

KENOSHA COUNTY

Kenosha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2004

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KENOSHA COUNTY

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INDEPENDENT AUDITORS' REPORT

To the County Board of Supervisors
Kenosha County
Kenosha, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin, as of and for the year ended December 31, 2004, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kenosha County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Human Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

To the County Board of Supervisors
Kenosha County

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The management's discussion and analysis on pages 3 through 17 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Vreckow, Krause & Company, LLP

Madison, Wisconsin
May 17, 2005

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Kenosha County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2004.

USING THIS ANNUAL REPORT

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

Reporting the County as a Whole

The financial statements that present the County as a whole begin on page 19. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

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

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

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities (continued):

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

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

Reporting the County's Most Significant Funds

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

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

The governmental funds present separate columns for the major funds, including the General Fund, Human Services Fund, and Debt Service Fund. All other governmental activities including capital projects, library, housing authority, 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, and Disability Services.

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

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

Reporting the County's Most Significant Funds (continued)

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

The County as Trustee

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

THE COUNTY AS A WHOLE

Government-wide Financial Analysis

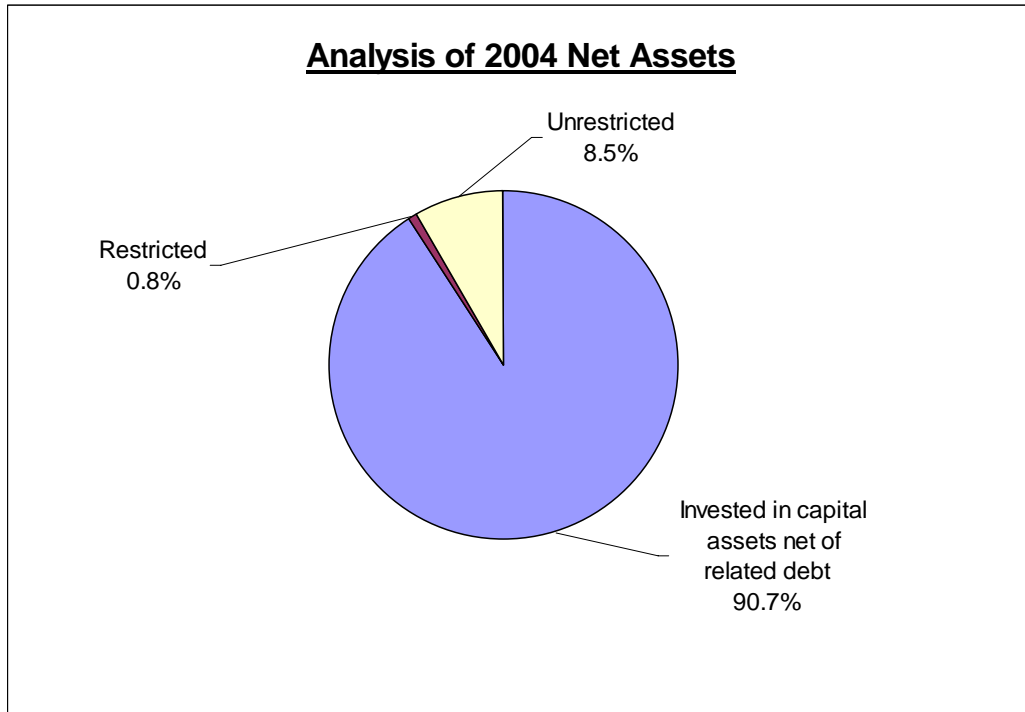
The condensed financial statements on the next two pages present the net assets of the County, and changes in net assets. These statements are presented with comparisons to 2003.

Net Assets may serve over time as a useful indicator of a government's financial position. In 2004, the County's assets exceeded liabilities by \$40,213,825. The largest portion (90.7 percent) reflects the County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted assets, which are subject to external restrictions on how they may be used, comprise 0.8 percent of the net assets. The prior year amount of restricted net assets has been restated to comply with GASB statement 46.

The remaining of the County's net assets (8.5 percent) is the category of unrestricted net assets which may be used to meet the County's ongoing obligations to citizens and creditors.

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS



KENOSHA COUNTY NET ASSETS As of December 31, 2004 (Rounded to Millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|-----------------|-----------------------------|-----------------|-----------------|-----------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Current and other assets | \$ 81.47 | \$ 79.02 | \$ 8.60 | \$ 7.83 | \$ 90.07 | \$ 86.85 |
| Capital assets | 106.55 | 108.16 | 17.44 | 18.76 | 123.99 | 126.92 |
| Total Assets | 188.02 | 187.18 | 26.04 | 26.59 | 214.06 | 213.77 |
| Long-term liabilities outstanding | 90.62 | 94.09 | 7.88 | 8.45 | 98.50 | 102.54 |
| Other liabilities | 68.39 | 68.22 | 6.07 | 6.42 | 74.46 | 74.64 |
| Total liabilities | 159.01 | 162.31 | 13.95 | 14.87 | 172.96 | 177.18 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 27.16 | 22.89 | 10.12 | 11.23 | 37.28 | 34.12 |
| Restricted | 0.34 | 0.35 | - | - | 0.34 | 0.35 |
| Unrestricted | 1.51 | 1.63 | 1.97 | 0.49 | 3.48 | 2.12 |
| Total Net Assets | <u>\$ 29.01</u> | <u>\$ 24.87</u> | <u>\$ 12.09</u> | <u>\$ 11.72</u> | <u>\$ 41.10</u> | <u>\$ 36.59</u> |

The County's total net assets increased by \$4.51 million. This was primarily due to the decrease in long term liabilities of the County through refinancing and payment of debt and less new debt issued for capital projects in 2004. Please refer to "The County's Funds" section of this report on page 11 for further discussion of long term debt. The other reason is due to the restatement of the capital assets and delinquent tax revenue. Please refer to note IV.I. on page 67.

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

The "Unrestricted" net assets in the governmental type column for 2004 includes carryovers of \$5.7 million which is designated for use in 2005 and is not available for general use. In the business-type column for 2004, the "Unrestricted" net assets includes \$0.8 million of carryovers designated for 2005.

**KENOSHA COUNTY
CHANGES IN NET ASSETS
Year Ended December 31, 2004
(Rounded to Millions)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|-----------------|-----------------------------|-----------------|-----------------|-----------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 6.90 | \$ 6.35 | \$ 15.22 | \$ 14.76 | \$ 22.12 | \$ 21.11 |
| Operating grants and contributions | 66.89 | 61.34 | 3.40 | 3.42 | 70.29 | 64.76 |
| Capital grants and contributions | 0.95 | 1.17 | 0.57 | 0.01 | 1.52 | 1.18 |
| General revenues: | | | | | | |
| Property taxes | 33.67 | 32.77 | 5.01 | 4.94 | 38.68 | 37.71 |
| Other taxes | 20.24 | 18.62 | - | - | 20.24 | 18.62 |
| Grants and contributions not restricted to specific programs | 3.99 | 4.63 | - | - | 3.99 | 4.63 |
| Other | 1.25 | 1.28 | - | 0.06 | 1.25 | 1.34 |
| Total revenues | 133.89 | 126.16 | 24.20 | 23.19 | 158.09 | 149.35 |
| Expenses: | | | | | | |
| General government | 18.27 | 20.13 | - | - | 18.27 | 20.13 |
| Health | 23.30 | 20.43 | - | - | 23.30 | 20.43 |
| Public works | 1.36 | 1.26 | - | - | 1.36 | 1.26 |
| Public safety | 33.13 | 33.80 | - | - | 33.13 | 33.80 |
| Social services | 45.63 | 44.82 | - | - | 45.63 | 44.82 |
| Education and recreation | 3.53 | 3.62 | - | - | 3.53 | 3.62 |
| Conservation and development | 1.59 | 2.03 | - | - | 1.59 | 2.03 |
| Interest on long-term debt | 4.69 | 4.39 | - | - | 4.69 | 4.39 |
| Nursing home | - | - | 10.45 | 10.99 | 10.45 | 10.99 |
| Highway | - | - | 8.27 | 8.56 | 8.27 | 8.56 |
| Golf Course | - | - | 3.03 | 3.42 | 3.03 | 3.42 |
| Total expenses | 131.50 | 130.48 | 21.75 | 22.97 | 153.25 | 153.45 |
| Increase in net assets before transfers | 2.39 | (4.32) | 2.45 | 0.22 | 4.84 | (4.10) |
| Transfers | 2.08 | 1.05 | (2.08) | (1.05) | - | - |
| Increase (decrease) in net assets | 4.47 | (3.27) | 0.37 | (0.83) | 4.84 | (4.10) |
| Net assets beginning of year (deficit) | 24.54 | 28.14 | 11.72 | 12.55 | 36.26 | 40.69 |
| Net assets end of year | <u>\$ 29.01</u> | <u>\$ 24.87</u> | <u>\$ 12.09</u> | <u>\$ 11.72</u> | <u>\$ 41.10</u> | <u>\$ 36.59</u> |

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

Revenue for governmental activities increased by \$7.7 million when compared to 2003. Key elements of this increase are as follows:

- increased sales tax revenue of \$700,000
- increased W-2 revenue of \$800,000
- increased federal inmate revenue of \$1.4 million
- increased state grants for disability services of \$1.9 million
- increased property tax of \$800,000
- increased land fill tipping fees \$300,000
- increased Aging Division Community Options revenue of \$600,000
- Health Division increased HUD and Bio-terrorism revenue of \$430,000

Expenditures for governmental activities increased slightly by \$1 million when compared to 2003. Key elements of this increase are as follows:

- pension costs decreased in 2004 due to the one-time charge for the unfunded actuarial liability of \$7.7 million in 2003
- increased grant-funded Human Services costs in Disability Services of \$2.4 million, primarily for the Community Options Program
- Disability Services mental illness costs increased by \$340,000
- increased health insurance cost of \$1.8 million
- all other personnel costs increased by \$1.5 million
- Health Division costs related to new HUD grant increased costs by \$300,000
- Aging Division Community Option Program costs increased by \$600,000

Revenue for the Business-type activities increased by only \$1 million in 2004 when compared to 2003. Key elements of this increase are as follows:

- Brookside operating revenue and grants \$806,656
- Highway Local Road Improvement grant revenue increased by \$566,341
- property taxes increased by \$98,305

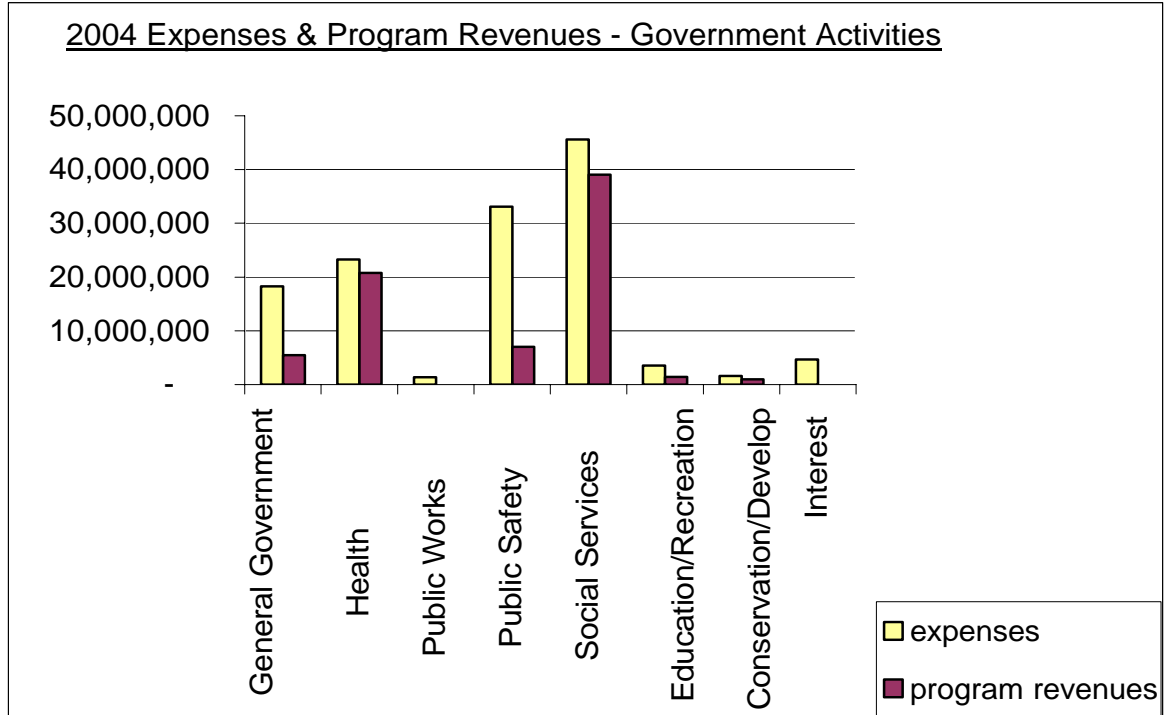
Expenses for Business-type activities decreased a net of \$1.2 million in 2004 when compared to 2003. Key elements of this decrease are as follows:

- decreased due to the one-time charge for the unfunded actuarial liability of \$2.1 million in 2003
- decreased Golf Course expenses by \$395,180
- decreased state and local highway work by \$475,517

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

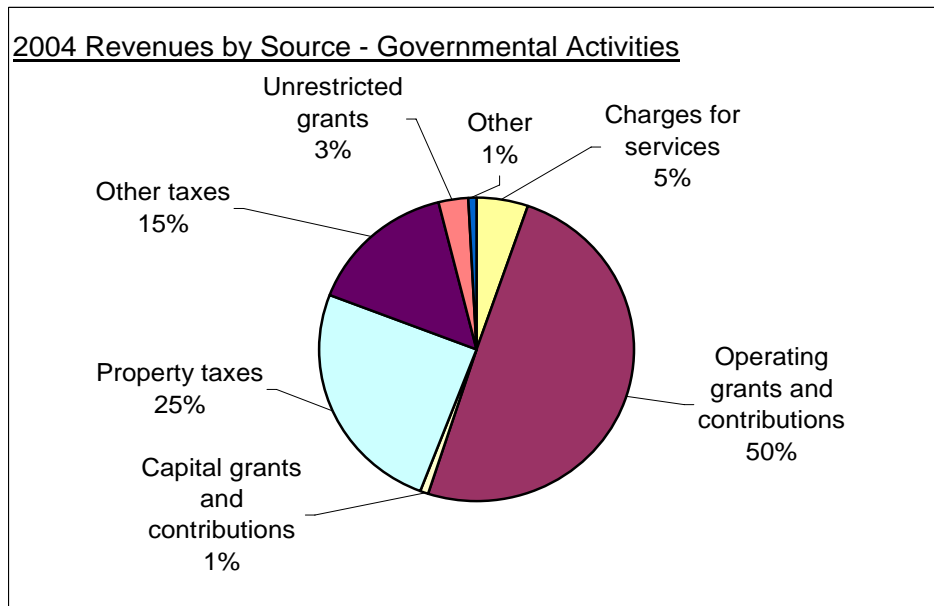
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for 2004.



REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

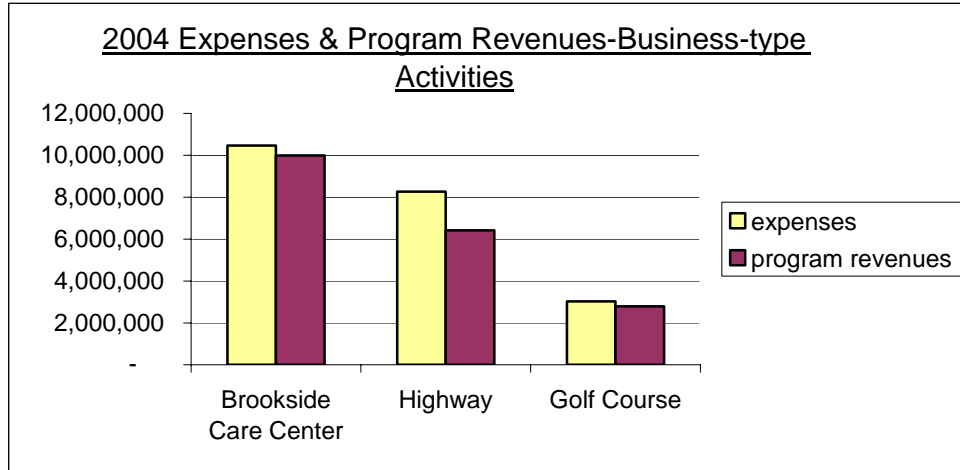
This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2004.



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

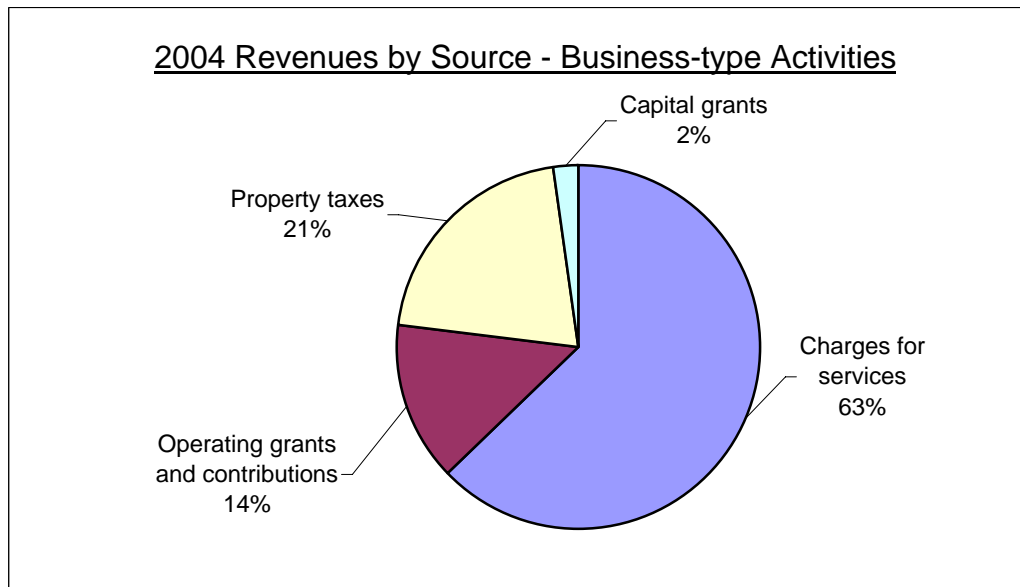
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2004.



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2004.



KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

THE COUNTY'S FUNDS

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

General Fund

The General Fund remained stable in 2004, with an increase in unreserved, undesignated fund balance over the 2003 balance of \$200,367. The unreserved, undesignated fund balance increased to \$10.6 million in 2004 compared to \$10.4 million in 2003. The unreserved, undesignated fund balance amount is significant, as this is the amount available for future expenditures if approved by the County Board. A summary of the primary elements for all funds resulting in the increase in unreserved undesignated fund balance in the General Fund is provided on page 13.

In 2004, the most significant event that impacted the General Fund was the adoption of two new fund balance policies:

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

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

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

- To maintain the fund balance of the General Fund at levels sufficient to protect the County's creditworthiness as well as its financial positions from unforeseeable emergencies.
- To ensure sufficient liquidity to provide for County obligations as they become due.
- To maintain the proper balance between maintaining a prudent level of reserves that is neither too low nor too high. The new policy requires that the County maintain 17% of General Fund expenditures as unreserved, undesignated fund balance in the General Fund. The County exceeded the 17% threshold by \$1.9 million at year-end 2004. See the summary on page 13 for an analysis of this.

In accord with this new policy, available balances within the General Fund in excess of 17% may be used for capital expense and one-time operating expense. Also, an amount not to exceed \$250,000 may be used for ongoing operational expense. In the 2005 budget, \$900,000 of funds from the General Fund were used to finance capital projects, \$110,000 was used to finance one-time studies, and \$250,000 was used to fund the History Center and the Kemper Center. The Kemper Center provides art and cultural programs.

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

Brookside Enterprise Fund

In 2004, the Brookside Fund had a surplus of \$2.4 million before transfers. \$1.087 million of this surplus was transferred to the General Fund, and relates to intergovernmental transfer revenue (IGT). The transfer of the IGT funds to the General Fund was planned as part of the adoption of the 2004 budget. The balance of the surplus relates to savings from increased Medicaid, Medicare, and private pay revenue. The Brookside Enterprise Fund is now non-lapsing, in accordance with a policy adopted by the County Board in 2005. \$1,017,075 of available and expendable cash balances that otherwise would have lapsed to the General Fund now remain in the Brookside Enterprise Fund. User fees have historically financed over 80% of the Brookside operation. Not lapsing these funds will permit the nursing home to utilize the user fee revenue for the purpose of funding its programs and operations, in accord with customary enterprise fund fiscal practices.

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

An amount not to exceed one-half of the available and expendable cash reserves may be used to fund Brookside operations. The County may lapse Brookside funds to the General Fund in the event that the General Fund drops below 17% of General Fund spending.

Sheriff's Department

The Sheriff's Department experienced a surplus of \$1,008,465 million in 2004. This occurred primarily due to a surplus in inmate housing revenue of \$1,174,087. The majority of this surplus was not lapsed to the General Fund undesignated, unreserved fund balance. This surplus was re-programmed to fund \$250,000 transferred to the County Detention capital projects fund, and \$75,000 to purchase equipment for the jail. Another \$350,000 is planned to partially finance the construction of a new law enforcement and dispatch center as part of the 2006 budget, subject to Executive and County Board approval. The remaining Sheriff's surplus of \$333,465 offsets the Sheriff's share of the deficits in health insurance and the vacancy adjustment (discussed later in this report).

Highway Enterprise Fund

The Highway Fund experienced a loss of \$916,873 in 2004. However, bonding of \$851,394 carried over from 2003 was used to fund roads which were expensed by the Highway Fund. In addition, this loss relates to non-cash accounting transactions such as depreciation, combined with a decrease in the amount borrowed to finance capital equipment and road construction. The remaining cash available to fund future expenditures in the Highway Fund at year-end 2004 was \$418,720. Of this amount, \$223,781 was lapsed to the Golf Course Enterprise Fund (see below). \$159,939 was lapsed to the General Fund. \$35,000 was a planned expenditure approved by the County Board in the 2004 budget to be used to fund a rail study. This amount was lapsed to the General Fund, and will be carried over to finance the County share of this study.

Golf Course Enterprise Fund

The Golf Course experienced a loss before transfers of \$240,401 in 2004. Because of other transactions impacting cash, the Fund had a negative cash position of \$72,824 and a need to fund capital outlay in 2005. To balance this deficit, \$223,781 was transferred from the Highway Fund. The Golf Course improved its position by decreasing expenses by \$395,182 and generating similar revenues as in 2003.

Health Insurance Internal Service Fund

The self-funded health Insurance program experienced a countywide budgetary loss in 2004 of \$652,261. Of this, \$422,778 impacted the General Fund. Because of favorable financial performance with regard to other aspects of the County funds, this loss will be absorbed within the County's funds. The \$941,861 health insurance self-insurance reserve was not charged for this loss, and will remain at \$941,861 for year end 2004.

Vacancy Adjustment

Kenosha County reduces its total budgeted personnel costs using a vacancy adjustment. Historically, the County has an employee turnover rate in excess of 2%. Therefore, it is not necessary to fund 100% of all budgeted positions. In 2004, the budgeted County vacancy adjustment was \$1,650,000, or 2.4% of total personnel costs. In 2004, countywide savings generated through vacancies was \$1,164,948, a deficit in its vacancy adjustment of \$485,052. However, if savings from vacancies are not transferred in from the Human Services funds and the Highway fund, the total deficit charged to the General Fund would be \$1,060,628. The County has historically budgeted the majority of the vacancy adjustment in the General Fund. The majority of the vacancy adjustment is not allocated by department throughout the budget. Year-end lapses from the Human Services funds and the Highway fund include savings generated from vacancies that are needed to make the General Fund whole.

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

In this respect, the majority of the funds lapsed in 2004 from the Human Services Fund (\$370,501) and the Highway fund (\$159,939) account for the non-General Fund share of vacancy savings needed to make the General Fund whole in 2004. As a result, the net vacancy adjustment deficit charged to the General Fund is \$530,188 (\$1,060,628 minus the lapse from Human Services (\$370,501) and Highway (\$159,939) funds).

Summary of 2004 Operations: Review of Major Elements Impacting the Undesignated, Unreserved Fund Balance in the General Fund

| | | |
|---|-------------------|--|
| 2003 undesignated reserves | \$ 10,420,292 | |
| 2004 activity affecting undesignated reserves: | | |
| Sales tax | 477,005 | - Surplus revenue in 2004 |
| Register of Deeds | 239,380 | - Real estate transfers revenue surplus |
| Treasurer | (76,528) | - Interest on investments net of tax payments on delinquencies |
| Health Insurance | (422,778) | - Impact on general fund only |
| Sheriff | 1,008,465 | - Total Sheriff surplus - inmate revenue surplus is \$1,174,087 |
| Sheriff | (250,000) | - Transfer sheriff surplus to jail construction project |
| Kemper Center | (100,000) | - General Fund reserves used in 2005 budget |
| Historical Society | (150,000) | - General Fund reserves used in 2005 budget |
| Capital outlay | (900,000) | - General Fund reserves used in 2005 budget |
| Studies | (110,000) | - General Fund reserves used in 2005 budget |
| Medical Examiner deficit | 60,246 | - Lapse \$60,246 from Human Services to cover deficit |
| Tipping fee surplus | 388,632 | - Increase in tonnage |
| Planning & Development revenue | 104,094 | - Sanitary fees, land use fees |
| Profit and loss on tax deeds | 157,367 | - Surplus revenue from sale of tax deed property |
| Safety building revenue | 59,531 | - Jail traffic fines |
| Sheriff | (75,000) | - Replace kitchen equipment |
| County Executive | (35,000) | - Rail study - lapse from Highway Fund |
| IGT surplus | 287,923 | - Brookside intergovernmental transfer revenue |
| Budgeted vacancy factor | (1,060,628) | - Vacancy adjustment impact w/o transfers from departments - net countywide is \$485,053 |
| Tax Delinquencies | 102,771 | - Total tax delinquencies decreased - certificates |
| All other accounts | (70,471) | |
| Undesignated reserves before lapsing | 10,055,301 | |
| plus: Highway fund lapse | 194,939 | - Includes \$35,000 for rail study |
| plus: Human Services fund lapse | 370,501 | |
| Total undesignated reserves after lapsing | 10,620,741 | |
| less: County Board requirement | 8,681,685 | |
| Amount in excess of requirement | 1,939,056 | |
| less: 2006 Kemper and History Center | 250,000 | |
| less: 2006 Capital (estimate) | 900,000 | |
| Available for Contingencies | <u>\$ 789,056</u> | |

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The first category includes amendments for carryover funds from the prior year. The carryover of these funds allows the County to complete projects previously authorized by the Board.
- The second category includes budget amendments done to reflect changes in intergovernmental aids and grants.
- The third category includes transfers the Board approved for certain increases in appropriations to prevent budget overruns. All of the transfers in this third category were done within budget.
- The fourth category includes transfers from the General Fund approved by the County Board. In 2004, there was one transfer from the General Fund. This budget amendment in the amount of \$30,000 was for the purpose of performing due diligence relative to the proposed casino. 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 27 for more detail.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2004 financial statements reflect the third year of growth of surplus in the General Fund. The trend began in 2002 when the County Board implemented a permanent budget reduction of \$1.1 million with the adoption of Resolution 27. This permanent reduction combined with increases in sales tax revenue and other revenues, a reduction in juvenile placement costs and new revenue from the Sheriff for housing federal inmates enabled the County to adopt its budgets without the use of accumulated surplus. 2003 was the first year since 1997 that the County did not use a significant amount of reserves to fund ongoing operating costs. The County has continued this practice with the adoption of the 2004 and 2005 budgets. As a result of not using reserves to fund operating costs, undesignated, unreserved fund balance in the general fund has grown from \$5.7 million in 2001 to \$8.1 in 2002, \$10.4 million in 2003, and \$10.6 million in 2004. In 2004, the County has established a policy to maintain an undesignated, unreserved fund balance in the general fund of 17% of general fund expense. The County has determined that it is not a prudent use of public funds to exceed the 17% benchmark by a significant amount. Therefore, the County will consider using surplus funds in excess of 17% to fund capital expenditures or one-time operating costs, in lieu of bonding or increasing tax levies.

At this time, there are certain known factors that may impact the financial statements. The County Board has adopted an advisory resolution relative to the 2006 budget. This resolution advises that the 2006 property tax levy shall increase in an amount not to exceed 3%. This limit includes the debt levy and the operating levy. It is estimated that the 2006 increase in the debt levy will be less than 3%. However, it is estimated that the increase in the operating levy will exceed the 3% advisory limit by about \$800,000. In order to achieve the 3% levy objective, in 2006 it will be necessary for the County to increase revenue or decrease spending by a combined total of approximately \$800,000. This 3% limit is advisory only. The County is presently \$4.6 million below the State mill rate cap.

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2004, the County had \$123.48 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

The major change in capital assets is a decrease in the Machinery and Equipment category due to the change in capitalization threshold from \$1,000 to \$5,000. This change resulted in the removal of over \$3 million in capital assets that were previously valued less than \$5,000. Land increased by \$500,000 due to the acquisition of the land to expand County facilities at the County Center. The increase in machinery and equipment primarily relates to the acquisition of computer equipment and vehicles of \$1.6 million. See Notes to the Financial Statements page 56 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------------|------------------------------------|------------------|-------------------------------------|-----------------|------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Construction in progress | \$ 0.02 | \$ - | \$ - | \$ - | \$ 0.02 | \$ - |
| Land | 15.55 | 15.08 | 0.34 | 0.34 | 15.89 | 15.42 |
| Land improvements | 8.76 | 8.87 | 4.18 | 4.18 | 12.94 | 13.05 |
| Buildings | 72.44 | 72.49 | 15.11 | 15.11 | 87.55 | 87.60 |
| Machinery & equipment | 11.33 | 13.00 | 15.69 | 15.79 | 27.02 | 28.79 |
| Infrastructure | 33.96 | 33.18 | - | - | 33.96 | 33.18 |
| Total capital assets | 142.06 | 142.62 | 35.32 | 35.42 | 177.38 | 178.04 |
| Less: accumulated depreciation | (35.51) | (34.37) | (17.88) | (16.66) | (53.39) | (51.03) |
| Total net capital assets | <u>\$ 106.55</u> | <u>\$ 108.25</u> | <u>\$ 17.44</u> | <u>\$ 18.76</u> | <u>\$ 123.99</u> | <u>\$ 127.01</u> |

Debt

At year-end, the County had \$102,484,154 in outstanding general obligation debt. That is a decrease of four percent as shown in the following table.

| | |
|---|-----------------------|
| Bonded debt outstanding at 12/31/03 | \$ 106,547,578 |
| Principal retired in 2004 | (7,948,424) |
| Principal retired - refunded | (12,925,000) |
| Debt issued for refunding | 13,710,000 |
| Eight year notes issued to fund 2004 capital projects | 3,100,000 |
| Debt outstanding at 12/31/04 | <u>\$ 102,484,154</u> |

New debt issued included two refinancings. New principal issued in excess of principal being refinanced was \$785,000. The refinancings were done for purposes of savings. However, had the additional principal not been issued as part the refinancings, total debt outstanding would have declined by \$4,848,424 or 5.0%.

Since 1999, the County has done six refinancings, excluding the pension refunding bonds. These refinancings are estimated to achieve savings exceeding \$2.4 million. In order to implement the six refinancings, it was necessary to issue additional principal of about \$2 million. Of this amount, a balance of about \$1.9 million remains at year end 2004.

KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

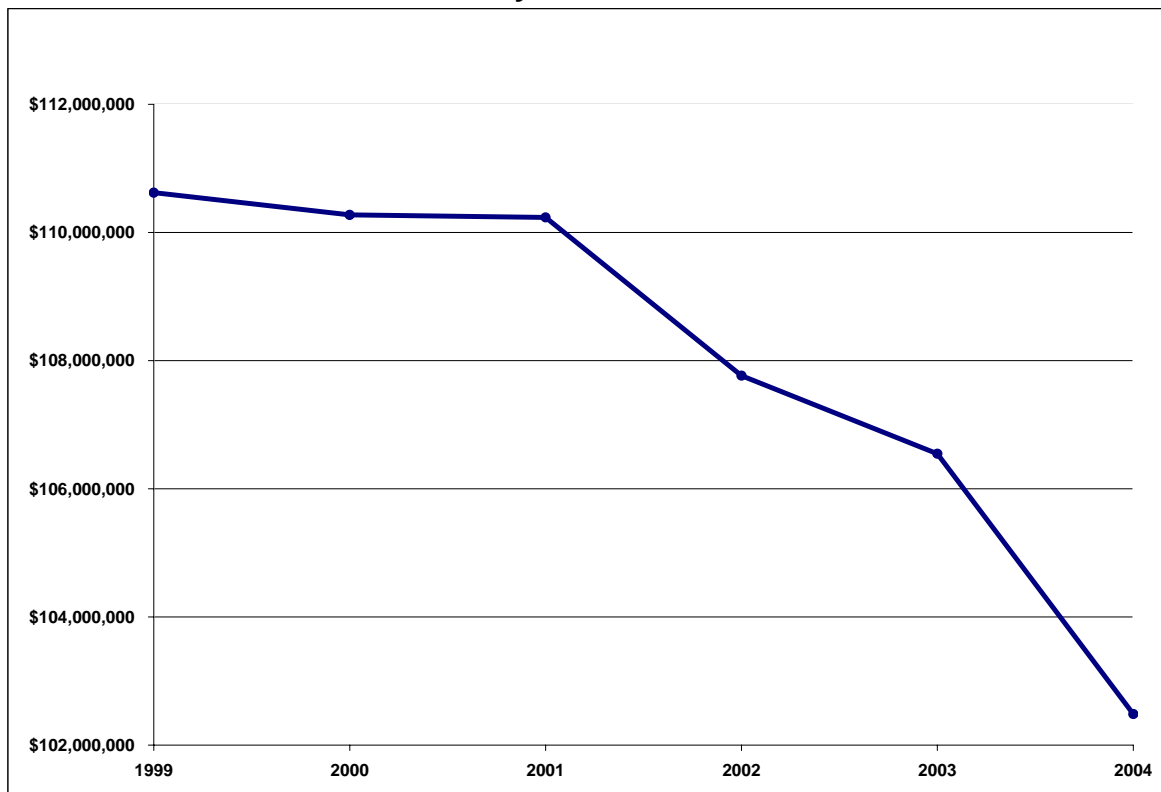
The County issued general obligation refunding bonds series 2004A in the amount of \$10,630,000. This refinancing was done for the purpose of savings, estimated to be \$274,877. The County was also able to restructure the escrow purchased for the refunding issue and save an additional \$92,057. Total outstanding principal refinanced was \$9,905,000.

The County also issued general obligation refunding bonds series 2004C in the amount of \$3,080,000. This refinancing was done for the purpose of savings, estimated to be \$345,559. Total outstanding principal refinanced was \$3,020,000.

The County received an increase in its Moody's credit rating in 2004. The rating received from Moody's increased from A 1 to Aa3. The County received an increase in its Standard and Poor's credit rating in 2003. The rating received from Standard & Poor's increased from AA- to AA.

Since 1999, the County Executive and the County Board have directed that the County engage in a debt reduction program. County debt hit its highest level of \$112.9 million in 1999, including the County's unfunded actuarial pension liability. As of year end 2004, total County general obligation debt was \$102.5 million. This amount includes \$1.9 million of additional principal issued to refinance debt for savings. Adjusting total County debt outstanding as of yearend 2004 for new principal issued for refinancings, and restating the resulting balance in inflation adjusted 1999 dollars, total debt outstanding at year-end 2004 would be \$88.5 million. This reflects a reduction over 1999 of \$24.4 million, or 21.6% over total County debt outstanding in 1999 in inflation adjusted dollars.

Kenosha County Debt Service Reduction



KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

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

See Notes to the Financial Statements page 61 for more detail about the County's debt.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

David M. Geertsens, CPA
Finance Director
Kenosha County, Wisconsin

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KENOSHA COUNTY
STATEMENT OF NET ASSETS
As of December 31, 2004

| ASSETS | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Cash and temporary cash investments | \$ 19,294,289 | \$ 2,062,206 | \$ 21,356,495 |
| Receivables | | | |
| Property taxes receivable | 44,131,931 | 4,773,680 | 48,905,611 |
| Delinquent taxes | 5,266,819 | - | 5,266,819 |
| Due from other governments | 8,774,544 | 508,162 | 9,282,706 |
| Miscellaneous | 2,517,361 | 785,239 | 3,302,600 |
| Prepaid expenses | 21,833 | - | 21,833 |
| Inventories | - | 466,773 | 466,773 |
| Restricted assets | | | |
| Cash | 314,592 | - | 314,592 |
| Deposit with Wisconsin Municipal Mutual Insurance Co. | 1,157,860 | - | 1,157,860 |
| Capital assets | | | |
| Land, improvements, and construction in progress | 22,258,661 | 338,258 | 22,596,919 |
| Other capital assets, net of depreciation | 84,286,916 | 17,102,509 | 101,389,425 |
| Total Capital Assets | <u>106,545,577</u> | <u>17,440,767</u> | <u>123,986,344</u> |
| Total Assets | <u>188,024,806</u> | <u>26,036,827</u> | <u>214,061,633</u> |
| LIABILITIES | | | |
| Accounts payable | 9,279,444 | 357,545 | 9,636,989 |
| Accrued compensation | 1,646,247 | - | 1,646,247 |
| Other liabilities | 1,253,244 | 95,542 | 1,348,786 |
| Special deposits | 2,846 | - | 2,846 |
| Due to other governments | 642,437 | 28,868 | 671,305 |
| Due to special districts | 946,391 | - | 946,391 |
| Unearned property tax revenue | 44,131,931 | 4,773,680 | 48,905,611 |
| Other unearned revenue | 1,491,593 | - | 1,491,593 |
| Long-term liabilities | | | |
| Due within one year | 9,000,034 | 810,740 | 9,810,774 |
| Due in more than one year | 90,617,979 | 7,881,466 | 98,499,445 |
| Total Liabilities | <u>159,012,146</u> | <u>13,947,841</u> | <u>172,959,987</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 27,166,966 | 10,114,427 | 37,281,393 |
| Restricted for: | | | |
| Specific purpose | 340,614 | - | 340,614 |
| Unrestricted | 1,505,080 | 1,974,559 | 3,479,639 |
| Total Net Assets | <u>\$ 29,012,660</u> | <u>\$ 12,088,986</u> | <u>\$ 41,101,646</u> |

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2004

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| PRIMARY GOVERNMENT: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | 18,263,235 | \$ 3,210,851 | \$ 2,259,745 | \$ - | \$ (12,792,639) | \$ - | \$ (12,792,639) |
| Health | 23,287,122 | 1,389,948 | 19,405,097 | - | (2,492,077) | - | (2,492,077) |
| Public works | 1,363,764 | - | - | - | (1,363,764) | - | (1,363,764) |
| Public safety | 33,134,285 | 1,366,127 | 5,606,253 | 52,812 | (26,109,093) | - | (26,109,093) |
| Social services | 45,629,491 | 19,641 | 38,962,136 | 54,460 | (6,593,254) | - | (6,593,254) |
| Education and recreation | 3,531,041 | 178,332 | 522,534 | 750,000 | (2,080,175) | - | (2,080,175) |
| Conservation and development | 1,592,484 | 736,429 | 137,207 | 94,746 | (624,102) | - | (624,102) |
| Interest on long-term debt | 4,693,700 | - | - | - | (4,693,700) | - | (4,693,700) |
| Total Governmental Activities | 131,495,122 | 6,901,328 | 66,892,972 | 952,018 | (56,748,804) | - | (56,748,804) |
| Business-type activities: | | | | | | | |
| Nursing home | 10,458,361 | 8,897,577 | 1,087,923 | - | - | (472,861) | (472,861) |
| Highway | 8,271,337 | 3,531,165 | 2,313,113 | 573,924 | - | (1,853,135) | (1,853,135) |
| Golf Course | 3,031,775 | 2,791,112 | - | - | - | (240,663) | (240,663) |
| Total Business-Type Activities | 21,761,473 | 15,219,854 | 3,401,036 | 573,924 | - | (2,566,659) | (2,566,659) |
| Total Primary Government | <u>\$ 153,256,595</u> | <u>\$ 22,121,182</u> | <u>\$ 70,294,008</u> | <u>\$ 1,525,942</u> | (56,748,804) | (2,566,659) | (59,315,463) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 33,674,697 | 5,011,101 | 38,685,798 |
| Property taxes, levied for debt service | | | | | 10,670,394 | - | 10,670,394 |
| Sales tax - County | | | | | 9,476,068 | - | 9,476,068 |
| Dog track admissions tax | | | | | 88,767 | - | 88,767 |
| Grants and contributions not restricted to specific programs | | | | | 3,991,426 | - | 3,991,426 |
| Unrestricted investment earnings | | | | | 678,247 | 990 | 679,237 |
| Miscellaneous | | | | | 566,942 | - | 566,942 |
| Transfers | | | | | 2,078,322 | (2,078,322) | - |
| Total general revenues, special items, and transfers | | | | | 61,224,863 | 2,933,769 | 64,158,632 |
| Change in net assets | | | | | 4,476,059 | 367,110 | 4,843,169 |
| Net assets-beginning (as restated) | | | | | 24,536,601 | 11,721,876 | 36,258,477 |
| Net assets-ending | | | | | \$ 29,012,660 | \$ 12,088,986 | \$ 41,101,646 |

See accompanying notes to the financial statements.

**KENOSHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004**

| | General | Human Services | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------|----------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 8,851,512 | \$ 978,072 | \$ 167,915 | \$ 5,312,539 | \$ 15,310,038 |
| Receivables | | | | | |
| Property taxes receivables | 22,342,950 | 8,534,703 | 11,206,928 | 2,047,350 | 44,131,931 |
| Delinquent taxes | 5,266,819 | - | - | - | 5,266,819 |
| Miscellaneous | 391,130 | 6,941 | - | 304,189 | 702,260 |
| Due from other governments | 2,736,056 | 4,072,677 | - | 1,952,327 | 8,761,060 |
| Due from other funds | 2,240,211 | - | - | - | 2,240,211 |
| Prepaid items | 20,385 | 1,448 | - | - | 21,833 |
| Loans receivable | - | - | - | 1,667,298 | 1,667,298 |
| TOTAL ASSETS | \$ 41,849,063 | \$ 13,593,841 | \$ 11,374,843 | \$ 11,283,703 | \$ 78,101,450 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Vouchers payable | \$ 937,729 | \$ 3,336,119 | \$ - | \$ 1,225,438 | \$ 5,499,286 |
| Accrued compensation | 1,646,247 | - | - | - | 1,646,247 |
| Other liabilities | - | - | 6,206 | - | 6,206 |
| Special deposits | 9,251 | 2,846 | - | - | 12,097 |
| Due to other governments | 1,204,683 | 269,501 | - | 114,643 | 1,588,827 |
| Due to other funds | - | - | - | 735,475 | 735,475 |
| Deferred property tax revenue | 22,342,950 | 8,534,703 | 11,206,928 | 2,047,350 | 44,131,931 |
| Other deferred revenue | 940,187 | 1,057,772 | - | 2,048,205 | 4,046,164 |
| Total Liabilities | 27,081,047 | 13,200,941 | 11,213,134 | 6,171,111 | 57,666,233 |
| Fund Balance | | | | | |
| Reserved for delinquent tax certificate receivables | 3,262,907 | - | - | - | 3,262,907 |
| Reserved for encumbrances | 173,107 | 299,380 | - | 123,389 | 595,876 |
| Reserved for prepaid items | 20,385 | - | - | - | 20,385 |
| Reserved for debt service | - | - | 161,709 | - | 161,709 |
| Unreserved, reported in: | | | | | |
| General Fund, designated | 690,876 | - | - | - | 690,876 |
| General Fund, undesignated | 10,620,741 | - | - | - | 10,620,741 |
| Special Revenue Funds, designated | - | 93,520 | - | 400,818 | 494,338 |
| Special Revenue Funds, undesignated | - | - | - | 32,261 | 32,261 |
| Capital Projects Funds, designated | - | - | - | 4,556,128 | 4,556,128 |
| Capital Projects Funds, undesignated (deficit) | - | - | - | (4) | (4) |
| Total Fund Balances | 14,768,016 | 392,900 | 161,709 | 5,112,592 | 20,435,217 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 41,849,063 | \$ 13,593,841 | \$ 11,374,843 | \$ 11,283,703 | \$ 78,101,450 |

See accompanying notes to the financial statements.

KENOSHA COUNTY
Reconciliation of the Governmental Fund Balance Sheet
and the Statement of Net Assets
As of December 31, 2004

| | |
|--|-----------------------------|
| Fund Balance - Total Governmental Funds | \$ 20,435,217 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 99,529,100 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. See Note II.A. | (94,814,830) |
| Interest expense is not accrued in the governmental funds | (1,175,831) |
| Proceeds of loans receivable collected are recorded as revenue in government-wide not as deferred revenue. | 1,667,298 |
| Unavailable delinquent tax receivable is recorded as revenue in government-wide not as deferred revenue. | 887,821 |
| 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>2,483,885</u> |
| Total Net Assets - Governmental Activities | <u><u>\$ 29,012,660</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, 2004

| | General | Human Services | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-------------------|-------------------|-------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 32,814,721 | \$ 7,679,118 | \$ 10,670,394 | \$ 2,792,545 | \$ 53,956,778 |
| Licenses and permits | 421,187 | - | - | 305,206 | 726,393 |
| Intergovernmental revenues | 8,481,645 | 45,645,025 | - | 12,891,896 | 67,018,566 |
| Charges for services | 6,696,617 | 14,294 | - | 1,607,624 | 8,318,535 |
| Fines, forfeits & penalties | 1,354,397 | - | - | - | 1,354,397 |
| Investment income | 493,033 | - | 109,520 | 13,883 | 616,436 |
| Miscellaneous income | 826,738 | 44,845 | - | 1,047,309 | 1,918,892 |
| Total Revenues | <u>51,088,338</u> | <u>53,383,282</u> | <u>10,779,914</u> | <u>18,658,463</u> | <u>133,909,997</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 15,465,863 | - | - | 86,845 | 15,552,708 |
| Health | 4,491 | 18,508,362 | - | 4,665,050 | 23,177,903 |
| Public safety | 32,100,897 | - | - | - | 32,100,897 |
| Social services | 246,744 | 34,242,041 | - | 11,196,369 | 45,685,154 |
| Education and recreation | 1,610,946 | - | - | 1,671,411 | 3,282,357 |
| Conservation and development | 1,510,284 | - | - | 322,290 | 1,832,574 |
| Capital Outlay | 129,513 | - | - | 2,258,456 | 2,387,969 |
| Debt Service | | | | | |
| Principal retirement | - | - | 6,686,198 | - | 6,686,198 |
| Interest, fiscal charges and debt issuance costs | - | - | 3,742,961 | 48,675 | 3,791,636 |
| Total Expenditures | <u>51,068,738</u> | <u>52,750,403</u> | <u>10,429,159</u> | <u>20,249,096</u> | <u>134,497,396</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, 2004

| | <u>General</u> | <u>Human Services</u> | <u>Debt Service</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------|--------------------------|--------------------------|--|---|
| Excess (deficiency) of revenues over expenditures | <u>19,600</u> | <u>632,879</u> | <u>350,755</u> | <u>(1,590,633)</u> | <u>(587,399)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| General obligation debt issued | - | - | 10,630,000 | 2,890,000 | 13,520,000 |
| Payment to escrow agent | - | - | (10,787,346) | - | (10,787,346) |
| Transfers from other funds | 1,784,609 | - | - | 2,116,660 | 3,901,269 |
| Transfers to other funds | <u>(1,150,000)</u> | <u>(643,407)</u> | <u>(200,190)</u> | <u>(2,222,340)</u> | <u>(4,215,937)</u> |
| | <u>634,609</u> | <u>(643,407)</u> | <u>(357,536)</u> | <u>2,784,320</u> | <u>2,417,986</u> |
| Net change in fund balance | 654,209 | (10,528) | (6,781) | 1,193,687 | 1,830,587 |
| FUND BALANCES | | | | | |
| Beginning of year | <u>14,113,807</u> | <u>403,428</u> | <u>168,490</u> | <u>3,918,905</u> | <u>18,604,630</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$ 14,768,016</u></u> | <u><u>\$ 392,900</u></u> | <u><u>\$ 161,709</u></u> | <u><u>\$ 5,112,592</u></u> | <u><u>\$ 20,435,217</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, 2004

| | | |
|--|----|-----------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 1,830,587 |
|--|----|-----------|

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 (\$2,387,969), infrastructure (\$2,192,800), less capital outlay that falls below the threshold (\$89,077) exceeds depreciation (\$4,272,895) in the current period.

| | | |
|--|--|---------|
| | | 218,797 |
|--|--|---------|

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

| | | |
|--|--|-----------|
| | | (367,355) |
|--|--|-----------|

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

| | | |
|--|--|---------|
| | | 147,486 |
|--|--|---------|

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

| | | |
|--|--|-----------|
| | | 3,152,759 |
|--|--|-----------|

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.

| | | |
|--|--|-----------|
| | | (784,057) |
|--|--|-----------|

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

| | | |
|--|--|----------|
| | | (46,916) |
|--|--|----------|

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

| | | |
|--|--|---------|
| | | 324,758 |
|--|--|---------|

| | | |
|---|----|-----------|
| Change in net assets of governmental activities | \$ | 4,476,059 |
|---|----|-----------|

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|------------------|---------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 31,943,612 | \$ 31,962,356 | \$ 32,814,721 | \$ 852,365 |
| Licenses and permits | 324,650 | 324,650 | 421,187 | 96,537 |
| Intergovernmental revenues | 8,876,121 | 10,126,944 | 8,481,645 | (1,645,299) |
| Charges for services | 4,620,755 | 5,192,835 | 6,696,617 | 1,503,782 |
| Fines, forfeits & penalties | 1,367,045 | 1,367,045 | 1,354,397 | (12,648) |
| Investment income | 840,000 | 840,000 | 493,033 | (346,967) |
| Miscellaneous income | 723,003 | 732,003 | 826,738 | 94,735 |
| Carryovers | 197,243 | 249,736 | - | (249,736) |
| Total revenues | 48,892,429 | 50,795,569 | 51,088,338 | 292,769 |
| Expenditures | | | | |
| Current | | | | |
| General government | 13,817,594 | 14,486,063 | 15,465,863 | (979,800) |
| Health | 4,491 | 4,491 | 4,491 | - |
| Public safety | 31,320,401 | 33,034,584 | 32,100,897 | 933,687 |
| Social services | 250,511 | 253,009 | 246,744 | 6,265 |
| Education/recreation | 1,788,114 | 1,867,581 | 1,610,946 | 256,635 |
| Conservation & development | 1,698,218 | 1,739,829 | 1,510,284 | 229,545 |
| Capital outlay | 13,100 | 142,054 | 129,513 | 12,541 |
| Total expenditures | 48,892,429 | 51,527,611 | 51,068,738 | 458,873 |
| Excess of revenues over expenditures | - | (732,042) | 19,600 | 751,642 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 1,784,609 | 1,784,609 | - |
| Transfers out | - | (1,150,000) | (1,150,000) | - |
| Total other financing sources (uses) | - | 634,609 | 634,609 | - |
| Net change in fund balances | - | (97,433) | 654,209 | 751,642 |
| Fund balances - beginning | 14,113,807 | 14,113,807 | 14,113,807 | - |
| Fund balances - ending | \$ 14,113,807 | \$ 14,016,374 | \$ 14,768,016 | \$ 751,642 |

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, 2004

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------|-------------------|---------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 7,679,118 | \$ 7,679,118 | \$ 7,679,118 | \$ - |
| Intergovernmental revenues | 42,270,725 | 48,136,297 | 45,645,025 | (2,491,272) |
| Charges for services | 29,000 | 29,000 | 14,294 | (14,706) |
| Miscellaneous income | - | - | 44,845 | 44,845 |
| Total revenues | <u>49,978,843</u> | <u>55,844,415</u> | <u>53,383,282</u> | <u>(2,461,133)</u> |
| Expenditures | | | | |
| Current | | | | |
| Health | 16,551,382 | 18,509,580 | 18,508,362 | 1,218 |
| Social services | 33,427,461 | 37,713,410 | 34,242,041 | 3,471,369 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>49,978,843</u> | <u>56,222,990</u> | <u>52,750,403</u> | <u>3,472,587</u> |
| Excess of revenues over expenditures | <u>-</u> | <u>(378,575)</u> | <u>632,879</u> | <u>1,011,454</u> |
| Other Financing (Uses) | | | | |
| Transfers out | - | (643,407) | (643,407) | - |
| Total other financing uses | <u>-</u> | <u>(643,407)</u> | <u>(643,407)</u> | <u>-</u> |
| Net change in fund balances | <u>-</u> | <u>(1,021,982)</u> | <u>(10,528)</u> | <u>1,011,454</u> |
| Fund balances - beginning | 403,428 | 403,428 | 403,428 | - |
| Fund balances - ending (deficit) | <u>\$ 403,428</u> | <u>\$ (618,554)</u> | <u>\$ 392,900</u> | <u>\$ 1,011,454</u> |

See accompanying notes to the financial statements.

**KENOSHA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2004**

| | Business-type Activities | | | | Governmental Activities |
|---|--------------------------|----------------------|---------------------|----------------------|-------------------------|
| | Brookside Care Center | Highway | Golf Course | Totals | Internal Service |
| ASSETS | | | | | |
| Cash and investments | \$ 1,333,435 | \$ 577,814 | \$ 150,957 | \$ 2,062,206 | \$ 3,984,251 |
| Accounts receivable | 662,994 | 119,505 | 2,740 | 785,239 | 147,802 |
| Property taxes receivable | 2,515,850 | 2,257,830 | - | 4,773,680 | - |
| Due from other governments | - | 503,310 | 4,852 | 508,162 | 13,485 |
| Inventories | 37,676 | 415,811 | 13,286 | 466,773 | - |
| Restricted cash and investments | - | - | - | - | 314,592 |
| Deposit in WMMIC | - | - | - | - | 1,157,860 |
| Land, buildings and improvements | 5,294,955 | 8,352,779 | 5,987,383 | 19,635,117 | 7,905,629 |
| Machinery and equipment | 4,091,044 | 10,073,587 | 1,524,959 | 15,689,590 | 82,132 |
| Accumulated depreciation | (3,845,786) | (10,434,570) | (3,603,584) | (17,883,940) | (971,284) |
| Total Assets | \$ 10,090,168 | \$ 11,866,066 | \$ 4,080,593 | \$ 26,036,827 | \$ 12,634,467 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 97,648 | \$ 249,157 | \$ 10,740 | \$ 357,545 | \$ 742,719 |
| Claims payable | - | - | - | - | 3,053,276 |
| Due to other funds | - | - | - | - | 1,504,736 |
| Due to other governments | 1,671 | 10,095 | 17,102 | 28,868 | - |
| Other liabilities | 95,542 | - | - | 95,542 | 46,120 |
| Current portion of long-term debt payable | 551,602 | 21,059 | 238,079 | 810,740 | 546,081 |
| Deferred property tax revenue | 2,515,850 | 2,257,830 | - | 4,773,680 | - |
| Other deferred revenue | - | - | - | - | 548 |
| General obligation debt payable | 5,498,176 | 331,900 | 2,903,307 | 8,733,383 | 4,257,102 |
| Unamortized discount on debt | (397,399) | - | (454,518) | (851,917) | - |
| Total Liabilities | 8,363,090 | 2,870,041 | 2,714,710 | 13,947,841 | 10,150,582 |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 312,612 | 8,518,539 | 1,283,276 | 10,114,427 | 2,717,447 |
| Unrestricted (deficit) | 1,414,466 | 477,486 | 82,607 | 1,974,559 | (233,562) |
| Total Net Assets | \$ 1,727,078 | \$ 8,996,025 | \$ 1,365,883 | \$ 12,088,986 | \$ 2,483,885 |

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2004

| | Business-type Activities | | | | Governmental Activities |
|--|--------------------------|--------------|----------------|---------------|-------------------------|
| | Brookside Care Center | Highway | Golf Course | Totals | Internal Service |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 8,897,577 | \$ 3,531,165 | \$ 2,791,112 | \$ 15,219,854 | \$ 16,674,326 |
| Total operating revenues | 8,897,577 | 3,531,165 | 2,791,112 | 15,219,854 | 16,674,326 |
| OPERATING EXPENSES | | | | | |
| Operations and maintenance | 8,987,488 | 8,677,007 | 2,482,046 | 20,146,541 | 16,049,072 |
| General and administrative | 761,426 | 842,017 | - | 1,603,443 | - |
| Depreciation and amortization | 393,868 | 945,113 | 305,067 | 1,644,048 | 450,298 |
| Total operating expense | 10,142,782 | 10,464,137 | 2,787,113 | 23,394,032 | 16,499,370 |
| Operating income (loss) | (1,245,205) | (6,932,972) | 3,999 | (8,174,178) | 174,956 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| General property taxes | 2,860,659 | 2,150,442 | - | 5,011,101 | - |
| Intergovernmental grants | 1,087,923 | 2,887,037 | - | 3,974,960 | - |
| Investment income | 728 | - | 262 | 990 | 126,430 |
| Amortization of debt discount and loss on refinancing | (52,587) | - | (64,753) | (117,340) | - |
| Interest and fiscal charges | (262,992) | - | (179,909) | (442,901) | (176,818) |
| Total non-operating revenues (expenses) | 3,633,731 | 5,037,479 | (244,400) | 8,426,810 | (50,388) |
| Income (loss) before transfers | 2,388,526 | (1,895,493) | (240,401) | 252,632 | 124,568 |
| TRANSFERS | | | | | |
| Transfers in | - | 1,397,340 | 223,781 | 1,621,121 | 200,190 |
| Transfers out | (1,087,923) | (418,720) | - | (1,506,643) | - |
| Total transfers | (1,087,923) | 978,620 | 223,781 | 114,478 | 200,190 |
| Change in net assets | 1,300,603 | (916,873) | (16,620) | 367,110 | 324,758 |
| Total net assets at the beginning of year | 426,475 | 9,912,898 | 1,382,503 | 11,721,876 | 2,159,127 |
| Total net assets at end of year | \$ 1,727,078 | \$ 8,996,025 | \$ 1,365,883 | \$ 12,088,986 | \$ 2,483,885 |

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, 2004

| | Business-type Activities | | | | Governmental Activities |
|---|--------------------------|--------------|----------------|---------------|-------------------------|
| | Brookside Care Center | Highway | Golf Course | Totals | Internal Service |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Received from customers | \$ 9,559,638 | \$ 3,639,475 | \$ 2,785,171 | \$ 15,984,284 | \$ 16,724,634 |
| Paid to suppliers and employees for goods and services | (10,401,470) | (9,770,324) | (2,486,225) | (22,658,019) | (16,419,271) |
| Cash Flows from Operating Activities | (841,832) | (6,130,849) | 298,946 | (6,673,735) | 305,363 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| General property taxes | 2,860,659 | 2,150,442 | - | 5,011,101 | - |
| Intergovernmental grants | 1,087,923 | 2,887,037 | - | 3,974,960 | - |
| Transfers | (1,087,923) | 978,620 | 223,781 | 114,478 | 200,190 |
| Cash Flows from Noncapital Financing Activities | 2,860,659 | 6,016,099 | 223,781 | 9,100,539 | 200,190 |
| CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES | | | | | |
| Debt retired | (520,000) | - | (3,220,000) | (3,740,000) | (542,226) |
| Interest paid | (262,992) | - | (179,909) | (442,901) | (176,818) |
| Debt issued | - | - | 3,027,877 | 3,027,877 | 210,000 |
| Acquisition and construction of capital assets | (82,310) | (173,793) | - | (256,103) | (248,773) |
| Cash Flows from Capital and Financing Activities | (865,302) | (173,793) | (372,032) | (1,411,127) | (757,817) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Change in restricted cash | - | - | - | - | 3,145 |
| Investment income | 728 | - | 262 | 990 | 126,430 |
| Cash Flows from Investing Activities | 728 | - | 262 | 990 | 129,575 |
| Net Change in Cash and Cash Equivalents | 1,154,253 | (288,543) | 150,957 | 1,016,667 | (122,689) |
| Cash and Cash Equivalents - Beginning of Year | 179,182 | 866,357 | - | 1,045,539 | 4,106,940 |
| Cash and Cash Equivalents - End of Year | \$ 1,333,435 | \$ 577,814 | \$ 150,957 | \$ 2,062,206 | \$ 3,984,251 |

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2004

| | Business-type Activities | | | | Governmental Activities |
|---|--------------------------|-----------------------|-------------------|-----------------------|-------------------------|
| | Brookside Care Center | Highway | Golf Course | Totals | Internal Service |
| RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating Income (Loss) | \$ (1,245,205) | \$ (6,932,972) | \$ 3,999 | \$ (8,174,178) | \$ 174,956 |
| Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities: | | | | | |
| Depreciation expense and amortization | 393,868 | 945,113 | 305,067 | 1,644,048 | 450,298 |
| Changes in assets and liabilities: | | | | | |
| Accounts receivable | 505,961 | (123,662) | (1,088) | 381,211 | 22,236 |
| Due from other governments | 156,100 | 231,972 | (4,852) | 383,220 | - |
| Inventories | (1,422) | (159,129) | (2,723) | (163,274) | - |
| Prepaid items | - | - | - | - | 28,072 |
| Accounts payable | (2,923) | 133,581 | (17,228) | 113,430 | (480,062) |
| Due to other governments | - | - | 17,102 | 17,102 | - |
| Due to other funds | (651,896) | - | (1,331) | (653,227) | 109,863 |
| Other current liabilities | 3,685 | (225,752) | - | (222,067) | - |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ (841,832)</u> | <u>\$ (6,130,849)</u> | <u>\$ 298,946</u> | <u>\$ (6,673,735)</u> | <u>\$ 305,363</u> |

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ASSETS & LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
December 31, 2004

ASSETS

| | |
|-------------------------------------|-------------------------|
| Cash and temporary cash investments | \$ 4,263,285 |
| Miscellaneous receivables | <u>282,103</u> |
| Total Assets | <u><u>4,545,388</u></u> |

LIABILITIES

| | |
|-------------------|----------------------------|
| Other liabilities | <u>4,545,388</u> |
| Total Liabilities | <u><u>\$ 4,545,388</u></u> |

See accompanying notes to the financial statements.

KENOSHA COUNTY

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KENOSHA COUNTY

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KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of Kenosha County. The reporting entity for the County consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate tax exempt organization should be reported as a component unit of a reporting entity if all the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents, (2) the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the separate organization, (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to or has the ability to otherwise access are significant to that primary government. This report does not contain any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County allocates indirect expenses to functions in the Statement of Activities by using a cost allocation plan. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

Fund Financial Statements

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

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

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

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

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

The County reports the following major governmental funds:

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

Fund Financial Statements (cont.)

The County reports the following major enterprise funds:

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

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

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

Division of Aging
Housing Authority
Health Department

Federated Library System
Geographic Information Systems

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

County Detention Center
Parkland Development
Parking Structure
Jail Expansion

Courthouse Security
Safety Building Remodeling
Other Capital Projects

- The County has no non-major enterprise funds.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

Fund Financial Statements (cont.)

In addition, the County reports the following fund types:

- Internal Service Funds - used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis. These funds consist of:
 - Human Services Building Workers Compensation
 - Health Insurance General Liability Insurance
- Agency Funds - used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. These funds consist of the following:

Agency Funds:

Clerk of Courts
Child Support
Social Services
Other Agency Funds

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

Government-Wide Financial Statements

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

Fund Financial Statements

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

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

Fund Financial Statements (cont.)

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

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

The enterprise funds have elected to follow all pronouncements of the Governmental Accounting Standards Board and have elected not to follow Financial Accounting Standards Board pronouncements issued before November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

1. Deposits and Investments (cont.)

Investment of County funds is restricted by state statutes. Available investments are limited to:

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2004 the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

2. Receivables

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

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

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

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

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

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

Property tax calendar – 2004 tax roll:

| | |
|---|------------------|
| Lien date and levy date | December 2004 |
| Tax bills mailed | December 2004 |
| Payment in full, or | January 31, 2005 |
| First installment due | January 31, 2005 |
| Second installment due | July 31, 2005 |
| Personal property taxes in full | January 31, 2005 |
| Tax sale – 2004 delinquent real estate taxes | October 2007 |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

2. Receivables (cont.)

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

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

5. Capital Assets

Government-Wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and infrastructure assets, and an estimated useful life based on the asset type. All capital assets are valued at historical cost, or estimated historical cost, if actual amounts are unavailable based on the amount provided by the appraisal firm retained by the County. Donated fixed assets are recorded at their estimated fair value at the date of donation.

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

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

5. Capital Assets (cont.)

Fund Financial Statements

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

6. Other Assets

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

7. Compensated Absences

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

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

Accumulated liabilities at December 31, 2004 are determined on the basis of current salary rates and salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

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

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

The County does not engage in conduit debt transactions.

9. Claims and Judgments

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

10. Equity Classifications

Government-Wide Financial Statements

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

10. Equity Classifications (cont.)

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

Fund Financial Statements

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities applicable to the County’s governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities.” All liabilities, both current and long-term, are reported in the statement of net assets. Following are details of these differences:

| | |
|---|---------------------------------|
| Bonds and notes payable | \$ 88,975,971 |
| Vacation/casual day accrual | 2,755,529 |
| Post retirement health insurance benefits | 3,571,914 |
| Unamortized debt discount and issue costs | <u>(488,584)</u> |
| Combined adjustment for long-term liabilities | <u><u>\$ 94,817,830</u></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 | \$ 1,526,466 |
| Health Insurance | 941,861 |
| Workers Compensation | <u>15,558</u> |
| Total | <u><u>\$ 2,483,885</u></u> |

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$3,152,759 difference are as follows:

| | |
|--|---------------------|
| Debt issued or incurred: | |
| Issuance of general obligation bonds | \$ (13,520,000) |
| Less discounts, premium and issuance costs | 116,897 |
| Amortization expense | (35,336) |
| Principal repayments: | |
| General obligation debt | <u>16,591,198</u> |
| Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ 3,152,759</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 \$784,057 difference are as follows:

| | |
|--|---------------------|
| Vacation/casual day accrual | \$ (301,074) |
| Post retirement health insurance benefits | (558,522) |
| Accrued interest | <u>75,539</u> |
| Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ (784,057)</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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. Supplemental appropriations during the year were:

| | |
|-----------------------|--------------|
| General Fund | \$ 2,635,182 |
| Human Services Fund | 6,244,147 |
| Special Revenue Fund | 1,353,854 |
| Debt Service Fund | 68,222 |
| Capital Projects Fund | 5,321,554 |

The 2004 adopted budget appropriated \$14,184,129 for health/dental costs. Actual expenditures for health/dental for the year were \$14,830,289. This loss of \$646,160 was allocated to the County departments.

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

| | |
|-----------------------|------------|
| General Fund | \$ 637,512 |
| Human Services Fund | 93,520 |
| Special Revenue Fund | 400,818 |
| Capital Projects Fund | 4,556,124 |
| Brookside Care Center | 206,800 |
| Highway | 524,368 |
| Golf Course Fund | 98,154 |
| Internal Service Fund | 4,178 |

B. GOVERNMENTAL FUNDS - EXCESS EXPENDITURES OVER APPROPRIATIONS

The County controls expenditures at the business unit level. There were no expenditure line item accounts that experienced expenditures which exceeded appropriations. The detail of those items can be found in the County's year end budget to actual report. The general fund budget general government appropriation includes a negative amount of \$1,650,000 which is budgeted for vacancies. However, the actual savings are experienced and recorded in all funds. These savings have been lapsed back to the general fund at year end but do not appear in the specific line item to offset the budgeted vacancy amount. Therefore, the general government line appears to have expenditures which exceeded appropriations even though it does not.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

C. DEFICIT BALANCES

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

As of December 31, 2004, the following fund held a deficit balance:

| <u>Fund</u> | <u>Amount</u> | <u>Reason</u> |
|--|---------------|---|
| Capital Projects Fund Courthouse Security | \$4 | Immaterial overspending that will be corrected in 2005. |

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

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

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

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

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

The County is in compliance with the limitation.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

| | Category | | | Bank | Book |
|--|--------------|--------------|------------|--------------|----------------------|
| | 1 | 2 | 3 | Balance | Balance |
| Local and area banks | \$ 807,998 | \$ - | \$ 161,581 | \$ 969,579 | \$ (1,490,552) |
| Repurchase agreements | - | 2,678,505 | - | 2,678,505 | 2,678,505 |
| U.S. Government securities | 5,970,609 | - | - | 5,970,609 | 5,970,609 |
| Subtotals | \$ 6,778,607 | \$ 2,678,505 | \$ 161,581 | \$ 9,618,693 | \$ 7,158,562 |
| Local Government Investment Pool | | | | | 1,267,681 |
| Money Market funds | | | | | 17,183,657 |
| Petty cash | | | | | 9,880 |
| Deposit with WMMIC | | | | | 314,592 |
| Total Deposits and Investments | | | | | \$ 25,934,372 |
| Per Statement of Net Assets - cash and temporary cash investments | | | | | 21,356,495 |
| Per Statement of Net Assets - restricted cash | | | | | 314,592 |
| Per Statement of Assets and Liabilities - Fiduciary Funds - Agency Funds | | | | | 4,263,285 |
| | | | | | \$ 25,934,372 |

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

A. DEPOSITS AND INVESTMENTS (cont.)

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in uninsured balances during the year significantly exceeding uninsured amounts at year end.

The County has an agreement with Johnson Bank for collateralization of its deposits and investments. The bank has pledged \$6,732,753 of various governmental securities as collateralization for the County's deposits.

B. RECEIVABLES

Revenues of the County are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period were \$0.

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.

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

| | <u>Unavailable</u> | <u>Unearned</u> |
|--|-------------------------|--------------------------|
| Property taxes receivable | \$ - | \$ 44,131,931 |
| Delinquent property taxes purchased | 887,821 | - |
| Housing Authority loans receivable | 1,667,298 | - |
| Grant drawdowns prior to meeting all eligibility requirements | <u>-</u> | <u>1,491,045</u> |
| Total Deferred/Unearned Revenue for Governmental Funds | <u>\$ 2,555,119</u> | <u>\$ 45,622,976</u> |

Delinquent property taxes purchased from other taxing authorities are reflected as reservations of fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available for current expenditures and are therefore excluded from the reservation of fund balances. For the year ended December 31, 2004, such collections aggregated \$4,150,728 of which \$887,821 was levied by the County. Delinquent property taxes levied by the County are reflected as deferred revenue and are excluded from the fund balance until collected.

The internal service funds also had deferred revenue of \$548. Total other unearned revenue per the statement of net assets is \$1,491,593.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

B. RECEIVABLES (cont.)

At December 31, 2004, delinquent property taxes by year levied consists of the following:

| | <u>Total</u> | <u>County Levied</u> | <u>County Purchased</u> |
|---|----------------------------|--------------------------|-----------------------------|
| Tax Certificates | | | |
| 2003 | \$ 2,514,508 | \$ 537,841 | \$ 1,976,667 |
| 2002 | 1,012,252 | 216,516 | 795,736 |
| 2001 | 423,019 | 90,482 | 332,537 |
| 2000 | 65,922 | 14,100 | 51,822 |
| 1999 and prior | 135,027 | 28,882 | 106,145 |
| Total Tax Certificates | <u>4,150,728</u> | <u>\$ 887,821</u> | <u>\$ 3,262,907</u> |
| Delinquent Special Assessments | 466,976 | | |
| Tax Deeds held by County | 646,639 | | |
| Illegal Taxes Receivable | <u>2,476</u> | | |
| Total Delinquent Property Taxes Receivable | <u><u>\$ 5,266,819</u></u> | | |

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

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

At December 31, 2004, the County has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

C. CAPITAL ASSETS

In 2004, the County redefined their capital assets as assets with an initial cost of more than \$5,000. The addition column represents the new assets in 2004 including new infrastructure assets. The deletion column represents the assets that were discarded in 2004. The adjustment column represents the adjustments needed to show the assets at the restated amounts.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

C. CAPITAL ASSETS (cont.)

Capital asset valuation and activity for the year ended December 31, 2004 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustments</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|---------------------|-----------------------|---------------------------|
| Governmental Activities | | | | | |
| Capital Assets not being depreciated: | | | | | |
| Construction in Progress | \$ - | \$ 15,838 | \$ - | \$ - | \$ 15,838 |
| Land Improvements | 6,739,800 | - | - | (45,400) | 6,694,400 |
| Land | 15,077,605 | 518,333 | - | (47,515) | 15,548,423 |
| Total Capital Assets not being depreciated | 21,817,405 | 534,171 | - | (92,915) | 22,258,661 |
| Other Capital Assets: | | | | | |
| Land Improvements | 2,133,950 | 12,995 | - | (80,174) | 2,066,771 |
| Buildings | 72,492,429 | 371,232 | (380,364) | (40,894) | 72,442,403 |
| Machinery & Equipment | 12,996,566 | 1,629,268 | (233,635) | (3,065,862) | 11,326,337 |
| Infrastructure | 33,183,500 | 2,192,800 | (1,539,400) | 123,600 | 33,960,500 |
| Total Other Capital Assets at Historical Cost | 120,806,445 | 4,206,295 | (2,153,399) | (3,063,330) | 119,796,011 |
| Less: Accumulated Depreciation | | | | | |
| Land Improvements | (1,275,191) | (101,822) | - | 44,995 | (1,332,018) |
| Buildings | (16,948,988) | (1,715,020) | 330,449 | 21,118 | (18,312,441) |
| Machinery & Equipment | (6,520,173) | (1,573,151) | 108,395 | 2,006,693 | (5,978,236) |
| Infrastructure | (9,719,366) | (1,333,200) | 1,347,200 | (181,034) | (9,886,400) |
| Total Accumulated Depreciation | (34,463,718) | (4,723,193) | 1,786,044 | 1,891,772 | (35,509,095) |
| Net Total Other Capital Assets | 86,342,727 | (516,898) | (367,355) | (1,171,558) | 84,286,916 |
| Net Total Government Activities Capital Assets | <u>\$108,160,132</u> | <u>\$ 17,273</u> | <u>\$ (367,355)</u> | <u>\$ (1,264,473)</u> | <u>\$ 106,545,577</u> |

Depreciation expense was charged to functions as follows:

| | |
|---|---------------------|
| General Government | \$ 2,698,085 |
| Public Safety | 379,338 |
| Public Works | 1,333,200 |
| Social Services | 26,517 |
| Education & Recreation | 188,435 |
| Health | 47,330 |
| Conservation & Development | 50,288 |
| Total Governmental Activities- Depreciation Expense | <u>\$ 4,723,193</u> |

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

C. CAPITAL ASSETS (cont.)

| <u>Infrastructure Category</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustments</u> | <u>Ending Balance</u> |
|--------------------------------|------------------------------|-------------------|---------------------|---------------------|---------------------------|
| Roadways | \$ 20,356,700 | \$ 1,743,500 | \$ (1,539,400) | \$ 123,600 | \$ 20,684,400 |
| Right-of-ways | 7,230,700 | - | - | - | 7,230,700 |
| Bridges | 2,496,900 | - | - | - | 2,496,900 |
| Traffic signals | 2,672,200 | 285,700 | - | - | 2,957,900 |
| Sewer drainage | 355,600 | - | - | - | 355,600 |
| Culverts | 71,400 | 163,600 | - | - | 235,000 |
| Infrastructure | 33,183,500 | 2,192,800 | (1,539,400) | 123,600 | 33,960,500 |
| Land improvements | 6,739,800 | - | - | (45,400) | 6,694,400 |
| Total | 39,923,300 | 2,192,800 | (1,539,400) | 78,200 | 40,654,900 |
| Less Accumulated Depreciation | | | | | |
| Roadways | (8,580,066) | (1,153,300) | 1,347,200 | (180,532) | (8,566,698) |
| Bridges | (401,800) | (49,900) | - | (782) | (452,482) |
| Traffic signals | (581,400) | (118,200) | - | - | (699,600) |
| Sewer drainage | (154,700) | (7,100) | - | 280 | (161,520) |
| Culverts | (1,400) | (4,700) | - | - | (6,100) |
| Total Accumulated Depreciation | (9,719,366) | (1,333,200) | 1,347,200 | (181,034) | (9,886,400) |
| Net Infrastructure | <u>\$ 30,203,934</u> | <u>\$ 859,600</u> | <u>\$ (192,200)</u> | <u>\$ (102,834)</u> | <u>\$ 30,768,500</u> |

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustments</u> | <u>Ending Balance</u> |
|---|------------------------------|-----------------------|-------------------|--------------------|---------------------------|
| Business - Type Activities | | | | | |
| Capital Assets not being depreciated | | | | | |
| Land | \$ 338,258 | \$ - | \$ - | \$ - | \$ 338,258 |
| Total Capital Assets not being depreciated | 338,258 | - | - | - | 338,258 |
| Other Capital Assets: | | | | | |
| Land Improvements | 4,181,958 | - | - | - | 4,181,958 |
| Buildings | 15,108,749 | 6,153 | - | - | 15,114,902 |
| Machinery & Equipment | 15,794,846 | 327,883 | (433,139) | - | 15,689,590 |
| Total Other Capital Assets at Historical Cost | 35,085,553 | 334,036 | (433,139) | - | 34,986,450 |
| Less: Accumulated Depreciation | | | | | |
| Land Improvements | (1,844,998) | (173,246) | - | - | (2,018,244) |
| Buildings | (6,586,541) | (499,897) | - | - | (7,086,438) |
| Machinery & Equipment | (8,232,461) | (970,905) | 424,107 | - | (8,779,259) |
| Total Accumulated Depreciation | (16,664,000) | (1,644,048) | 424,107 | - | (17,883,941) |
| Net Total Other Capital Assets | 18,421,553 | (1,310,012) | (9,032) | - | 17,102,509 |
| Net Total Business - Type Activities Capital Assets | <u>\$ 18,759,811</u> | <u>\$ (1,310,012)</u> | <u>\$ (9,032)</u> | <u>\$ -</u> | <u>\$ 17,440,767</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

| | |
|---|---------------------|
| Business-Type Activities | |
| Brookside Care Center | \$ 393,868 |
| Highway | 945,113 |
| Golf Courses | <u>305,067</u> |
| Total Business – Type Activities Depreciation Expense | <u>\$ 1,644,048</u> |

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 | | \$2,240,211 |
| | General Liability Insurance | (301,328) |
| | Human Services Building | (1,203,408) |
| | Division of Aging | (282,034) |
| | Health Department | (453,437) |
| | Capital Projects-Courthouse Security | (4) |

All of these balances will be repaid within the year.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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

The following is a schedule of interfund transfers:

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> | <u>Principal Purpose</u> |
|--|---|--------------------------|---|
| Capital Projects - County Detention Center | General Fund | 250,000 (250,000) | Expansion for jail |
| Capital Projects - Courthouse Security System | | 225,000 | Allocate bond proceeds to appropriate fund |
| Highway - Capital | Capital Projects-Other | 1,397,340 (1,622,340) | |
| Human Services Building | | 200,190 | Cash transfer for Job Center debt |
| | Debt Service | (200,190) | |
| General Fund | Brookside Care Center | 1,087,923 (1,087,923) | Allocation of intergovernmental transfer to General Fund |
| Capital Projects - Safety Building Remodeling | Capital Projects - County Detention Center | 600,000 (600,000) | Transfer funds for new 911 center |
| General Liability Insurance | Workers Compensation | 16,281 (16,281) | Transfer funds to cover deficit |
| Capital Projects - Other | General Fund | 900,000 (900,000) | Transfer of reserves for future capital projects |
| General Fund | Highway | 35,000 (35,000) | Transfer funds for railway study |
| Division of Aging | | 68,084 | Transfers to cover deficits |
| Health department | | 73,576 | |
| General Fund | | 60,246 | |
| Golf Course | | 223,781 | |
| | Human Services | (201,906) | |
| | Highway | (223,781) | |
| General Fund | Human Services | 71,000 (71,000) | Cover Medical Examiner overdrafts |
| General Fund | Human Services | 530,440 (370,501) | To record lapsing funds at year end |
| | Highway | (159,939) | |

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2004 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--|-----------------------|----------------------|----------------------|----------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Bonds and Notes Payable: | | | | | |
| General Obligation Debt | \$ 97,182,578 | \$ 13,730,000 | \$ 17,133,424 | \$ 93,779,154 | \$ 7,977,280 |
| Add/(Subtract) Deferred Amounts For: (Discounts)/Premiums | (407,023) | (116,897) | (35,336) | (488,584) | (46,669) |
| Total Bonds And Notes Payable | 96,775,555 | 13,613,103 | 17,098,088 | 93,290,570 | 7,930,611 |
| Other Liabilities: | | | | | |
| Post Retirement Benefits | 3,013,392 | 1,440,330 | 881,808 | 3,571,914 | 881,808 |
| Vested Vacation and Casual Days | 2,454,455 | 321,396 | 20,322 | 2,755,529 | 187,615 |
| Total Other Liabilities | 5,467,847 | 1,761,726 | 902,130 | 6,327,443 | 1,069,423 |
| Total Governmental Activities- Long-Term Liabilities | \$ 102,243,402 | \$ 15,374,829 | \$ 18,000,218 | \$ 99,618,013 | \$ 9,000,034 |
| | | | | | |
| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
| Business-Type Activities | | | | | |
| Bonds and Notes Payable: | | | | | |
| General Obligation Debt | \$ 9,365,000 | \$ 3,080,000 | \$ 3,740,000 | \$ 8,705,000 | \$ 780,000 |
| Add/(Subtract) Deferred Amounts For: (Discounts) | (917,134) | (52,123) | (117,340) | (851,917) | - |
| Total Bonds And Notes Payable | 8,447,866 | 3,027,877 | 3,622,660 | 7,853,083 | 780,000 |
| Other Liabilities: | | | | | |
| Vested Vacation and Casual Days | 753,179 | 110,737 | 24,793 | 839,123 | 30,740 |
| Total Other Liabilities | 753,179 | 110,737 | 24,793 | 839,123 | 30,740 |
| Total Business-Type Activities- Long-Term Liabilities | \$ 9,201,045 | \$ 3,138,614 | \$ 3,647,453 | \$ 8,692,206 | \$ 810,740 |

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, 2004, was \$557,441,990. Total general obligation debt outstanding at year end was \$102,484,154.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance 12/31/2004</u> |
|---|--------------------------|---------------------------|---------------------------|----------------------------------|-------------------------------|
| Governmental Activities - General Obligation Debt | | | | | |
| Corporate Purpose Bonds | 1997 | 2009 | 5.10-5.60% | 29,025,000 | 5,575,000 |
| Corporate Purpose Bonds | 1997 | 2017 | 4.75-5.25% | 9,080,000 | 750,000 |
| Corporate Purpose Bonds | 1998 | 2017 | 4.15-4.20% | 4,525,000 | 4,025,000 |
| Refunding Bonds | 1999 | 2013 | 3.40-4.50% | 13,130,000 | 10,115,000 |
| Promissory Notes | 1999 | 2007 | 4.30-4.85% | 4,150,000 | 450,000 |
| State Trust Fund Loan | 1999 | 2009 | 5.25% | 693,721 | 429,154 |
| Promissory Notes | 2000 | 2008 | 4.40-4.75% | 4,080,000 | 2,670,000 |
| Refunding Bonds | 2001 | 2017 | 3.50-5.00% | 25,755,000 | 23,895,000 |
| Promissory Notes | 2001 | 2009 | 3.25-3.85% | 4,100,000 | 3,035,000 |
| Refunding Bonds | 2002 | 2007 | 2.00-4.00% | 7,015,000 | 4,235,000 |
| Promissory Notes | 2002 | 2010 | 3.15% | 4,270,000 | 3,170,000 |
| Promissory Notes | 2003 | 2011 | 1.50%-3.00% | 5,320,000 | 4,920,000 |
| Refunding Bonds | 2003 | 2013 | 1.50%-3.35% | 8,140,000 | 7,585,000 |
| Refunding Bonds | 2003 | 2022 | 3.25%-5.50% | 9,285,000 | 9,195,000 |
| Promissory Notes | 2004 | 2012 | 2.00%-3.60% | 3,100,000 | 3,100,000 |
| Refunding Bonds | 2004 | 2017 | 2.00%-4.00% | 10,630,000 | 10,630,000 |
| Total Governmental Activities - General Obligation Debt | | | | | <u>\$ 93,779,154</u> |

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance 12/31/2004</u> |
|--|--------------------------|---------------------------|---------------------------|----------------------------------|-------------------------------|
| Business-Type Activities - General Obligation Debt | | | | | |
| Refunding Bonds | 1999 | 2013 | 3.40-4.50% | 5,825,000 | 5,625,000 |
| Refunding Bonds | 2004 | 2015 | 2.00-3.90% | 3,080,000 | 3,080,000 |
| Total Business-Type Activities - General Obligation Debt | | | | | <u>\$ 8,705,000</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

| <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> |
| 2005 | \$ 7,977,280 | \$ 3,721,722 | \$ 780,000 | \$ 331,158 |
| 2006 | 8,621,336 | 3,438,529 | 820,000 | 305,203 |
| 2007 | 9,255,606 | 3,142,277 | 835,000 | 277,120 |
| 2008 | 8,665,101 | 2,809,780 | 865,000 | 247,970 |
| 2009 | 8,579,831 | 2,481,181 | 875,000 | 216,613 |
| 2010-2014 | 31,040,000 | 8,077,876 | 4,215,000 | 420,014 |
| 2015-2019 | 16,965,000 | 2,201,752 | 315,000 | 12,285 |
| 2020-2022 | 2,675,000 | 230,363 | - | - |
| Totals | <u>\$ 93,779,154</u> | <u>\$ 26,103,480</u> | <u>\$ 8,705,000</u> | <u>\$ 1,810,363</u> |

Capital Leases

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

Other Debt Information

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

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

Advance Refunding

On February 1, 2004, the County issued \$10,630,000 in general obligation bonds with an average interest rate of 2.92% to advance refund \$9,905,000 of outstanding principal with an average interest rate of 5.12%. The net proceeds of \$10,650,700 (after payment of \$71,458 in discount, underwriting fees, insurance and other issuance costs) plus an additional \$43,857 of County monies were used to purchase U.S government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the \$9,905,000. As a result, the general obligation bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Advance Refunding (cont.)

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$14,272,983 from 2004 through 2017. The cash flow requirements on the 2004 refunding bonds are \$14,046,371 from 2004 through 2017. The advance refunding resulted in an economic gain of \$274,878 (present value dollars). The County was also able to restructure the escrow purchased for the refunding issue and save an additional \$92,057 (present value dollars).

Prior-Year Defeasance of Debt

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2004, the call dates of the bonds held in escrow and amounts of bonds outstanding and considered defeased are as follows:

| <u>Call Date</u> | <u>Balance at 12/31/04</u> |
|------------------|----------------------------|
| 09/01/05 | \$ 1,825,000 |
| 02/02/07 | 22,625,000 |
| 12/01/07 | 8,080,000 |

Deferred Amount on Refunding

Deferred amounts on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deduction from debt payable in the government-wide and proprietary fund statements. Amortization for 2004 was \$152,676 of which \$35,336 is for the governmental activities, \$52,587 for Brookside Care Center and \$64,753 is for the Golf Course.

F. RESTRICTED ASSETS

The County has restricted assets which consist of a deposit in Wisconsin Municipal Mutual Insurance Company (WMMIC) in the amount of \$1,157,860. This deposit is the County's original capitalization investment. In addition, cash in the amount of \$314,592 is restricted in purpose for liability insurance at WMMIC.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

G. LEASE DISCLOSURES

LEASE DISCLOSURES

Lessor – Operating Leases

The County leases a portion (44%) of the Public Safety Building facility to the City of Kenosha and the Kenosha City-Joint Services Board under operating leases through 2007. 2004 revenues of \$488,729 related to these leases are recorded in the general fund. The provisions of the lease agreement allow for an annual adjustment of the lease amount based on the actual costs to the County of maintaining the facility. The book value of the entire building is \$13,100,000 with a net book value of \$7,074,000.

Future minimum lease payments receivable under existing terms of the non-cancelable operating leases at December 31, 2004, are as follows:

| | |
|--------------------------|---------------------|
| Year Ending December 31, | |
| 2005 | 488,729 |
| 2006 | 488,729 |
| 2007 | <u>488,729</u> |
| Total Minimum Lease | |
| Payments Receivable | <u>\$ 1,466,187</u> |

Lessee – Operating Leases

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

Capital Leases – Lessee/Lessor

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2004 includes the following:

Governmental Activities

| | |
|--|----------------------|
| Invested in capital assets, net of related debt | |
| Land and land improvements | \$ 22,258,661 |
| Other capital assets, net of accumulated depreciation | <u>84,286,916</u> |
| Less: related long-term debt outstanding (net of unspent proceeds of debt) | (79,378,611) |
| Total Invested in Capital Assets | <u>\$ 27,166,966</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

Restricted

| | |
|--------------------------|--------------|
| Housing Authority | \$ 334,289 |
| Federated Library System | <u>6,325</u> |
| Total Restricted | 340,614 |

| | |
|--------------|------------------|
| Unrestricted | <u>1,505,080</u> |
|--------------|------------------|

| | |
|--|----------------------|
| Total Governmental Activities Net Assets | <u>\$ 29,012,660</u> |
|--|----------------------|

Governmental fund balances reported on the fund financial statements at December 31, 2004 include the following:

Reserved

Major Funds

General Fund

| | |
|--|---------------|
| Delinquent tax certificate receivables | \$ 3,262,907 |
| Encumbrances | 173,107 |
| Prepaid items | <u>20,385</u> |

| | |
|-------|---------------------|
| Total | <u>\$ 3,456,399</u> |
|-------|---------------------|

Human Service Fund

| | |
|---------------------------|-------------------|
| Reserved for encumbrances | <u>\$ 299,380</u> |
|---------------------------|-------------------|

General Debt Service Fund

| | |
|---------------------------|-------------------|
| Reserved for debt service | <u>\$ 161,709</u> |
|---------------------------|-------------------|

Capital Projects

Other Capital Projects

| | |
|---------------------------|-------------------|
| Reserved for encumbrances | <u>\$ 123,389</u> |
|---------------------------|-------------------|

Unreserved (designated)

Major Funds

| | |
|--|---------------|
| General Fund, subsequent year expenditures | \$ 637,512 |
| General Fund, sheriff special deposit | <u>53,364</u> |
| Total | 690,876 |

| | |
|---|---------------|
| Human Services Fund, subsequent year expenditures | <u>93,520</u> |
|---|---------------|

| | |
|-------------------|-------------------|
| Total Major Funds | <u>\$ 784,396</u> |
|-------------------|-------------------|

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

Non-Major Funds

Special Revenue Funds

| | |
|--|---------------|
| Division of Aging, subsequent year expenditures | \$ 14,560 |
| Housing Authority, designated grant funding | 334,289 |
| Health Department, subsequent year expenditures | 4,575 |
| Federated Library System, designated grant funding | 6,325 |
| GIS Fund, subsequent year expenditures | <u>41,069</u> |

| | |
|-----------------------------|-------------------|
| Total Special Revenue Funds | <u>\$ 400,818</u> |
|-----------------------------|-------------------|

Capital Project Funds, all subsequent year expenditures

| | |
|----------------------------|------------------|
| County Detention Center | \$ 1,383,333 |
| Parkland Development | 767,257 |
| Parking Structure | 403,533 |
| Jail Expansion | 19,532 |
| Courthouse Security | (4) |
| Safety Building Remodeling | 513,155 |
| Other Capital Projects | <u>1,469,318</u> |

| | |
|------------------------------|---------------------|
| Total Capital Projects Funds | <u>\$ 4,556,124</u> |
|------------------------------|---------------------|

I. RESTATEMENT OF NET ASSETS

Net assets for January 1, 2004 have been restated due to the following items:

| | |
|---|----------------------|
| Governmental Activities - Net Assets - | |
| December 31, 2003 (as reported) | \$ 24,866,336 |
| Plus: | |
| Delinquent taxes reclassified as revenue | 934,737 |
| Less: | |
| Net Infrastructure restated from prior years | (102,834) |
| Less: | |
| Net other capital assets below capitalization threshold | <u>(1,161,638)</u> |
| Net assets - January 1, 2004 | <u>\$ 24,536,601</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE V – Other Information

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible County employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work at least 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.6% of their salary (2.6% for Executives and Elected Officials, 4.5% for Protective Occupations with Social Security, and 3.2% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the System for the year ended December 31, 2004 was \$45,264,222; the employer's total payroll was \$45,966,364. The total required contribution for the year ended December 31, 2004 was \$4,943,074 or 10.92 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2003 and 2002 were \$4,071,748 and \$4,220,863, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit.

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE V – Other Information (cont.)

B. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The County participates in a public entity risk pool called WMMIC to provide coverage for losses from torts; errors and omissions; and public liability. However, other risks, such as workers compensation is accounted for and financed by the County in internal service funds. Theft, damage to, or destruction of assets are covered through the purchase of an insurance policy. Settled claims have not exceeded the commercial coverage in any of the past three years. Health insurance claims are self-insured with a purchased stop loss policy with a maximum \$100,000 per employee exposure. There were no significant reductions in coverage compared to the prior year.

Public Entity Risk Pool

During 1987, the County, together with certain other units of government within the State of Wisconsin, created the Wisconsin Municipal Mutual Insurance Company (WMMIC), a nonassessable mutual company which provides liability insurance and risk management services to its members. The County became a member of WMMIC in 1992 by issuing a general obligation note for \$1,157,860 and investing the proceeds in WMMIC. The scope of insurance protection provided by WMMIC is broad, covering automobile liability, general liability, law enforcement liability, public official's errors and omissions, civil rights, incidental medical malpractice, personal injury, equal rights, and American with Disabilities Act at policy limits of \$5,000,000 per occurrence and \$10,000,000 annual aggregate on an excess basis above members per occurrence and annual aggregate self-insured retentions. The County's self-insured retention limit \$100,000 for each occurrence and \$600,000 annual aggregate. WMMIC's exposure in its layer of insurance is limited to \$500,000 per occurrence in that the company purchases \$4,500,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage. The amount of reinsurance may vary from year to year as determined by the WMMIC Board of Directors.

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE V – Other Information (cont.)

B. RISK MANAGEMENT (cont.)

The participant's share in the operation of WMMIC as of December 31, 2004 is as follows:

| | <u>Percentage</u> |
|--------------------|-------------------|
| Brown County | 8.00 |
| Chippewa County | 3.75 |
| Dane County | 10.50 |
| Dodge County | 4.03 |
| City of Eau Claire | 4.14 |
| Kenosha County | 6.31 |
| LaCrosse County | 4.14 |
| City of Madison | 19.90 |
| Manitowoc County | 6.78 |
| Marathon County | 6.20 |
| Outagamie County | 7.57 |
| St. Croix County | 3.35 |
| Waukesha County | 12.40 |
| Eau Claire County | <u>2.93</u> |
| Total | <u>100.00</u> |

The County's investment in WMMIC is reported on the Risk Management Fund balance sheet as a deposit. The amount reported is the original capitalization of \$1,157,860. The market value of the original capitalization as of December 31, 2004 is \$1,895,771. 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>2004</u> | <u>2003</u> |
|---|-----------------------|-----------------------|
| Unpaid claims, including IBNR – beginning of year | \$ 669,726 | \$ 254,371 |
| Current year claims and changes in estimates | 255,447 | 505,446 |
| Claim payments | <u>(161,962)</u> | <u>(90,091)</u> |
| Unpaid claims – end of year | <u>\$ 763,211</u> | <u>\$ 669,726</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE V – Other Information (cont.)

B. RISK MANAGEMENT (cont.)

Self-Insurance – Workers Compensation

The County has also established a Risk Management program for workers compensation. All funds of the County participate in this program. The workers compensation internal service fund is maintained to provide for self-insured workers compensation insurance coverage and employee safety and loss control programs. The County contracts with a third party claims administrator for the purpose of adjusting workers compensation claims. An excess insurance policy covers individual claims in excess of the County's \$250,000 self-insured retention up to statutory requirements (unlimited) per claim. Settled claims have not exceeded the commercial coverage in any of the past three years. Costs associated with the workers compensation program are billed to other County departments based on exposure and historical loss experience and include amounts necessary to fund current year claims to be paid in the current year and in the future. At December 31, 2004, the County has established a future claims insurance reserve in the amount of \$1,367,325 to fund the estimated liability for the County's self-insured retention limits under its workers compensation program. This represents a discounted reserve determined on an actuarial basis with a mean confidence level which achieves the County's objective of providing a reserve confidence level not less than 50%, but not more than 95% as a reflection of the County's risk tolerance.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

| Claims Liability | 2004 | 2003 |
|---|---------------------|---------------------|
| Unpaid claims, including IBNR – beginning of year | \$ 1,367,325 | \$ 1,362,424 |
| Current year claims and changes in estimates | 554,434 | 577,838 |
| Claim payments | <u>(554,434)</u> | <u>(572,937)</u> |
| Unpaid Claims – end of year | <u>\$ 1,367,325</u> | <u>\$ 1,367,325</u> |

Self-Insurance – Health Insurance

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

| Claims Liability | 2004 | 2003 |
|---|---------------------|---------------------|
| Unpaid claims, including IBNR – beginning of year | \$ 1,126,740 | \$ - |
| Current year claims and changes in estimates | 12,436,176 | 10,525,854 |
| Claim payments | <u>(12,640,176)</u> | <u>(9,399,114)</u> |
| Unpaid Claims – end of year | <u>\$ 922,740</u> | <u>\$ 1,126,740</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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 2004, the County borrowed \$3,080,000 for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the various Capital Project, Highway, and Job Center funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Open purchase orders for the General Fund, Human Services, and Capital Projects-Other totaled \$595,876 at year end and is included in reserve for encumbrances.

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

D. JOINT VENTURES

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE V – Other Information (cont.)

D. JOINT VENTURES (cont.)

The Board consists of three members appointed by the County, three by the City of Kenosha and one independent member confirmed by both. County representatives are the County Executive, the County Board Chairman and the chairman of the County Judiciary Committee or their designees. The Board has the authority to adopt its own budget and control the financial affairs of the organization. The County made payments totaling \$2,738,322 to the Board for 2004. The County believes that the organization will continue to provide services in the future at similar rates.

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

The County accounts for its share of the operation in the general fund. Financial information of the Board as of December 31, 2004 is available directly from the Board's office.

E. OTHER POSTEMPLOYMENT BENEFITS

The County provides postemployment health insurance benefits for all eligible employees. Eligibility is based on age of retirement and years of service. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the County. Funding for those costs is provided out of the current operating budget of the County. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were \$881,808. The number of participants currently eligible to receive benefits is 67. The total amount outstanding at year end to be paid in the future is \$3,571,914.

F. SUBSEQUENT EVENTS

In June of 2005, the County completed the sale of land on 52nd Street in the amount of \$610,000. The County building that formerly existed on the land was razed in 2004 at a cost of \$86,845 for a net gain of \$523,155.

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SUPPLEMENTAL INFORMATION

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2004**

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--|---|---|
| ASSETS | | | |
| Cash and investments | \$ 595,576 | \$ 4,716,963 | \$ 5,312,539 |
| Receivables | | | |
| Property taxes receivables | 2,047,350 | - | 2,047,350 |
| Miscellaneous | 304,189 | - | 304,189 |
| Due from other governments | 1,941,931 | 10,396 | 1,952,327 |
| Loans receivable | 1,667,298 | - | 1,667,298 |
| TOTAL ASSETS | <u>\$ 6,556,344</u> | <u>\$ 4,727,359</u> | <u>\$ 11,283,703</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Vouchers payable | \$ 1,180,720 | \$ 44,718 | \$ 1,225,438 |
| Due to other governments | 111,519 | 3,124 | 114,643 |
| Due to other funds | 735,471 | 4 | 735,475 |
| Deferred property tax revenue | 2,047,350 | - | 2,047,350 |
| Deferred revenue | 2,048,205 | - | 2,048,205 |
| Total Liabilities | <u>6,123,265</u> | <u>47,846</u> | <u>6,171,111</u> |
| Fund Balance | | | |
| Reserved for encumbrances | - | 123,389 | 123,389 |
| Unreserved | | | |
| Designated | 400,818 | 4,556,128 | 4,956,946 |
| Undesignated (deficit) | 32,261 | (4) | 32,257 |
| Total Fund Balances | <u>433,079</u> | <u>4,679,513</u> | <u>5,112,592</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 6,556,344</u> | <u>\$ 4,727,359</u> | <u>\$ 11,283,703</u> |

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2004**

| | Division of Aging | Housing Authority | Health Department | Federated Library System | Geographic Information Systems | Total Nonmajor Special Revenue Funds |
|--|----------------------|----------------------|----------------------|--------------------------------|--------------------------------------|---|
| ASSETS | | | | | | |
| Cash and investments | \$ 7,440 | \$ 230,623 | \$ - | \$ 291,829 | \$ 65,684 | \$ 595,576 |
| Receivables | | | | | | |
| Property taxes receivables | - | - | 846,156 | 1,201,194 | - | 2,047,350 |
| Miscellaneous | 89,582 | - | 214,607 | - | - | 304,189 |
| Due from other governments | 1,223,798 | 103,666 | 609,577 | - | 4,890 | 1,941,931 |
| Loans receivable | - | 1,667,298 | - | - | - | 1,667,298 |
| TOTAL ASSETS | \$ 1,320,820 | \$ 2,001,587 | \$ 1,670,340 | \$ 1,493,023 | \$ 70,574 | \$ 6,556,344 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Vouchers payable | \$ 1,015,545 | \$ - | \$ 165,175 | \$ - | \$ - | \$ 1,180,720 |
| Due to other governments | 7,344 | - | 104,175 | - | - | 111,519 |
| Due to other funds | 282,034 | - | 453,437 | - | - | 735,471 |
| Deferred property tax revenue | - | - | 846,156 | 1,201,194 | - | 2,047,350 |
| Deferred revenue | 1,337 | 1,667,298 | 96,822 | 282,748 | - | 2,048,205 |
| Total Liabilities | 1,306,260 | 1,667,298 | 1,665,765 | 1,483,942 | - | 6,123,265 |
| Fund Balance | | | | | | |
| Unreserved | | | | | | |
| Designated | 14,560 | 334,289 | 4,575 | 6,325 | 41,069 | 400,818 |
| Undesignated | - | - | - | 2,756 | 29,505 | 32,261 |
| Total Fund Balances | 14,560 | 334,289 | 4,575 | 9,081 | 70,574 | 433,079 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,320,820 | \$ 2,001,587 | \$ 1,670,340 | \$ 1,493,023 | \$ 70,574 | \$ 6,556,344 |

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
December 31, 2004**

| | County Detention Center | Parkland Development | Parking Structure | Jail Expansion | Courthouse Security | Safety Building Remodeling | Other Capital Projects | Total Nonmajor Capital Projects Funds |
|--|-------------------------------|-------------------------|----------------------|-------------------|------------------------|----------------------------------|------------------------------|--|
| ASSETS | | | | | | | | |
| Cash and investments | \$ 1,383,333 | \$ 773,190 | \$ 403,533 | \$ 19,532 | \$ 2,538 | \$ 513,155 | \$ 1,621,682 | \$ 4,716,963 |
| Due from other governments | - | - | - | - | - | - | 10,396 | 10,396 |
| TOTAL ASSETS | <u>\$ 1,383,333</u> | <u>\$ 773,190</u> | <u>\$ 403,533</u> | <u>\$ 19,532</u> | <u>\$ 2,538</u> | <u>\$ 513,155</u> | <u>\$ 1,632,078</u> | <u>\$ 4,727,359</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities | | | | | | | | |
| Vouchers payable | \$ - | \$ 2,809 | \$ - | \$ - | \$ 2,538 | \$ - | \$ 39,371 | \$ 44,718 |
| Due to other governments | - | 3,124 | - | - | - | - | - | 3,124 |
| Due to other funds | - | - | - | - | 4 | - | - | 4 |
| Total Liabilities | <u>-</u> | <u>5,933</u> | <u>-</u> | <u>-</u> | <u>2,542</u> | <u>-</u> | <u>39,371</u> | <u>47,846</u> |
| Fund Balance | | | | | | | | |
| Reserved for encumbrances | - | - | - | - | - | - | 123,389 | 123,389 |
| Unreserved | | | | | | | | |
| Designated | 1,383,333 | 767,257 | 403,533 | 19,532 | - | 513,155 | 1,469,318 | 4,556,128 |
| Undesignated (deficit) | - | - | - | - | (4) | - | - | (4) |
| Total Fund Balances | <u>1,383,333</u> | <u>767,257</u> | <u>403,533</u> | <u>19,532</u> | <u>(4)</u> | <u>513,155</u> | <u>1,592,707</u> | <u>4,679,513</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 1,383,333</u> | <u>\$ 773,190</u> | <u>\$ 403,533</u> | <u>\$ 19,532</u> | <u>\$ 2,538</u> | <u>\$ 513,155</u> | <u>\$ 1,632,078</u> | <u>\$ 4,727,359</u> |

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|--|---|
| REVENUES | | | |
| Taxes | \$ 2,792,545 | \$ - | \$ 2,792,545 |
| Licenses and permits | 305,206 | - | 305,206 |
| Intergovernmental revenues | 12,771,265 | 120,631 | 12,891,896 |
| Charges for services | 1,559,643 | 47,981 | 1,607,624 |
| Investment income | 2,166 | 11,717 | 13,883 |
| Miscellaneous income | 190,454 | 856,855 | 1,047,309 |
| Total Revenues | <u>17,621,279</u> | <u>1,037,184</u> | <u>18,658,463</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | - | 86,845 | 86,845 |
| Health | 4,665,052 | - | 4,665,052 |
| Social services | 11,196,369 | - | 11,196,369 |
| Education and recreation | 1,671,411 | - | 1,671,411 |
| Conservation and development | 321,038 | 1,250 | 322,288 |
| Capital Outlay | 101,391 | 2,157,065 | 2,258,456 |
| Debt Service | | | |
| Interest, fiscal charges and debt issuance costs | - | 48,675 | 48,675 |
| Total Expenditures | <u>17,955,261</u> | <u>2,293,835</u> | <u>20,249,096</u> |
| Excess (deficiency) of revenues over expenditures | (333,982) | (1,256,651) | (1,590,633) |
| OTHER FINANCING SOURCES (USES) | | | |
| General obligation debt issued | - | 2,890,000 | 2,890,000 |
| Transfers from other funds | 141,660 | 1,975,000 | 2,116,660 |
| Transfers to other funds | - | (2,222,340) | (2,222,340) |
| Total Other Financing Sources (Uses) | <u>141,660</u> | <u>2,642,660</u> | <u>2,784,320</u> |
| Net change in fund balance | (192,322) | 1,386,009 | 1,193,687 |
| FUND BALANCES | | | |
| Beginning of year | <u>625,401</u> | <u>3,293,504</u> | <u>3,918,905</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 433,079</u> | <u>\$ 4,679,513</u> | <u>\$ 5,112,592</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, 2004

| | Division of Aging | Housing Authority | Health Department | Federated Library System | Geographic Information Systems | Total Nonmajor Special Revenue Funds |
|--|----------------------|----------------------|----------------------|--------------------------------|--------------------------------------|---|
| REVENUES | | | | | | |
| Taxes | \$ 809,347 | \$ - | \$ 817,118 | \$ 1,166,080 | \$ - | \$ 2,792,545 |
| Licenses and permits | - | - | 305,206 | - | - | 305,206 |
| Intergovernmental revenues | 10,325,820 | 94,746 | 1,872,170 | 451,692 | 26,837 | 12,771,265 |
| Charges for services | - | - | 1,447,689 | - | 111,954 | 1,559,643 |
| Investment income | 18 | 2,145 | - | 3 | - | 2,166 |
| Miscellaneous income | 5,347 | 149,895 | 35,212 | - | - | 190,454 |
| Total Revenues | <u>11,140,532</u> | <u>246,786</u> | <u>4,477,395</u> | <u>1,617,775</u> | <u>138,791</u> | <u>17,621,279</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Health | - | - | 4,665,052 | - | - | 4,665,052 |
| Social services | 11,196,369 | - | - | - | - | 11,196,369 |
| Education and recreation | - | - | - | 1,671,411 | - | 1,671,411 |
| Conservation and development | - | 119,592 | - | - | 201,446 | 321,038 |
| Capital Outlay | - | 88,421 | 12,970 | - | - | 101,391 |
| Total Expenditures | <u>11,196,369</u> | <u>208,013</u> | <u>4,678,022</u> | <u>1,671,411</u> | <u>201,446</u> | <u>17,955,261</u> |
| Excess (deficiency) of revenues over expenditures | (55,837) | 38,773 | (200,627) | (53,636) | (62,655) | (333,982) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers from other funds | 68,084 | - | 73,576 | - | - | 141,660 |
| Total Other Financing Sources (Uses) | <u>68,084</u> | <u>-</u> | <u>73,576</u> | <u>-</u> | <u>-</u> | <u>141,660</u> |
| Net change in fund balance | 12,247 | 38,773 | (127,051) | (53,636) | (62,655) | (192,322) |
| FUND BALANCES | | | | | | |
| Beginning of year | <u>2,313</u> | <u>295,516</u> | <u>131,626</u> | <u>62,717</u> | <u>133,229</u> | <u>625,401</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 14,560</u> | <u>\$ 334,289</u> | <u>\$ 4,575</u> | <u>\$ 9,081</u> | <u>\$ 70,574</u> | <u>\$ 433,079</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, 2004

| | County Detention Center | Parkland Development | Parking Structure | Jail Expansion | Courthouse Security | Safety Building Remodeling | Other Capital Projects | Total Nonmajor Capital Projects Funds |
|--|-------------------------------|-------------------------|----------------------|-------------------|------------------------|----------------------------------|------------------------------|--|
| REVENUES | | | | | | | | |
| Intergovernmental revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 120,631 | \$ 120,631 |
| Charges for services | - | - | - | - | - | - | 47,981 | 47,981 |
| Investment income | - | - | - | - | - | - | 11,717 | 11,717 |
| Miscellaneous income | - | 856,855 | - | - | - | - | - | 856,855 |
| Total Revenues | - | 856,855 | - | - | - | - | 180,329 | 1,037,184 |
| EXPENDITURES | | | | | | | | |
| Current | | | | | | | | |
| General government | - | - | - | - | - | 86,845 | - | 86,845 |
| Conservation and development | - | - | - | - | - | - | 1,250 | 1,250 |
| Capital Outlay | 66,508 | 446,032 | 15,838 | 30,747 | 229,860 | - | 1,368,080 | 2,157,065 |
| Debt Service | | | | | | | | |
| Interest, fiscal charges and debt issuance costs | - | - | - | - | - | - | 48,675 | 48,675 |
| Total Expenditures | 66,508 | 446,032 | 15,838 | 30,747 | 229,860 | 86,845 | 1,418,005 | 2,293,835 |
| Excess (deficiency) of revenues over expenditures | (66,508) | 410,823 | (15,838) | (30,747) | (229,860) | (86,845) | (1,237,676) | (1,256,651) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| General obligation debt issued | - | - | - | - | - | - | 2,890,000 | 2,890,000 |
| Transfers from other funds | 250,000 | - | - | - | 225,000 | 600,000 | 900,000 | 1,975,000 |
| Transfers to other funds | (600,000) | - | - | - | - | - | (1,622,340) | (2,222,340) |
| Total Other Financing Sources (Uses) | (350,000) | - | - | - | 225,000 | 600,000 | 2,167,660 | 2,642,660 |
| Net change in fund balance | (416,508) | 410,823 | (15,838) | (30,747) | (4,860) | 513,155 | 929,984 | 1,386,009 |
| FUND BALANCES | | | | | | | | |
| Beginning of year | 1,799,841 | 356,434 | 419,371 | 50,279 | 4,856 | - | 662,723 | 3,293,504 |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ 1,383,333</u> | <u>\$ 767,257</u> | <u>\$ 403,533</u> | <u>\$ 19,532</u> | <u>\$ (4)</u> | <u>\$ 513,155</u> | <u>\$ 1,592,707</u> | <u>\$ 4,679,513</u> |

KENOSHA COUNTY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2004

| | Human Services Building | Health Insurance | Workers Compensation | General Liability Insurance | Totals |
|---|-------------------------------|---------------------|-------------------------|-----------------------------------|----------------------|
| ASSETS | | | | | |
| Cash and investments | \$ - | \$ 2,511,830 | \$ 1,472,421 | \$ - | \$ 3,984,251 |
| Accounts receivable | - | 36,154 | - | 111,648 | 147,802 |
| Due from other governments | 13,485 | - | - | - | 13,485 |
| Restricted cash and investments | - | - | - | 314,592 | 314,592 |
| Deposit in WMMIC | - | - | - | 1,157,860 | 1,157,860 |
| Land, buildings and improvements | 7,905,629 | - | - | - | 7,905,629 |
| Machinery and equipment | 82,132 | - | - | - | 82,132 |
| Accumulated depreciation | (971,284) | - | - | - | (971,284) |
| Total Assets | <u>\$ 7,029,962</u> | <u>\$ 2,547,984</u> | <u>\$ 1,472,421</u> | <u>\$ 1,584,100</u> | <u>\$ 12,634,467</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,058 | \$ 636,715 | \$ 89,538 | \$ 15,408 | \$ 742,719 |
| Claims payable | - | 922,740 | 1,367,325 | 763,211 | 3,053,276 |
| Due to other funds | 1,203,408 | - | - | 301,328 | 1,504,736 |
| Other liabilities | - | 46,120 | - | - | 46,120 |
| Current portion of long-term debt payable | 443,802 | - | - | 102,279 | 546,081 |
| Other deferred revenue | - | 548 | - | - | 548 |
| General obligation debt payable | <u>3,855,228</u> | <u>-</u> | <u>-</u> | <u>401,874</u> | <u>4,257,102</u> |
| Total Liabilities | <u>5,503,496</u> | <u>1,606,123</u> | <u>1,456,863</u> | <u>1,584,100</u> | <u>10,150,582</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 2,717,447 | - | - | - | 2,717,447 |
| Unrestricted (deficit) | <u>(1,190,981)</u> | <u>941,861</u> | <u>15,558</u> | <u>-</u> | <u>(233,562)</u> |
| Total Net Assets | <u>\$ 1,526,466</u> | <u>\$ 941,861</u> | <u>\$ 15,558</u> | <u>\$ -</u> | <u>\$ 2,483,885</u> |

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2004

| | Human Services Building | Health Insurance | Workers Compensation | General Liability Insurance | Totals |
|---|-------------------------------|---------------------|-------------------------|-----------------------------------|---------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 596,031 | \$ 14,830,289 | \$ 801,500 | \$ 446,506 | \$ 16,674,326 |
| Total operating revenues | <u>596,031</u> | <u>14,830,289</u> | <u>801,500</u> | <u>446,506</u> | <u>16,674,326</u> |
| OPERATING EXPENSES | | | | | |
| Operations and maintenance | - | 14,830,289 | 672,440 | 546,343 | 16,049,072 |
| Depreciation and amortization | <u>450,298</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>450,298</u> |
| Total operating expenses | <u>450,298</u> | <u>14,830,289</u> | <u>672,440</u> | <u>546,343</u> | <u>16,499,370</u> |
| Operating income (loss) | 145,733 | - | 129,060 | (99,837) | 174,956 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | - | - | 6,731 | 119,699 | 126,430 |
| Interest and fiscal charges | <u>(145,733)</u> | <u>-</u> | <u>-</u> | <u>(31,085)</u> | <u>(176,818)</u> |
| Total non-operating revenues (expenses) | <u>(145,733)</u> | <u>-</u> | <u>6,731</u> | <u>88,614</u> | <u>(50,388)</u> |
| Income (loss) before transfers | - | - | 135,791 | (11,223) | 124,568 |
| TRANSFERS | <u>200,190</u> | <u>-</u> | <u>(16,281)</u> | <u>16,281</u> | <u>200,190</u> |
| Change in net assets | 200,190 | - | 119,510 | 5,058 | 324,758 |
| Total net assets (deficit) at the beginning of year | <u>1,326,276</u> | <u>941,861</u> | <u>(103,952)</u> | <u>(5,058)</u> | <u>2,159,127</u> |
| Total net assets at end of year | <u>\$ 1,526,466</u> | <u>\$ 941,861</u> | <u>\$ 15,558</u> | <u>\$ -</u> | <u>\$ 2,483,885</u> |

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2004

| | Human Services Building | Health Insurance | Workers Compensation | General Liability Insurance | Totals |
|---|-------------------------------|---------------------|-------------------------|-----------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Received from customers | \$ 600,769 | \$ 14,867,333 | \$ 801,500 | \$ 455,032 | \$ 16,724,634 |
| Paid to suppliers for goods and services | (172,651) | (14,985,227) | (796,745) | (464,648) | (16,419,271) |
| Cash Flows from Operating Activities | <u>428,118</u> | <u>(117,894)</u> | <u>4,755</u> | <u>(9,616)</u> | <u>305,363</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers | 200,190 | - | (16,281) | 16,281 | 200,190 |
| Cash Flows from Noncapital Financing Activities | <u>200,190</u> | <u>-</u> | <u>(16,281)</u> | <u>16,281</u> | <u>200,190</u> |
| CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES | | | | | |
| Debt retired | (443,802) | - | - | (98,424) | (542,226) |
| Interest paid | (145,733) | - | - | (31,085) | (176,818) |
| Debt issued | 210,000 | - | - | - | 210,000 |
| Acquisition and construction of capital assets | (248,773) | - | - | - | (248,773) |
| Cash Flows from Capital and Financing Activities | <u>(628,308)</u> | <u>-</u> | <u>-</u> | <u>(129,509)</u> | <u>(757,817)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Change in restricted cash | - | - | - | 3,145 | 3,145 |
| Investment income | - | - | 6,731 | 119,699 | 126,430 |
| Cash Flows from Investing Activities | <u>-</u> | <u>-</u> | <u>6,731</u> | <u>122,844</u> | <u>129,575</u> |
| Net Change in Cash and Cash Equivalents | - | (117,894) | (4,795) | - | (122,689) |
| Cash and Cash Equivalents - Beginning of Year | <u>-</u> | <u>2,629,724</u> | <u>1,477,216</u> | <u>-</u> | <u>4,106,940</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ -</u> | <u>\$ 2,511,830</u> | <u>\$ 1,472,421</u> | <u>\$ -</u> | <u>\$ 3,984,251</u> |

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2004

| | Human Services Building | Health Insurance | Workers Compensation | General Liability Insurance | Totals |
|---|-------------------------------|----------------------------|-------------------------|-----------------------------------|--------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating Income (Loss) | \$ 145,733 | \$ - | \$ 129,060 | \$ (99,837) | 174,956 |
| Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities: | | | | | |
| Non-cash items included in operating income: | | | | | |
| Depreciation expense | 450,298 | - | - | - | 450,298 |
| Changes in assets and liabilities: | | | | | |
| Accounts receivable | 4,738 | 8,972 | - | 8,526 | 22,236 |
| Prepaid items | - | 28,072 | - | - | 28,072 |
| Accounts payable | (297,449) | (154,938) | (124,305) | 96,630 | (480,062) |
| Due to other funds | 124,798 | - | - | (14,935) | 109,863 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u><u>\$ 428,118</u></u> | <u><u>\$ (117,894)</u></u> | <u><u>\$ 4,755</u></u> | <u><u>\$ (9,616)</u></u> | <u><u>\$ 305,363</u></u> |

KENOSHA COUNTY
AGENCY FUNDS - COMBINING BALANCE SHEET
December 31, 2004

| | Agency | | | | |
|---|---------------------|-------------------|--------------------|-----------------------|---------------------|
| | Clerk of Courts | Child Support | Social Services | Other Agency Funds | Totals |
| ASSETS | | | | | |
| Cash and temporary cash investments | \$ 3,333,559 | \$ 140,354 | \$ 17,329 | \$ 772,043 | \$ 4,263,285 |
| Miscellaneous receivables | 282,103 | - | - | - | 282,103 |
| Total Assets | <u>\$ 3,615,662</u> | <u>\$ 140,354</u> | <u>\$ 17,329</u> | <u>\$ 772,043</u> | <u>\$ 4,545,388</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities | <u>\$ 3,615,662</u> | <u>\$ 140,354</u> | <u>\$ 17,329</u> | <u>\$ 772,043</u> | <u>\$ 4,545,388</u> |
| Total Liabilities | <u>\$ 3,615,662</u> | <u>\$ 140,354</u> | <u>\$ 17,329</u> | <u>\$ 772,043</u> | <u>\$ 4,545,388</u> |

KENOSHA COUNTY

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

For the Year Ended December 31, 2004

| | Balance January 1, 2004 | Additions | Deductions | Balance December 31, 2004 |
|-------------------------------------|-------------------------------|----------------------|----------------------|---------------------------------|
| <u>Clerk of Courts</u> | | | | |
| Assets: | | | | |
| Cash and temporary cash investments | \$ 1,959,680 | \$ 14,054,482 | \$ 12,680,603 | \$ 3,333,559 |
| Miscellaneous receivables | 238,268 | 392,164 | 348,329 | 282,103 |
| Total Assets | <u>2,197,948</u> | <u>14,446,646</u> | <u>13,028,932</u> | <u>3,615,662</u> |
| Liabilities: | | | | |
| Other accrued liabilities | 2,197,948 | 14,446,646 | 13,028,932 | 3,615,662 |
| Total Liabilities | <u>2,197,948</u> | <u>14,446,646</u> | <u>13,028,932</u> | <u>3,615,662</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 | 31,925 | - | 14,596 | 17,329 |
| Total Assets | <u>31,925</u> | <u>-</u> | <u>14,596</u> | <u>17,329</u> |
| Liabilities: | | | | |
| Other accrued liabilities | 31,925 | - | 14,596 | 17,329 |
| Total Liabilities | <u>31,925</u> | <u>-</u> | <u>14,596</u> | <u>17,329</u> |
| <u>Other</u> | | | | |
| Assets: | | | | |
| Cash and temporary cash investments | 698,503 | 6,080,724 | 6,007,184 | 772,043 |
| Total Assets | <u>698,503</u> | <u>6,080,724</u> | <u>6,007,184</u> | <u>772,043</u> |
| Liabilities: | | | | |
| Other accrued liabilities | 698,503 | 6,080,724 | 6,007,184 | 772,043 |
| Total Liabilities | <u>698,503</u> | <u>6,080,724</u> | <u>6,007,184</u> | <u>772,043</u> |
| <u>Total</u> | | | | |
| Assets: | | | | |
| Cash and temporary cash investments | 2,830,462 | 20,135,206 | 18,702,383 | 4,263,285 |
| Miscellaneous receivables | 238,268 | 392,164 | 348,329 | 282,103 |
| Total Assets | <u>3,068,730</u> | <u>20,527,370</u> | <u>19,050,712</u> | <u>4,545,388</u> |
| Liabilities: | | | | |
| Other accrued liabilities | 3,068,730 | 20,527,370 | 19,050,712 | 4,545,388 |
| Total Liabilities | <u>\$ 3,068,730</u> | <u>\$ 20,527,370</u> | <u>\$ 19,050,712</u> | <u>\$ 4,545,388</u> |