,799		
Parkland Development		294,500		
Western County Communication		135,000		
Admin Building Restoration		705,500		
Public Safety Access Point Project		200,000		
Debt Service		327,876		
	Other Capital Projects		6,740,783	
Human Services		200,000		To correct the adopted budget.
	Job Center Building		200,000	
Other Capital Projects		51,151		Proceeds from sale of tax deeded property to be used for purchase of development property
General Fund			51,151	

The Highway enterprise fund transferred infrastructure to the governmental activities in 2014 totaling \$1,561,420. These costs are reported as highway expenses in the fund statement and as transfers in the government-wide statements.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 98,480,000	\$ 11,925,000	\$ 11,205,000	\$ 99,200,000	\$ 11,855,000
Add/(Subtract) Deferred Amounts For:					
Bond premiums net of discounts	839,391	327,876	151,357	1,015,910	181,589
Total Bonds And Notes Payable	99,319,391	12,252,876	11,356,357	100,215,910	12,036,589
Other Liabilities:					
Post Retirement Benefits	23,713,341	4,691,487	2,852,779	25,552,049	3,209,625
Vested Vacation and Casual Days	104,826	15,594	1,495	118,925	54,951
Total Other Liabilities	23,818,167	4,707,081	2,854,274	25,670,974	3,264,576
Total Governmental Activities-					
Long-Term Obligations	<u>\$ 123,137,558</u>	<u>\$ 16,959,957</u>	<u>\$ 14,210,631</u>	<u>\$ 125,886,884</u>	<u>\$ 15,301,165</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 630,000	\$ -	\$ 315,000	\$ 315,000	\$ 315,000
Add/(Subtract) Deferred Amounts For:					
Bond premiums net of discounts	(83,991)	-	(41,954)	(42,037)	(42,037)
Total Bonds And Notes Payable	546,009	-	273,046	272,963	272,963
Other Liabilities:					
Post Retirement Benefits	5,003,662	726,945	796,045	4,934,562	-
Vested Vacation and Casual Days	4,491	-	4,491	-	-
Total Other Liabilities	5,008,153	726,945	800,536	4,934,562	-
Total Business-type Activities-					
Long-Term Obligations	<u>\$ 5,554,162</u>	<u>\$ 726,945</u>	<u>\$ 1,073,582</u>	<u>\$ 5,207,525</u>	<u>\$ 272,963</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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, 2014, was \$629,061,570. Total general obligation debt outstanding at year end was \$99,515,000.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2014</u>
Governmental Activities - General Obligation Debt					
Promissory Notes	2007	2017	3.25%-3.65%	4,050,000	800,000
Promissory Notes (WRS retirement)	2008	2018	4.00%	8,235,000	960,000
Refunding Bonds	2009	2017	1.50% - 3.25%	2,735,000	1,020,000
Recovery Zone Economic Development Bonds	2009	2029	1.60% - 5.65%	4,910,000	4,475,000
Refunding Bonds	2010	2017	2.00% - 3.00%	20,250,000	9,610,000
Build America Bonds	2010	2030	0.75% - 5.1%	10,435,000	9,585,000
Build America Bonds	2010	2020	0.65% - 3.60%	12,325,000	9,170,000
Refunding Bonds	2010	2022	0.50% - 3.75%	7,305,000	5,830,000
Promissory Notes	2011	2021	2.00% - 3.00%	10,030,000	8,180,000
Building Bonds	2011	2031	2.00% - 4.25%	2,810,000	2,510,000
Promissory Notes	2012	2022	1.00% - 2.50%	15,750,000	14,065,000
Building Bonds	2012	2032	2.00% - 3.50%	2,805,000	2,640,000
Promissory Notes	2013	2023	2.00% - 2.60%	9,765,000	9,265,000
Refunding Bonds	2013	2019	1.00% - 3.00%	11,115,000	9,165,000
Promissory Notes	2014	2024	2.00% - 3.00%	11,925,000	11,925,000
Total Governmental Activities - General Obligation Debt					<u>\$ 99,200,000</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

General obligation debt continued:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2014</u>
Business-type Activities - General Obligation Debt					
Refunding Bonds	2004	2015	2.00-3.90%	3,080,000	<u>\$ 315,000</u>
Total Debt					<u>\$ 99,515,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	11,855,000	2,767,528	315,000	12,285
2016	12,190,000	2,492,420	-	-
2017	12,250,000	2,184,649	-	-
2018	10,535,000	1,894,468	-	-
2019	10,180,000	1,623,708	-	-
2020-2024	33,110,000	4,394,431	-	-
2025-2029	7,235,000	1,445,125	-	-
2030-2032	1,845,000	101,013	-	-
Totals	<u>\$ 99,200,000</u>	<u>\$ 16,903,342</u>	<u>\$ 315,000</u>	<u>\$ 12,285</u>

Other Debt Information

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

F. RESTRICTED ASSETS

The County has restricted assets which consist of a deposit in Wisconsin Municipal Mutual Insurance Company (WMMIC) in the amount of \$1,157,860. This deposit is the County's original capitalization investment. In addition, cash in the amount of \$504,577 is restricted for liability insurance at WMMIC.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

G. LEASE DISCLOSURES

Lessor – Operating Leases

The County leases a portion (44%) of the Public Safety Building facility to the City of Kenosha and the Kenosha City-Joint Services Board under operating leases that are renewed on a year to year basis. The 2014 revenues of \$766,820 related to these leases were recorded in the General Fund. The provisions of the lease agreement allow for an annual adjustment of the lease amount based on the actual costs to the County of maintaining the facility. The book value of the entire building is \$27,055,720 with a net book value of \$17,834,127.

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

Capital Leases – Lessee/Lessor

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

H. GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide statement of net position at December 31, 2014 includes the following:

Governmental Activities

Net investment in capital assets	
Land, land improvements and construction in progress	\$ 39,130,261
Other capital assets, net of accumulated depreciation	102,406,085
Less: capital related long-term debt outstanding (net of unspent proceeds of debt)	<u>(89,653,508)</u>
Total Net investment in capital assets	<u>\$ 51,882,838</u>
Restricted	
Specific purpose – grants and loans for Housing Authority	1,412,020
Unrestricted (deficit)	<u>(7,851,047)</u>
Total Governmental Activities Net Position	<u>\$ 45,443,811</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

H. GOVERNMENTAL ACTIVITIES NET POSITION (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2014 include the following:

Nonspendable

Major Funds

General Fund	
Prepaid items	\$ 387,727
Delinquent taxes	<u>7,760,443</u>
Total Nonspendable funds	<u>\$ 8,148,170</u>

Restricted

Major Funds

Human Service Fund	\$ 119,032
Debt Service Fund	<u>795,487</u>
Total Restricted funds of major funds	<u>\$ 914,519</u>

Restricted

Non-major funds

Special Revenue - Health Department – city contribution share	\$ 269,516
Special Revenue – Housing Authority – revolving loan funding	177,907
Special Revenue – Federated Library System	1,014
Special Revenue – Geographic Information Systems	<u>12,923</u>
Total Restricted funds of non-major funds	<u>\$ 461,360</u>

Assigned

Major Funds:

General Fund	
Encumbrances	\$ 6,033
Sheriff special deposit	10,362
Subsequent year expenditures	<u>1,375,378</u>
Total Assigned funds – General Fund	<u>\$ 1,391,773</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

H. GOVERNMENTAL ACTIVITIES NET POSITION (cont.)

Governmental Activities (cont.)

Assigned

Non-major Funds

Encumbrances

Other Capital Projects Fund \$ 42,685

Total Non-major encumbrances \$ 42,685

Subsequent year expenditures

Capital Projects Funds

Parkland Development \$ 516,730

Western County Communication 44,887

Energy Reduction Technology 62,633

Public Safety Access Point Project 200,000

Other Capital Projects 3,044,845

Total Capital Projects subsequent year expenditures 3,869,095

Health Department 147,500

Total Non-major subsequent year expenditures \$ 4,016,595

Unassigned

Major Funds

General Fund

\$ 15,080,088

Unassigned(deficit)

Non-major Funds

Administration Building Restoration \$ (1,486,063)

Other Capital Projects (160,766)

Total Non-major unassigned(deficit) \$ (1,646,829)

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible County employees participate in the Wisconsin Retirement System (WRS) a cost-sharing multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 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.

All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 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.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, Executives, and Elected Officials. Required contributions for protective contributions 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. Contribution rates are as follows:

	2014	
	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for County employees covered by the WRS for the year ended December 31, 2014 was \$52,348,117; the employer's total payroll was \$53,489,495. The total required contribution for the year ended December 31, 2014 was \$7,636,806 or 14.59 percent of covered payroll. Of this amount, 8.6 percent was contributed by the employer for the current year or \$4,512,803 and 6.0 percent was contributed by the employee or \$3,124,003. Total contributions for the years ending December 31, 2013 and 2012 were \$6,944,928 and \$6,503,938, respectively, equal to the required contributions for each year.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

Employees terminating covered employment and submitting application before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit.

For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2014, there was no pension-related debt for the county.

B. RISK MANAGEMENT

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

Public Entity Risk Pool

The County, together with certain other units of government within the State of Wisconsin, created the Wisconsin Municipal Mutual Insurance Company (WMMIC), a nonassessable mutual company which provides liability insurance and risk management services to its members. The County became a member of WMMIC in 1992 by issuing a general obligation note for \$1,157,860 and investing the proceeds in WMMIC. The scope of insurance protection provided by WMMIC is broad, covering automobile liability, general liability, law enforcement liability, public official's errors and omissions, civil rights, incidental medical malpractice, personal injury, equal rights, and American with Disabilities Act at policy limits of \$10,000,000 per occurrence and \$30,000,000 annual aggregate on an excess basis above members per occurrence and annual aggregate self-insured retentions. The County's self-insured retention limit is \$200,000 for each occurrence and \$925,000 for the annual aggregate.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – OTHER INFORMATION (cont.)

A. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont)

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.

The participant's share in the operation of WMMIC as of December 31, 2014 is as follows:

	<u>Percentage</u>
Brown County	7.07
Chippewa County	3.25
Dane County	9.22
Dodge County	3.89
City of Eau Claire	3.20
Eau Claire County	3.82
Jefferson County	2.60
Kenosha County	6.15
La Crosse County	3.53
City of La Crosse	1.28
City of Madison	15.24
Manitowoc County	5.49
Marathon County	5.94
Outagamie County	5.99
St. Croix County	3.74
Waukesha County	9.76
Rock County	4.68
Walworth County	<u>5.15</u>
Total	<u>100.00</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont)

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 2014, 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 2014, 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, 2014 is \$2,479,188. The financial statements can be obtained from WMMIC at their address of 4785 Hayes Road, Madison, Wisconsin, 53704-7364.

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

Claims Liability - WMMIC	<u>2014</u>	<u>2013</u>
Unpaid claims, including IBNR – beginning of year	\$ 1,017,413	\$ 563,417
Current year claims and changes in estimates	478,429	615,899
Claim payments	<u>(340,032)</u>	<u>(161,903)</u>
Unpaid Claims – end of year	<u>\$ 1,155,810</u>	<u>\$ 1,017,413</u>

Self-Insurance – Workers Compensation

The County has also established a Risk Management program for workers compensation. All funds of the County participate in this program. The workers compensation internal service fund is maintained to provide for self-insured workers compensation insurance coverage and employee safety and loss control programs. The County contracts with a third party claims administrator for the purpose of adjusting workers compensation claims. An excess insurance policy covers individual claims in excess of the County's \$550,000 self-insured retention up to statutory requirements (unlimited) per claim. Settled claims have not exceeded the commercial coverage in any of the past three years. Costs associated with the workers compensation program are billed to other County departments based on exposure and historical loss experience and include amounts necessary to fund current year claims to be paid in the current year and in the future. At December 31, 2014, the County has established a future claims insurance reserve in the amount of \$1,880,340 to fund the estimated liability for the County's self-insured retention limits under its workers compensation program.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – Other Information (cont.)

B. RISK MANAGEMENT (cont.)

Self-Insurance – Workers Compensation (cont.)

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.

Claims Liability	<u>2014</u>	<u>2013</u>
Unpaid claims, including IBNR – beginning of year	\$ 2,069,876	\$ 1,968,771
Current year claims and changes in estimates	850,471	1,009,918
Claim payments	<u>(1,040,007)</u>	<u>(909,813)</u>
Unpaid Claims – end of year	<u>\$ 1,880,340</u>	<u>\$ 2,069,876</u>

Self-Insurance – Health Insurance

In the Health Insurance internal service fund, revenues from County departments and other sources totaled \$19,211,847. Expenditures in the same fund totaled \$20,118,003. A deficit of \$906,156 was allocated in the form of a chargeback resulting in additional revenue from the County departments.

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

Claims Liability	<u>2014</u>	<u>2013</u>
Unpaid claims, including IBNR – beginning of year	\$ 1,135,000	\$ 1,386,000
Current year claims and changes in estimates	16,216,552	14,492,319
Claim payments	<u>(15,907,552)</u>	<u>(14,743,319)</u>
Unpaid Claims – end of year	<u>\$ 1,444,000</u>	<u>\$ 1,135,000</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – Other Information (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

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

During 2014, the County borrowed \$11,925,000, 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 and Capital Projects-Other Fund totaled \$48,718 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.

D. JOINT VENTURE

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

The Board consists of three members appointed by the County, three by the City of Kenosha and one independent member confirmed by both. County representatives are the County Executive, the County Board Chairman and the chairman of the County Judiciary Committee or their designees. The Board has the authority to adopt its own budget and control the financial affairs of the organization. The County made payments totaling \$4,139,105 to the Board for 2014.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – Other Information (cont.)

D. JOINT VENTURE (CONT)

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

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

The County accounts for its share of the operation in the general fund. Financial information of the Board as of December 31, 2014 is available directly from the Board's office.

E. OTHER POSTEMPLOYMENT BENEFITS

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

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

Deputy Sheriffs

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

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

All Others

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

All Others (continued)

Benefits (continued)

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

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

All Others (continued)

Benefits (continued)

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

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

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

Annual required contribution (ARC)	\$ 5,418,432
Interest on Net OPEB Obligation	859,813
Adjustment for ARC adjustment	<u>(1,419,637)</u>
Annual OPEB Cost (Expense)	4,858,608
Actuarial estimated employer contribution (PAYGO)	<u>(3,089,000)</u>
Increase in Net OPEB Obligation	1,769,608
Net OPEB obligation—beginning of year (Net of \$56,662 reduction adjustment for prior year report revision)	<u>28,660,340</u>
Net OPEB obligation—end of year	<u>\$ 30,429,945</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The increase in the net OPEB obligation of \$1,769,608 was allocated to the County's functions as follows:

General Government	\$ 252,371
Public Safety	1,637,073
Social Services	(36,111)
Health	32,952
Education & Recreation	(6,824)
Conservation & Development	(40,750)
Brookside Care Center	(7,151)
Golf	(39,585)
Highway	(22,367)
	<u>\$ 1,769,608</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 through 2014 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2012	\$ 4,444,270	61%	\$ 26,912,334
12/31/2013	\$ 4,764,006	63%	\$ 28,660,340
12/31/2014	\$ 4,858,608	64%	\$ 30,429,945

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 56,252,528
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 56,252,528</u>
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	\$ 50,316,556
UAAL as a percentage of covered payroll	112%

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Funded Status and Funding Progress. Using a January 1, 2014 valuation date, the present value of the County's retiree medical plan actuarial accrued liability for benefits was \$84.44 million. This liability is comprised of the actuarial accrued liability for past service component of \$56.25 million, current service component (normal cost) of \$2.55 million, and future service component of \$25.64 million. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

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

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

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used because this method allocates costs based on each employee's length of service. The County adopted the Other Post-Employment Benefit Health Insurance Policy with an effective date of January 1, 2013. All of the preceding actuarially determined liability estimates were calculated taking this adoption into consideration.

The County has not established a separate, irrevocable trust to fund the annual OPEB cost. As a result, actuarial assumptions included a 3.0 percent interest discount rate compounded annually based on the County's long term expectations of returns on its own investments, and an annual healthcare cost trend rate of 6.0 percent per annum for 2014 grading down to an ultimate rate of 4.4 percent over a 69 year period. In addition, the actuarial valuation calculated the liability estimates using actuarial assumptions related to claim costs, premium rates, annual trends in the utilization and cost of medical care, eligibility of Medicare, participation rates, termination rates, retirement rates, disability rates, and mortality based on information provided by the County, Wisconsin Retirement System (WRS) rates, and the actuarial firm's judgment.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE V – Other Information (cont.)

F. SUBSEQUENT EVENTS

Management evaluated subsequent events through June 21, 2015. Events or transactions occurring after December 31, 2014, but prior to June 21, 2015 that provided additional evidence about conditions that existed at December 31, 2014, have been recognized in the financial statements for the year ended December 31, 2014. Events or transactions that provided evidence about conditions that did not exist at December 31, 2014 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, 2014.

G. Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability and to more comprehensively and comparably measure the annual costs of pension benefit obligation as a liability and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide and proprietary statements will be computed differently using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ending December 31, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

KENOSHA COUNTY

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

For the Year Ended December 31, 2014

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

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

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

For the Year Ended December 31, 2014

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

SUPPLEMENTARY INFORMATION

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 489,544	\$ 2,271,124	\$ 2,760,668
Receivables			
Property taxes	2,126,370	57,191	2,183,561
Miscellaneous	209,352	16,312	225,664
Due from other governments	1,245,144	265,500	1,510,644
Due from other funds	-	1,379,851	1,379,851
Loans receivable	1,234,113	-	1,234,113
TOTAL ASSETS	<u><u>\$ 5,304,523</u></u>	<u><u>\$ 3,989,978</u></u>	<u><u>\$ 9,294,501</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 238,330	\$ 277,225	\$ 515,555
Special deposits	9,646	-	9,646
Due to other governments	461,884	10,760	472,644
Due to other funds	326,314	1,379,851	1,706,165
Other unearned revenue	299,006	-	299,006
Total Liabilities	<u>1,335,180</u>	<u>1,667,836</u>	<u>3,003,016</u>
Deferred Inflows of Resources			
Deferred property tax revenue	2,126,370	57,191	2,183,561
Revolving loan fund outstanding loans	1,234,113	-	1,234,113
Total deferred inflows of resources	<u>3,360,483</u>	<u>57,191</u>	<u>3,417,674</u>
Fund Balance			
Restricted			
Health Department city contribution share	269,516	-	269,516
Housing Authority revolving loan fund	177,907	-	177,907
Federated Library System	1,014	-	1,014
Geographic Information Systems	12,923	-	12,923
Assigned			
Encumbrances	-	42,685	42,685
Subsequent year expenditures	147,500	3,869,095	4,016,595
Unassigned (deficit)	<u>-</u>	<u>(1,646,829)</u>	<u>(1,646,829)</u>
Total Fund Balances	<u>608,860</u>	<u>2,264,951</u>	<u>2,873,811</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>\$ 5,304,523</u></u>	<u><u>\$ 3,989,978</u></u>	<u><u>\$ 9,294,501</u></u>

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2014

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and investments	\$ 178,907	\$ -	\$ 300,020	\$ 10,617	\$ 489,544
Receivables					
Property taxes	-	730,334	1,396,036	-	2,126,370
Miscellaneous	-	209,352	-	-	209,352
Due from other governments	-	1,242,177	-	2,967	1,245,144
Loans receivable	1,234,113	-	-	-	1,234,113
TOTAL ASSETS	\$ 1,413,020	\$ 2,181,863	\$ 1,696,056	\$ 13,584	\$ 5,304,523
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,000	\$ 236,669	\$ -	\$ 661	\$ 238,330
Special deposits	-	9,646	-	-	9,646
Due to other governments	-	461,884	-	-	461,884
Due to other funds	-	326,314	-	-	326,314
Other unearned revenue	-	-	299,006	-	299,006
Total Liabilities	1,000	1,034,513	299,006	661	1,335,180
Deferred Inflows of Resources					
Deferred property tax revenue	-	730,334	1,396,036	-	2,126,370
Revolving loan fund outstanding loans	1,234,113	-	-	-	1,234,113
Total deferred inflows of resources	1,234,113	730,334	1,396,036	-	3,360,483
Fund Balance					
Restricted					
Health Department city contribution share	-	269,516	-	-	269,516
Housing Authority revolving loan fund	177,907	-	-	-	177,907
Federated Library System	-	-	1,014	-	1,014
Geographic Information Systems	-	-	-	12,923	12,923
Assigned					
Subsequent year expenditures	-	147,500	-	-	147,500
Unassigned					
Total Fund Balances	177,907	417,016	1,014	12,923	608,860
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,413,020	\$ 2,181,863	\$ 1,696,056	\$ 13,584	\$ 5,304,523

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
December 31, 2014

	Parkland Development	Western County Communication	Energy Reduction Technology	Administration Building Restoration	Public Safety Access Point Project	Other Capital Projects	Total Nonmajor Capital Projects Funds
ASSETS							
Cash and investments	\$ 251,230	\$ 91,685	\$ 68,418	\$ -	\$ 200,000	\$ 1,659,791	\$ 2,271,124
Property taxes receivable	-	-	-	-	-	57,191	57,191
Miscellaneous receivable	-	16,312	-	-	-	-	16,312
Due from other governments	265,500	-	-	-	-	-	265,500
Due from other funds	-	-	-	-	-	1,379,851	1,379,851
TOTAL ASSETS	<u>\$ 516,730</u>	<u>\$ 107,997</u>	<u>\$ 68,418</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 3,096,833</u>	<u>\$ 3,989,978</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ 63,110	\$ -	\$ 106,212	\$ -	\$ 107,903	\$ 277,225
Due to other governments	-	-	5,785	-	-	4,975	10,760
Due to other funds	-	-	-	1,379,851	-	-	1,379,851
Total Liabilities	<u>-</u>	<u>63,110</u>	<u>5,785</u>	<u>1,486,063</u>	<u>-</u>	<u>112,878</u>	<u>1,667,836</u>
Deferred Inflows of Resources							
Deferred property tax revenue	-	-	-	-	-	57,191	57,191
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,191</u>	<u>57,191</u>
Fund Balance							
Assigned							
Encumbrances	-	-	-	-	-	42,685	42,685
Subsequent year expenditures	516,730	44,887	62,633	-	200,000	3,044,845	3,869,095
Unassigned (deficit)	-	-	-	(1,486,063)	-	(160,766)	(1,646,829)
Total Fund Balances	<u>516,730</u>	<u>44,887</u>	<u>62,633</u>	<u>(1,486,063)</u>	<u>200,000</u>	<u>2,926,764</u>	<u>2,264,951</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 516,730</u>	<u>\$ 107,997</u>	<u>\$ 68,418</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 3,096,833</u>	<u>\$ 3,989,978</u>

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 2,367,993	\$ 45,000	\$ 2,412,993
Licenses and permits	433,928	-	433,928
Intergovernmental revenues	11,947,299	10,000	11,957,299
Charges for services	1,565,961	49,781	1,615,742
Investment income	367	7,947	8,314
Miscellaneous income	108,395	336,019	444,414
Total Revenues	<u>16,423,943</u>	<u>448,747</u>	<u>16,872,690</u>
EXPENDITURES			
Current			
Health	7,614,422	-	7,614,422
Public Safety	4,298,195	-	4,298,195
Education and recreation	1,881,739	-	1,881,739
Conservation and development	185,756	1,553,974	1,739,730
Capital Outlay	453,651	6,477,724	6,931,375
Debt Service			
Interest, fiscal charges and debt issuance costs	-	156,014	156,014
Total Expenditures	<u>14,433,763</u>	<u>8,187,712</u>	<u>22,621,475</u>
Excess (deficiency) of revenues over expenditures	<u>1,990,180</u>	<u>(7,738,965)</u>	<u>(5,748,785)</u>
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	11,925,000	11,925,000
Premium on issuance of debt	-	399,849	399,849
Transfers in	-	1,386,151	1,386,151
Transfers out	(2,025,552)	(6,740,783)	(8,766,335)
Total Other Financing Sources (Uses)	<u>(2,025,552)</u>	<u>6,970,217</u>	<u>4,944,665</u>
Net change in fund balance	(35,372)	(768,748)	(804,120)
FUND BALANCES			
Beginning of year	<u>644,232</u>	<u>3,033,699</u>	<u>3,677,931</u>
FUND BALANCES - END OF YEAR	<u>\$ 608,860</u>	<u>\$ 2,264,951</u>	<u>\$ 2,873,811</u>

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2014

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Federal Inmate Fund	Total Nonmajor Special Revenue Funds
REVENUES						
Taxes	\$ -	\$ 973,565	\$ 1,394,428	\$ -	\$ -	\$ 2,367,993
Licenses and permits	-	433,928	-	-	-	433,928
Intergovernmental revenues	438,383	4,813,228	487,312	19,585	6,188,791	11,947,299
Charges for services	-	1,541,211	-	24,750	-	1,565,961
Investment income	367	-	-	-	-	367
Miscellaneous income	65,440	42,955	-	-	-	108,395
Total Revenues	<u>504,190</u>	<u>7,804,887</u>	<u>1,881,740</u>	<u>44,335</u>	<u>6,188,791</u>	<u>16,423,943</u>
EXPENDITURES						
Current						
Health	-	7,614,422	-	-	-	7,614,422
Public Safety	-	-	-	-	4,298,195	4,298,195
Education and recreation	-	-	1,881,739	-	-	1,881,739
Conservation and development	140,760	-	-	44,996	-	185,756
Capital Outlay	453,651	-	-	-	-	453,651
Total Expenditures	<u>594,411</u>	<u>7,614,422</u>	<u>1,881,739</u>	<u>44,996</u>	<u>4,298,195</u>	<u>14,433,763</u>
Excess (deficiency) of revenues over expenditures	<u>(90,221)</u>	<u>190,465</u>	<u>1</u>	<u>(661)</u>	<u>1,890,596</u>	<u>1,990,180</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	-	(134,956)	-	-	(1,890,596)	(2,025,552)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(134,956)</u>	<u>-</u>	<u>-</u>	<u>(1,890,596)</u>	<u>(2,025,552)</u>
Net change in fund balance	(90,221)	55,509	1	(661)	-	(35,372)
FUND BALANCES						
Beginning of year	<u>268,128</u>	<u>361,507</u>	<u>1,013</u>	<u>13,584</u>	<u>-</u>	<u>644,232</u>
FUND BALANCES - END OF YEAR	<u>\$ 177,907</u>	<u>\$ 417,016</u>	<u>\$ 1,014</u>	<u>\$ 12,923</u>	<u>\$ -</u>	<u>\$ 608,860</u>

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2014

	Parkland Development	Western County Communication	Energy Reduction Technology	Administration Building Restoration	Public Safety Access Point Project	Other Capital Projects	Total Nonmajor Capital Projects Funds
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000	\$ 45,000
Intergovernmental revenues	-	-	-	-	-	10,000	10,000
Charges for services	3,468	-	-	-	-	46,313	49,781
Investment income	-	-	-	-	-	7,947	7,947
Miscellaneous income	75,000	-	-	-	-	261,019	336,019
Total Revenues	78,468	-	-	-	-	370,279	448,747
EXPENDITURES							
Current							
Conservation and development	-	-	-	-	-	1,553,974	1,553,974
Capital Outlay	26,039	185,781	5,785	2,276,227	-	3,983,892	6,477,724
Debt Service							-
Interest, fiscal charges and debt issuance costs	-	-	-	-	-	156,014	156,014
Total Expenditures	26,039	185,781	5,785	2,276,227	-	5,693,880	8,187,712
Excess (deficiency) of revenues over expenditures	52,429	(185,781)	(5,785)	(2,276,227)	-	(5,323,601)	(7,738,965)
OTHER FINANCING SOURCES (USES)							
General obligation debt issued	-	-	-	-	-	11,925,000	11,925,000
Premium on issuance of debt	-	-	-	-	-	399,849	399,849
Transfers in	294,500	135,000	-	705,500	200,000	51,151	1,386,151
Transfers out	-	-	-	-	-	(6,740,783)	(6,740,783)
Total Other Financing Sources (Uses)	294,500	135,000	-	705,500	200,000	5,635,217	6,970,217
Net change in fund balance	346,929	(50,781)	(5,785)	(1,570,727)	200,000	311,616	(768,748)
FUND BALANCES							
Beginning of year	169,801	95,668	68,418	84,664	-	2,615,148	3,033,699
FUND BALANCES - END OF YEAR	<u>\$ 516,730</u>	<u>\$ 44,887</u>	<u>\$ 62,633</u>	<u>\$ (1,486,063)</u>	<u>\$ 200,000</u>	<u>\$ 2,926,764</u>	<u>\$ 2,264,951</u>

KENOSHA COUNTY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2014

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ -	\$ 1,547,715	\$ 1,880,359	\$ -	\$ 3,428,074
Property taxes receivable	194,005	-	-	-	194,005
Due from other governments	-	151,857	-	136,607	288,464
Due from other funds	-	1,452,303	-	-	1,452,303
Prepaid items	-	23,634	-	-	23,634
Total current assets	194,005	3,175,509	1,880,359	136,607	5,386,480
Noncurrent assets					
Restricted cash and investments	-	-	-	504,577	504,577
Deposit in WMMIC	-	-	-	1,157,860	1,157,860
Capital assets					
Land	682,623	-	-	-	682,623
Buildings and improvements	7,451,991	-	-	-	7,451,991
Machinery and equipment	619,623	-	-	-	619,623
Accumulated depreciation	(5,908,837)	-	-	-	(5,908,837)
Total capital assets	2,845,400	-	-	-	2,845,400
Total noncurrent assets	2,845,400	-	-	1,662,437	4,507,837
Total Assets	3,039,405	3,175,509	1,880,359	1,799,044	9,894,317
LIABILITIES					
Current liabilities					
Accounts payable	73,326	219,072	18	45,421	337,837
Claims payable	-	1,444,000	1,880,340	1,155,810	4,480,150
Due to other funds	854,490	-	-	597,813	1,452,303
Other current liabilities	-	12,436	-	-	12,436
Total current liabilities	927,816	1,675,508	1,880,358	1,799,044	6,282,726
Total Liabilities	927,816	1,675,508	1,880,358	1,799,044	6,282,726
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax levy	194,005				194,005
NET POSITION					
Net investment in capital assets	2,845,400	-	-	-	2,845,400
Unrestricted (deficit)	(927,816)	1,500,001	1	-	572,186
Total Net Position	\$ 1,917,584	\$ 1,500,001	\$ 1	\$ -	\$ 3,417,586

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2014

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
OPERATING REVENUES					
Charges for services	\$ 1,969,944	\$ 20,118,003	\$ 998,690	\$ 703,651	\$ 23,790,288
Total Operating Revenues	<u>1,969,944</u>	<u>20,118,003</u>	<u>998,690</u>	<u>703,651</u>	<u>23,790,288</u>
OPERATING EXPENSES					
Operations and maintenance	1,558,252	20,118,003	1,004,953	848,455	23,529,663
Depreciation and amortization	497,112	-	-	-	497,112
Total Operating Expenses	<u>2,055,364</u>	<u>20,118,003</u>	<u>1,004,953</u>	<u>848,455</u>	<u>24,026,775</u>
Operating Income (loss)	<u>(85,420)</u>	<u>-</u>	<u>(6,263)</u>	<u>(144,804)</u>	<u>(236,487)</u>
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	(6,030)	-	-	-	(6,030)
Intergovernmental grants	-	-	-	-	-
Investment income	-	-	6,263	8,197	14,460
Miscellaneous income	-	-	-	136,607	136,607
Interest and fiscal charges	(80,284)	-	-	-	(80,284)
Total Non-operating Revenues (Expenses)	<u>(86,314)</u>	<u>-</u>	<u>6,263</u>	<u>144,804</u>	<u>64,753</u>
Income (Loss) Before Transfers	<u>(171,734)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(171,734)</u>
TRANSFERS					
Transfers out	(200,000)	-	-	-	(200,000)
	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Change in net position	(371,734)	-	-	-	(371,734)
Total net position at the beginning of year	<u>2,289,318</u>	<u>1,500,001</u>	<u>1</u>	<u>-</u>	<u>3,789,320</u>
Total net position at end of year	<u>\$ 1,917,584</u>	<u>\$ 1,500,001</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 3,417,586</u>

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2014

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 1,969,944	\$ 20,286,490	\$ 998,690	\$ 713,200	\$ 23,968,324
Paid to suppliers for goods and services	(1,681,185)	(20,115,042)	(1,195,221)	(903,425)	(23,894,873)
Cash Flows from Operating Activities	<u>288,759</u>	<u>171,448</u>	<u>(196,531)</u>	<u>(190,225)</u>	<u>73,451</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	(6,030)	-	-	-	(6,030)
Miscellaneous income	-	-	-	136,607	136,607
Transfers	-	-	-	-	-
Cash Flows from Noncapital Financing Activities	<u>(6,030)</u>	<u>-</u>	<u>-</u>	<u>136,607</u>	<u>130,577</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid	(82,729)	-	-	-	(82,729)
Transfers	(200,000)	-	-	-	(200,000)
Cash Flows from Capital and Related Financing Activities	<u>(282,729)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(282,729)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit from WMMIC restricted cash	-	-	-	(1,855)	(1,855)
Investment income	-	-	6,263	8,197	14,460
Cash Flows from Investing Activities	<u>-</u>	<u>-</u>	<u>6,263</u>	<u>6,342</u>	<u>12,605</u>
Net Change in Cash and Cash Equivalents	-	171,448	(190,268)	(47,276)	(66,096)
Cash and Cash Equivalents - Beginning of Year	-	1,376,267	2,070,627	47,276	3,494,170
Cash and Cash Equivalents - End of Year	<u>\$ -</u>	<u>\$ 1,547,715</u>	<u>\$ 1,880,359</u>	<u>\$ -</u>	<u>\$ 3,428,074</u>

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2014

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (85,420)	\$ -	\$ (6,263)	\$ (144,804)	\$ (236,487)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:					
Non-cash items included in operating income:					
Depreciation expense	497,112	-	-	-	497,112
Changes in assets and liabilities:					
Accounts receivable	-	(111,857)	-	9,549	(102,308)
Due from other funds	-	280,344	-	-	280,344
Prepaid items	-	(15,844)	-	-	(15,844)
Accounts payable	(34,102)	(281,048)	(732)	(1,854)	(317,736)
Claims payable	-	299,853	(189,536)	138,397	248,714
Due to other funds	(88,831)	-	-	(191,513)	(280,344)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 288,759</u></u>	<u><u>\$ 171,448</u></u>	<u><u>\$ (196,531)</u></u>	<u><u>\$ (190,225)</u></u>	<u><u>\$ 73,451</u></u>
Noncash investing, capital and financing activities:					
None					

KENOSHA COUNTY
COMBINING BALANCE SHEET - AGENCY FUNDS
December 31, 2014

	Agency				
	Clerk of Courts	Child Support	Social Services	Other Agency Funds	Totals
ASSETS					
Cash and temporary cash investments	\$ 2,453,158	\$ 140,354	\$ 25,974	\$ 1,518,280	\$ 4,137,765
Miscellaneous receivables	306,734	-	-	-	306,734
Total Assets	\$ 2,759,892	\$ 140,354	\$ 25,974	\$ 1,518,280	\$ 4,444,499
LIABILITIES					
Other accrued liabilities	\$ 2,759,892	\$ 140,354	\$ 25,974	\$ 1,518,280	\$ 4,444,499
Total Liabilities	\$ 2,759,892	\$ 140,354	\$ 25,974	\$ 1,518,280	\$ 4,444,499

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

For the Year Ended December 31, 2014

	Balance January 1, 2014	Additions	Deductions	Balance December 31, 2014
<u>Clerk of Courts</u>				
Assets:				
Cash and temporary cash investments	\$ 2,120,874	\$ 11,823,798	\$ 11,491,514	\$ 2,453,158
Miscellaneous receivables	212,007	317,588	222,860	306,734
Total Assets	<u>\$ 2,332,881</u>	<u>\$ 12,141,386</u>	<u>\$ 11,714,374</u>	<u>\$ 2,759,892</u>
Liabilities:				
Other accrued liabilities	\$ 2,332,881	\$ 12,141,386	\$ 11,714,374	\$ 2,759,892
Total Liabilities	<u>\$ 2,332,881</u>	<u>\$ 12,141,386</u>	<u>\$ 11,714,374</u>	<u>\$ 2,759,892</u>
<u>Child Support</u>				
Assets:				
Cash and temporary cash investments	\$ 140,354	\$ -	\$ -	\$ 140,354
Total Assets	<u>\$ 140,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,354</u>
Liabilities:				
Other accrued liabilities	\$ 140,354	\$ -	\$ -	\$ 140,354
Total Liabilities	<u>\$ 140,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,354</u>
<u>Social Services</u>				
Assets:				
Cash and temporary cash investments	\$ 30,205	\$ -	\$ 4,231	\$ 25,974
Total Assets	<u>\$ 30,205</u>	<u>\$ -</u>	<u>\$ 4,231</u>	<u>\$ 25,974</u>
Liabilities:				
Other accrued liabilities	\$ 30,205	\$ -	\$ 4,231	\$ 25,974
Total Liabilities	<u>\$ 30,205</u>	<u>\$ -</u>	<u>\$ 4,231</u>	<u>\$ 25,974</u>
<u>Other</u>				
Assets:				
Cash and temporary cash investments	\$ 1,412,202	\$ 2,504,976	\$ 2,398,898	\$ 1,518,280
Total Assets	<u>\$ 1,412,202</u>	<u>\$ 2,504,976</u>	<u>\$ 2,398,898</u>	<u>\$ 1,518,280</u>
Liabilities:				
Other accrued liabilities	\$ 1,412,202	\$ 2,504,976	\$ 2,398,898	\$ 1,518,280
Total Liabilities	<u>\$ 1,412,202</u>	<u>\$ 2,504,976</u>	<u>\$ 2,398,898</u>	<u>\$ 1,518,280</u>
<u>Total</u>				
Assets:				
Cash and temporary cash investments	\$ 3,703,635	\$ 14,328,773	\$ 13,894,643	\$ 4,137,765
Miscellaneous receivables	212,007	317,588	222,860	306,734
Total Assets	<u>\$ 3,915,642</u>	<u>\$ 14,646,361</u>	<u>\$ 14,117,503</u>	<u>\$ 4,444,499</u>
Liabilities:				
Other accrued liabilities	\$ 3,915,642	\$ 14,646,361	\$ 14,117,503	\$ 4,444,499
Total Liabilities	<u>\$ 3,915,642</u>	<u>\$ 14,646,361</u>	<u>\$ 14,117,503</u>	<u>\$ 4,444,499</u>

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

To the County Board of Supervisors
Kenosha County
Kenosha, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Kenosha County's basic financial statements, and have issued our report thereon dated July 14, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
July 14, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

To the County Board of Supervisors
Kenosha County
Kenosha, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Kenosha County, Wisconsin's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the State of Wisconsin that could have a direct and material effect on each of Kenosha County, Wisconsin's major federal and state programs for the year ended December 31, 2014. Kenosha County, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Kenosha County, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the State of Wisconsin. Those standards, OMB Circular A-133 and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Kenosha County, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, Kenosha County, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2014.

Other Matters

Report on Internal Control Over Compliance

Management of Kenosha County, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kenosha County, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on 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 OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kenosha County, Wisconsin's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal 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 OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants
Green Bay, Wisconsin
July 14, 2015

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2014

Grantor Agency / Program Cluster / Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
FEDERAL PROGRAMS										
U.S. Department of Agriculture										
Cooperative Extension Programs at 1862 Land - Grant Institutions	10.500	UWX E Metro	Reuse and Recycle	\$ -	\$ -	\$ 7,750	\$ -	\$ 7,750	\$ 7,750	
Special Supplemental Food Program for Women, Infants, and Children	10.557	DHS	Type 430	(9,480)	-	878,744	35,934	905,198	905,198	
SNAP Cluster										
State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	Type 410	(118,593)	-	382,836	-	264,243	264,243	
State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	Type 430	109	-	21,469	3,950	25,528	25,528	
State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	Type 415	(297,277)	-	2,148,802	446,260	2,297,785	2,297,785	
Total SNAP Cluster				(415,761)	-	2,553,107	450,210	2,587,556	2,587,556	
				(425,241)	-	3,439,601	486,144	3,500,504	3,500,504	
Total U.S. Department of Agriculture										
U.S. Department of Housing and Urban Development										
CDBG - State Administered CDBG Cluster										
Community Development Block Grant/State's Program	14.228	WEDC	EAP #07-11	(2,670)	1	117,160	-	114,491	114,491	
Total CDBG - State Administered CDBG Cluster				(2,670)	1	117,160	-	114,491	114,491	
Direct Funding										
Lead Hazard Reduction Demonstration Grant	14.905	NA	WILHB0535-12	(7,070)	-	1,003,264	53,732	1,049,926	1,049,926	
Total U.S. Department of Housing and Urban Development				(9,740)	1	1,120,424	53,732	1,164,417	1,164,417	
U.S. Department of Justice										
Direct Funding										
State Criminal Alien Assistance Program	16.606	NA	2014-AP-BX-0137	-	-	22,566	-	22,566	22,566	
Paul Coverdell Forensic Sciences Improvement Grant	16.742	NA	2014-CD-BX-0041	(2,500)	-	10,134	-	7,634	7,634	
Paul Coverdell Forensic Sciences Improvement Grant	16.742	NA	2014-CD-BX-0041	-	-	1,635	-	1,635	1,635	
Total Paul Coverdell Forensic Sciences Improvement Grant				(2,500)	-	11,769	-	9,269	9,269	

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, 2014

Grantor Agency / Program Cluster / Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Expenditures	
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
FEDERAL PROGRAMS continued										
U.S. Department of Justice continued										
Equitable Sharing Program	16.922	NA	KDOG ¹	-	212,763	162,121	(265,391)	109,493	109,493	
JAG Program Cluster										
Edward Byrne Memorial Justice Assistance Grant	16.738	C/Kenosha	2010-DJ-BX-0678	-	-	-	13,386	13,386	13,386	
Edward Byrne Memorial Justice Assistance Grant	16.738	C/Kenosha	2012-DJ-BX-0882	-	-	12,938	-	12,938	12,938	
Edward Byrne Memorial Justice Assistance Grant	16.738	DOJ	2009-DJ-01-9593	(35,932)	-	43,745	-	7,813	7,813	
Edward Byrne Memorial Justice Assistance Grant	16.738	DOJ	no identifier	(47,933)	-	119,296	28,579	99,942	99,942	
Edward Byrne Memorial Justice Assistance Grant	16.738	Walworth Co	2013-DJ-01-10526	(5,730)	-	11,851	24,515	30,636	30,636	
Total JAG Program Cluster				(89,595)	-	187,830	66,480	164,715	164,715	
Cease Grant	16.595	DOJ	WI Approp #100.241	-	-	211	-	211	211	
Total U.S. Department of Justice				(92,095)	212,763	384,497	(198,911)	306,254	306,254	
U.S. Department of Labor										
Employment Service Cluster										
Employment Service/Wagner-Peyser Funded Activities	17.207	DWD	no identifier	-	-	7,153	641	7,794	7,794	
Total Employment Service Cluster				-	-	7,153	641	7,794	7,794	
WIA Program Cluster										
WIA Adult Program	17.258	DWD	no identifier	(220,384)	-	1,043,580	139,185	962,381	962,381	
WIA Youth Activities	17.259	DWD	no identifier	(163,716)	-	1,070,861	114,138	1,021,283	1,021,283	
WIA Dislocated Worker Formula Grants	17.278	DWD	no identifier	(192,603)	-	1,184,675	159,570	1,151,642	1,151,642	
Total WIA Program Cluster				(576,703)	-	3,299,116	412,893	3,135,306	3,135,306	
H-1B Job Training Grants	17.268	MAWIB	Water Grant	(13,311)	-	80,330	17,271	84,290	84,290	
WIA National Emergency Grants	17.277	DWD	no identifier	(6,217)	1	71,215	20,945	85,944	85,944	

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

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2014

Grantor Agency / Program Cluster / Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Expenditures	
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
FEDERAL PROGRAMS continued										
U.S. Department of Labor continued										
Workforce Innovation Fund	17.283	WDBSCW	WDBSCW - YR 3	-	-	37,942	14,553	52,495	52,495	
Workforce Innovation Fund	17.283	WDBSCW	WDBSCW - YR 2	(12,694)	-	54,057	-	41,363	41,363	
Total Workforce Innovation Fund				(12,694)	-	91,999	14,553	93,858	93,858	
Total U.S. Department of Labor				(608,925)	1	3,549,813	466,303	3,407,192	3,407,192	
U.S. Department of Transportation										
Highway Planning and Construction Cluster										
Highway Planning and Construction	20.205	DOT	no identifier	(42,195)	42,195	-	-	-	-	
Total Highway Planning and Construction Cluster				(42,195)	42,195	-	-	-	-	
Formula Grants for Rural Areas	20.509	DOT	no identifier	(62,457)	-	229,243	66,139	232,925	232,925	
Total Formula Grants for Rural Areas				(62,457)	-	229,243	66,139	232,925	232,925	
Transit Services Programs Cluster										
New Freedom Program	20.521	DOT	no identifier	(13,584)	-	47,957	2,589	36,962	36,962	
Total Transit Services Programs Cluster				(13,584)	-	47,957	2,589	36,962	36,962	
Highway Safety Cluster										
State and Community Highway Safety	20.600	DOT	ID#1035-01-92; Contract 13	(66,026)	-	125,552	36,098	95,624	95,624	
Alcohol Impaired Driving Countermeasures										
Incentive Grants I	20.601	DOT	no identifier	(2,899)	-	24,337	4,327	25,765	25,765	
Alcohol Impaired Driving Countermeasures										
Incentive Grants I	20.601	Racine Co	Racine Sheriff Dept	-	-	-	222	222	222	
Child Safety and Child Booster Seats Incentive Grants	20.613	DOT	FG-2015-Kenosha-02594	-	-	4,000	-	4,000	4,000	
Total Highway Safety Cluster				(68,925)	-	153,889	40,647	125,611	125,611	
Total U.S. Department of Transportation				(187,161)	42,195	431,089	109,375	395,498	395,498	
U.S. Environmental Protection Agency										
State Indoor Radon Grants	66.032	DHS	no identifier	(3,751)	-	11,857	1,000	9,106	9,106	
Total U.S. Environmental Protection Agency				(3,751)	-	11,857	1,000	9,106	9,106	
U. S. Department of Energy										
State Energy Program - Planning & Implementing Clean										
Energy Investments in WI Communities	81.041	DOA	AD149904	-	-	3,074	-	3,074	3,074	
Total U.S. Department of Energy				-	-	3,074	-	3,074	3,074	

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, 2014

Grantor Agency / Program Cluster / Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Expenditures	
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
FEDERAL PROGRAMS continued										
U. S. Department of Education										
Early Intervention Services (IDEA) Cluster										
Special Education - Grants for Infants and Families	84.181	DHS	no identifier	-	-	150,251	-	150,251	150,251	150,251
Total Early Intervention Services (IDEA) Cluster				-	-	150,251	-	150,251	150,251	150,251
Total U.S. Department of Education				-	-	150,251	-	150,251	150,251	150,251
U. S. Department of Health and Human Services										
Hospital Preparedness Program and Public Health Emergency										
Preparedness Aligned Cooperative Agreements	93.074	DHS	no identifier	(31,102)	-	181,068	36,466	186,432	186,432	186,432
ACA Health Profession Opportunity Grants	93.093	GTC	10/14 - 09/15	-	-	7,544	12,823	20,367	20,367	20,367
ACA Health Profession Opportunity Grants	93.093	GTC	10/13 - 09/14	(18,200)	-	68,237	-	50,037	50,037	50,037
ACA Health Profession Opportunity Grants	93.093	MAWIB	MAWIB 15	-	-	110,157	-	110,157	110,157	110,157
ACA Health Profession Opportunity Grants	93.093	MAWIB	MAWIB 14	(48,618)	-	285,720	-	237,102	237,102	237,102
ACA Health Profession Opportunity Grants	93.093	MAWIB	Random Assign	(1,500)	-	11,750	1,250	11,500	11,500	11,500
Total ACA Health Profession Opportunity Grants				(68,318)	-	483,408	14,073	429,163	429,163	429,163
Substance Abuse and Mental Health Services - Projects										
of Regional and National Significance	93.243	DHS	no identifier	(25,153)	-	117,802	56,180	148,829	148,829	148,829
Immunization Grants	93.268	DHS	no identifier	(12,118)	-	49,251	8,319	45,452	45,452	45,452
ACA Home Visiting Program	93.505	DCF	no identifier	(219,957)	-	219,957	-	-	-	-
Strengthening Public Health Infrastructure for Improved										
Health Outcomes	93.507	DHS	no identifier	-	-	1,678	(1,678)	-	-	-
Promoting Safe and Stable Families	93.556	DCF	no identifier	-	-	57,103	-	57,103	57,103	57,103
TANF Cluster										
Block Grants for Temporary Assist for Needy Families	93.558	DCF	CORe	(150,599)	-	1,322,022	143,600	1,315,023	1,315,023	1,315,023
Block Grants for Temporary Assist for Needy Families	93.558	DHS	CARS	-	-	350,795	12,783	363,578	363,578	363,578
Block Grants for Temporary Assist for Needy Families	93.558	DHS	CARS	(8,849)	-	28,167	4,693	24,011	24,011	24,011
Total TANF Cluster				(159,448)	-	1,700,984	161,076	1,702,612	1,702,612	1,702,612

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, 2014

Grantor Agency / Program Cluster / Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Expenditures	
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
FEDERAL PROGRAMS continued										
U.S. Department of Health and Human Services continued										
Child Support Enforcement	93.563	DCF	no identifier	(1,041,995)	-	3,971,749	930,316	3,860,070	3,860,070	
Child Support Enforcement Research	93.564	DCF	no identifier	(45,871)	-	45,871	-	-	-	
Low Income Home Energy Assistance Block Grant	93.568	DOA	no identifier	(55,846)	-	171,448	11,135	126,737	126,737	
Community-Based Child Abuse Prevention Grant	93.590	DHS	no identifier	-	-	50,000	-	50,000	50,000	
CCDF Cluster										
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	no identifier	(57,464)	-	864,225	98,566	905,327	905,327	
Total CCDF Cluster				(57,464)	-	864,225	98,566	905,327	905,327	
Social Services Block Grant	93.667	DHS	no identifier	-	-	634,585	23,124	657,709	657,709	
Social Services Block Grant	93.667	DHS	no identifier	(189)	-	4,314	-	4,125	4,125	
Social Services Block Grant	93.667	GWAAR	Nutrition Svc	(716)	-	716	-	-	-	
Social Services Block Grant	93.667	DCF	no identifier	-	-	282,997	-	282,997	282,997	
Total Social Services Block Grant				(905)	-	922,612	23,124	944,831	944,831	
Chafee Education and Training Vouchers Program	93.599	DCF	no identifier	(4,560)	-	13,895	1,026	10,361	10,361	
Child Welfare Services Grant - State Grants	93.645	DCF	no identifier	-	-	103,398	-	103,398	103,398	
Child Welfare Services Grant - State Grants	93.645	DOC	no identifier	(2,473)	-	32,431	3,325	33,283	33,283	
Total Child Welfare Services Grant - State Grants				(2,473)	-	135,829	3,325	136,681	136,681	
Foster Care Title - IV-E	93.658	DCF	no identifier	(19,931)	-	730,963	17,108	728,140	728,140	
Foster Care Title - IV-E	93.658	DOC	no identifier	(3,710)	(247)	45,898	4,655	46,596	46,596	
Total Foster Care Title - IV-E				(23,641)	(247)	776,861	21,763	774,736	774,736	
Chafee Foster Care Independence Program	93.674	DCF	no identifier	-	-	155,261	-	155,261	155,261	
Children's Health Insurance Program	93.767	DHS	no identifier	(54,355)	-	296,521	58,367	300,533	300,533	

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, 2014

Grantor Agency / Program Cluster / Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Expenditures	
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
FEDERAL PROGRAMS continued										
U.S. Department of Health and Human Services continued										
Medicaid Cluster										
Medical Assistance Program	93.778	DHS	Type 410	(27,994)	-	55,420	14,818	42,244	42,244	
Medical Assistance Program	93.778	DHS	Type 525, 425	(193,408)	-	925,034	275,528	1,007,154	1,007,154	
Medical Assistance Program	93.778	DHS	Type 415	(403,843)	-	2,294,352	455,656	2,346,165	2,346,165	
Medical Assistance Program	93.778	DHS	Type 430	(962)	-	4,266	601	3,905	3,905	
Medical Assistance Program	93.778	GWAAR		(3,996)	-	26,085	-	22,089	22,089	
Medical Assistance Program	93.778	DHS	TPA-CLTS	-	-	1,236,420	-	1,236,420	1,236,420	
Medical Assistance Program - WIMCR	93.778	DHS	no identifier	-	(256,146)	165,631	-	(90,515)	(90,515)	
Total Medicaid Cluster				(630,203)	(256,146)	4,707,208	746,603	4,567,462	4,567,462	
Block Grants for Community Mental Health Services	93.958	DHS	no identifier	-	-	123,162	-	123,162	123,162	
Block Grants for Prevention & Treat. of Substance Abuse	93.959	DHS	CARS	(21,471)	-	823,204	5,676	807,409	807,409	
Block Grants for Prevention & Treat. of Substance Abuse	93.959	DCF	CORe	(5,205)	-	94,703	2,455	91,953	91,953	
Total Block Grants for Prevention and Treatment of Substance Abuse				(26,676)	-	917,907	8,131	899,362	899,362	
HIV Care Formula Grants	93.917	DHS	no identifier	(400)	-	6,733	1,676	8,009	8,009	
HIV Prevention Activities_Health Department Based	93.940	DHS	no identifier	-	-	3,946	1,045	4,991	4,991	
Maternal and Child Health Services Block Grant	93.994	DHS	no identifier	(43,015)	-	207,293	47,327	211,605	211,605	
Special Programs for the Aging										
Title III, Part D - Preventive Health	93.043	GWAAR	no identifier	(814)	-	9,998	1,336	10,520	10,520	
Title III, Part E - National Family Support	93.052	GWAAR	no identifier	(17,521)	-	74,619	2,936	60,034	60,034	
Medicare Enrollment Assistance Program	93.071	GWAAR	MIPPA	-	-	3,000	-	3,000	3,000	
CMS Research, Demonstrations, and Evaluations	93.779	GWAAR	SHIP	-	-	8,300	-	8,300	8,300	
Aging Cluster										
Title III, Part B - Grants for Supportive Services	93.044	GWAAR	no identifier	(17,457)	-	130,523	10,689	123,755	123,755	
Title III, Part C - Nutrition Services	93.045	GWAAR	no identifier	(27,339)	-	262,232	28,847	263,740	263,740	
Nutritional Services Incentive Program	93.053	GWAAR	no identifier	-	-	63,525	-	63,525	63,525	
Total Aging Cluster				(44,796)	-	456,280	39,536	451,020	451,020	
Total U.S. Department of Health and Human Services				(2,566,631)	(256,393)	16,733,969	2,270,648	16,181,593	16,181,593	

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, 2014

Grantor Agency / Program Cluster / Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
FEDERAL PROGRAMS continued										
Executive Office of the President										
High Intensity Drug Trafficking Area (HIDTA)	95.001	NA	G14ML0008A	-	-	29,090	4,358	33,448	33,448	
High Intensity Drug Trafficking Area (HIDTA)	95.001	NA	G13ML0008A	(5,215)	-	7,846	1,250	3,881	3,881	
High Intensity Drug Trafficking Area (HIDTA)	95.001	NA	G12ML0008A	(11,565)	-	11,565	-	-	-	
Total High Intensity Drug Trafficking Area (HIDTA)				(16,780)	-	48,501	5,608	37,329	37,329	
Total Executive Office of the President				(16,780)	-	48,501	5,608	37,329	37,329	
U. S. Department of Homeland Security										
Flood Mitigation Assistance	97.029	DMA	FMA-PJ-05-WI-2013-01.	-	-	-	1,625	1,625	1,625	
Hazard Mitigation Grant Program	97.039	DMA	FEMA 1768-DR	(4,649)	-	282,563	-	277,914	277,914	
Emergency Management Performance Grants	97.042	DMA	no identifier	(65,147)	-	91,116	68,310	94,279	94,279	
Homeland Security Grant Program	97.067	DMA	2013-HSW-02A-10363	-	-	3,384	-	3,384	3,384	
Homeland Security Grant Program	97.067	DMA	2012-HS-02A-10193	-	-	116,000	-	116,000	116,000	
Homeland Security Grant Program	97.067	DMA	2011-HSW-08B-10353	-	-	2,339	-	2,339	2,339	
Homeland Security Grant Program	97.067	DMA	no identifier	-	-	3,000	-	3,000	3,000	
Total Homeland Security Grant Program				-	-	124,723	-	124,723	124,723	
Total U.S. Department of Homeland Security				(69,796)	-	498,402	69,935	498,541	498,541	
TOTAL FEDERAL PROGRAMS				\$ (3,980,120)	\$ (1,433)	\$ 26,371,478	\$ 3,263,834	\$ 25,653,759	\$ 25,653,759	

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, 2014

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
STATE PROGRAMS								
Wisconsin Department of Agriculture, Trade, and Consumer Protection								
Farmland Preservation Program Planning Grant	s20.115(7)(dm)(tm)	\$ (1,625)	\$ -	\$ 1,625	\$ -	\$ -	\$ -	\$ -
Agricultural Clean Sweep	115.04	(12,366)	-	12,366	-	-	-	-
County Staff and Support	115.15	(68,525)	-	144,803	56,711	132,989	132,989	132,989
Land and Water Resource Management	115.40	-	-	16,618	2,967	19,585	19,585	19,585
Total Wisconsin Department of Agriculture,Trade, and Consumer Protection		(82,516)	-	175,412	59,678	152,574	152,574	152,574
Wisconsin Department of Public Instruction								
Public Library Systems Aid	255.002	299,006	-	398,675	(299,006)	398,675	398,675	398,675
Total Wisconsin Department of Public Instruction		299,006	-	398,675	(299,006)	398,675	398,675	398,675
Wisconsin Department of Natural Resources								
Recreational Trail Aids - S-ADLP3	370.421	(265,500)	-	265,500	-	-	-	-
Snowmobile Enforcement	370.485	-	-	4,142	-	4,142	4,142	4,142
Recreational Aids - Snowmobile Trail and Area	370.485	-	-	19,225	-	19,225	19,225	19,225
Boating Enforcement Aids	370.550	(21,865)	-	21,865	25,184	25,184	25,184	25,184
Urban & Community Forestry	370.572	-	-	9,781	-	9,781	9,781	9,781
Transient Non-Community Water Sampling Contracts	370.QBHI4824	(5,191)	-	22,156	6,940	23,905	23,905	23,905
Total Wisconsin Department of Natural Resources		(292,556)	-	342,669	32,124	82,237	82,237	82,237
Wisconsin Department of Transportation								
Pretrial Intoxicated Driver Intervention Grant	s20.395(5)(jr)	(30,530)	-	70,000	22,441	61,911	61,911	61,911
Elderly and Handicapped County Aids	395.101	57,712	(19,214)	341,015	(60,970)	318,543	318,543	318,543
Transit Operating Aids	395.104	(6,941)	-	52,647	12,791	58,497	58,497	58,497
Total Wisconsin Department of Transportation		20,241	(19,214)	463,662	(25,738)	438,951	438,951	438,951

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, 2014

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expenditures
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
STATE PROGRAMS continued							
Wisconsin Department of Corrections							
Community Corrections Program	410.111	(15,000)	-	55,000	10,000	50,000	50,000
Windows to Work	410.112	(16,474)	-	106,084	21,078	110,688	110,688
Community Intervention	410.302	-	-	118,552	-	118,552	118,552
Youth Aids	410.313	(241,147)	-	3,165,061	324,520	3,248,434	3,248,434
Total Wisconsin Department of Corrections		(272,621)	-	3,444,697	355,598	3,527,674	3,527,674
Wisconsin Department of Health Services							
Reproductive Health SLOH	435.152002	-	-	36,000	-	36,000	36,000
Family Health - Women's Health	435.152020	-	-	15,453	16,047	31,500	31,500
WIC Farmers Market Grant	435.154720	(285)	-	3,136	285	3,136	3,136
Wisconsin Well Woman Program	435.157000	-	-	52,237	-	52,237	52,237
Childhood Lead - Consolidated	435.157720	-	-	19,189	-	19,189	19,189
TPCP - Com Interventions - LHD	435.158125	3,320	-	(3,320)	-	-	-
Cons Contracts MCH	435.159320	(962)	-	4,266	601	3,905	3,905
Reproductive Health	435.159321	(20,965)	-	105,745	28,867	113,647	113,647
Family Plan 253.07(4)(A)	435.159327	(49,601)	-	209,824	64,777	225,000	225,000
Tobacco Prevention and Control Program - Wisconsin Wins	435.181005	-	-	14,817	1,073	15,890	15,890
Tobacco Prevention and Control Program - Community Interventions - LHD	435.181012	-	-	109,609	14,396	124,005	124,005
FSET Administration, Base	435.247	-	-	68,381	-	68,381	68,381
FSET Transportation, Base	435.248	-	-	7,500	-	7,500	7,500
IMAA State Share	435.283	-	-	1,216,235	1,968	1,218,203	1,218,203
Medicaid Subrogation Collection	435.291	703	-	(703)	-	-	-
IMAA State Share Supplemental	435.292	(69,463)	-	101,395	14,726	46,658	46,658
IMAA Federal Share Supplemental	435.293	(583)	-	781	91	289	289
IMAA State Share ACA	435.297	17,653	-	893,460	206,658	1,117,771	1,117,771
IMAA State Share ACA	435.298	148	-	5,501	1,281	6,930	6,930
Adult Protective Services	435.312	-	-	159,031	-	159,031	159,031
Community Options Program	435.367	-	-	576,411	-	576,411	576,411
Community Support Program Wait List	435.504	-	-	38,773	-	38,773	38,773

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, 2014

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
STATE PROGRAMS continued								
Wisconsin Department of Health Services continued								
Certified Mental Health Program	435.517	(26,579)	-	107,770	-	81,191	81,191	
Non-Resident Reimbursement	435.531	(23,410)	-	23,410	-	-	-	
Supplemental Basic County	435.541	-	-	750,000	-	750,000	750,000	
Birth to Three Initiative	435.550	-	-	147,157	-	147,157	147,157	
IMD Regular Relocations	435.559	-	-	29,200	-	29,200	29,200	
Basic County Allocation	435.561	-	-	3,941,521	143,629	4,085,150	4,085,150	
Family Support	435.577	(7,119)	-	116,705	2,279	111,865	111,865	
County Cost Initiatives	435.591	-	-	28,456	-	28,456	28,456	
Base County Allocation - State Match	435.681	-	-	540,751	-	540,751	540,751	
CLTS DD AUT CWA Administration GPR	435.832	(11,822)	-	11,822	-	-	-	
CLTS DD OTH CWA Administration GPR	435.835	(2,839)	-	2,839	-	-	-	
CLTS MH AUT CWA Administration GPR	435.838	(4,556)	-	4,556	-	-	-	
CLTS MH OTH CWA Administration GPR	435.841	(1,629)	-	1,629	-	-	-	
CLTS PD OTH CWA Administration GPR	435.847	(1,166)	-	1,166	-	-	-	
CLTS OTHER GPR	435.871	-	-	387,549	-	387,549	387,549	
CLTS AUTISM GPR	435.874	-	-	467,316	-	467,316	467,316	
CLTS OTHER CWA ADMIN GPR	435.877	-	-	9,379	10,293	19,672	19,672	
CLTS AUTISM CWA ADMIN GPR	435.880	-	-	18,055	4,524	22,579	22,579	
ADRC Dementia Care MA, State Share	435.560056	(277)	-	277	-	-	-	
ADRC Dementia Care MA, State Share	435.560057	(113)	-	474	-	361	361	
ADRC Dementia Care MA, State Share	435.560058	9,606	-	33,750	-	43,356	43,356	
ADRC MFP-NH Relocate GPR	435.560062	(528)	-	3,528	-	3,000	3,000	
ADRC MFP - NH Relocation, State Share	435.560063	(1,042)	-	4,042	-	3,000	3,000	
ADRC MFP-NH RELOCATION	435.560065	5,087	-	20,593	-	25,680	25,680	
Aging & Dis Resource Ctr	435.560100	(30,875)	-	1,205,221	-	1,174,346	1,174,346	
ADRC Prevention Grant	435.560104	-	-	39,352	-	39,352	39,352	
ADRC Dementia Care Project	435.560158	-	-	45,146	5,861	51,007	51,007	
Environmental Monitoring of Nuclear Power Plants for Radiological Emissions	435.DPH 90013 DC	-	2,750	-	-	2,750	2,750	
HIV Counseling, Testing and Referral Program	435.FAI10019.	(3,680)	-	14,775	5,970	17,065	17,065	

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, 2014

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expenditures
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
STATE PROGRAMS continued							
Wisconsin Department of Health Services continued							
Passed Through Greater WI Agency on Aging Resources							
Elderly Benefit Specialist Program	435.560320	(3,774)	-	15,123	-	11,349	11,349
Elderly Benefit Specialist OCl	435.560327	-	-	7,360	-	7,360	7,360
State Senior Community Services	435.560330	-	-	9,389	-	9,389	9,389
Congregate Meals	435.560350	(27,026)	-	183,227	16,224	172,425	172,425
Home Delivered Meals	435.560360	(227)	-	8,424	1,382	9,579	9,579
Alzheimer's Family and Caregiver Support	435.560381	(5,972)	-	46,669	5,473	46,170	46,170
Elder Abuse	435.560490	-	-	47,004	-	47,004	47,004
Total State of Wisconsin Department of Health Services		(257,976)	2,750	11,907,356	546,405	12,198,535	12,198,535
Wisconsin Department of Children and Families							
CTF Child Abuse & Neglect GPR	433-6071	(24,689)	-	113,634	12,360	101,305	101,305
Home Visiting Program	437.1008	-	-	745,750	283,186	1,028,936	1,028,936
Adam Walsh Foster/Adoptive Parent Fingerprinting	437.3324	(1,712)	-	6,859	1,708	6,855	6,855
Brighter Future Initiative	437.3540	(6,120)	-	111,357	2,886	108,123	108,123
Basic County Allocation	437.3561	-	-	1,022,971	-	1,022,971	1,022,971
Basic County Allocation Overmatch	437.3681	-	-	180,353	-	180,353	180,353
CW PS Program Payments Yr 1	437.11700	-	-	55,532	30,602	86,134	86,134
Child Support Enforcement	437-7502	-	-	300,063	-	300,063	300,063
Total Wisconsin Department of Children and Family		(32,521)	-	2,536,519	330,742	2,834,740	2,834,740
Wisconsin Department of Justice							
Treatment Alternatives and Diversion	455.xxx	-	-	54,142	28,910	83,052	83,052
DNA Sample Reimbursement Grant	455.221	-	-	720	-	720	720
Law Enforcement Training Fund Local Assistance	455.231	-	-	54,177	478	54,655	54,655
Victim and Witness Assistance Program - Part A	455.532	(148,289)	-	280,990	109,559	242,260	242,260
Youth Diversion - Aids - Gang - PR	455.629	-	(46,622)	125,246	44,527	123,151	123,151
Passed through Walworth County		-					
Drug Crimes Enforcement	455.225	-	-	21,345	-	21,345	21,345
Total Wisconsin Department of Justice		(148,289)	(46,622)	536,620	183,474	525,183	525,183

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, 2014

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expenditures
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
STATE PROGRAMS continued							
Wisconsin Department of Military Affairs							
Public Safety - Emergency Government Disaster Assistance	465.305	(776)	-	46,754	-	45,978	45,978
Emergency Government Response Equipment	465.308	(17,153)	17,153	7,825	-	7,825	7,825
Emergency Planning Grant	465.337	(25,190)	-	33,694	25,079	33,583	33,583
Total Wisconsin Department of Military Affairs		(43,119)	17,153	88,273	25,079	87,386	87,386
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	1,000
Public Benefits	505.371	(2,338)	-	150,598	46,193	194,453	194,453
Passed Through the Office of Justice Assistance		-				-	
Youth Diversion - Aids - Gang - PR	505.629	(46,622)	46,622	-	-	-	-
Total Wisconsin Department of Administration		(48,960)	46,622	151,598	46,193	195,453	195,453
TOTAL STATE PROGRAMS		\$ (859,311)	\$ 689	\$20,058,481	\$ 1,254,549	\$ 20,454,408	\$ 20,454,408

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, 2014

NOTE 1 – REPORTING ENTITY

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

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

NOTE 2 – BASIS OF PRESENTATION

The accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*.

NOTE 3 – 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, 2014 included:

<u>Program</u>	<u>CFDA No.</u>	<u>Unaudited Amount</u>
Food Share Wisconsin Program	10.561	\$ 40,389,563

KENOSHA COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2014

NOTE 4 – DIRECT PAYMENTS – WISCONSIN MEDICAL ASSISTANCE

The County received the following payments from Wisconsin Medical Assistance through EDS Federal Corporation in 2014:

<u>County Department of Human Services:</u>	<u>Provider Number</u>	<u>Unaudited Amount</u>
Division of Aging & Disability Services	43072900	\$ 27,451
Division of Aging & Disability Services	43422900	546,171
Division of Aging & Disability Services	32975900	798,794
Division of Aging & Disability Services	100038404	219,034
Division of Children & Family Services	43073000	142,300
Brookside Care Center	20130300	3,937,127
Division of Health Services	41862400	6,797
Division of Health Services	32924500	3,858
Division of Health Services	100004693	1,647
Division of Health Services	43835700	1,410
Division of Health Services	100005790	1,105
Division of Health Services	42010200	25,705
Division of Health Services	43084000	118,124
Total		\$ 5,829,522

NOTE 5 – CARS/CORE REPORT DATES

The Schedule of Expenditures of Federal and State Awards include adjustments through Community Aids Reporting System reports dated May 2015 and the CORE reports for December 2014.

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

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 section 510(a) of Circular A-133?	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, 2014

SECTION I – Summary of Auditors’ Results continued

Identification of major federal programs:

CFDA Number	Name of Federal Programs
10.557	Special Supplemental Food Program for Women, Infants and Children
10.561	State Administration Matching Grants for Supplemental Nutrition Assistance Program
	WIA Program Cluster
17.258	WIA - Adult Program
17.259	WIA - Youth Activities
17.278	WIA - Dislocated Worker Formula Grants
93.563	Child Support Enforcement

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2014

SECTION I- Summary of Auditors' Results (continued)

Identification of major state programs:

State ID Number	Name of State Programs
115.15	County Staff and Support
115.40	Land and Water Resource Management
410.302	Community Intervention
N/A	Wisconsin Medicaid Cost Reporting (WIMCR)
435.283	IMAA State Share
435.292	IMAA State Share Supplemental
435.293	IMAA Federal Share Supplemental
435.297	IMAA State Share ACA
435.298	IMAA Federal Share ACA
435.367	Community Options Program
435.541	Supplemental Basic County
435.561	Base County Allocation
435.681	Base County Allocation - State Match
435.871	CLTS Other GPR
435.874	TPA CLTS Autism GPR
435.560100	Aging and Disability Resource Center
437.1008	Home Visiting Program
437.3561	Base County Allocation
437.3681	Base County Allocation - State Match
437.7502	Child Support Enforcement

	<u>Federal</u>	<u>State</u>
		<u>DHS</u> <u>All Others</u>
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 755,720</u>	<u>\$ 365,956</u> <u>\$ 100,000</u>

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, 2014

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, CPA
Paul G. Denis, Shareholder

5. Date of report

July 14, 2015

INDEPENDENT AUDITORS' REPORT ON STATE FINANCIAL REPORT FORM

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

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

In connection with our audit of the basic financial statements of Kenosha County, Wisconsin for the year ended December 31, 2014, we have also examined the 2014 Financial Report Form A required to be submitted to the Wisconsin Department of Revenue (WDR) by Wisconsin Administration Rule, Tax 16. The 2014 Financial Report Form A has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion the 2014 Financial Report Form A is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountants
Green Bay, Wisconsin
July 14, 2015