

**KENOSHA COUNTY**

Kenosha, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

December 31, 2006



# 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, 2006, 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, 2006, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Human Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

To the County Board of Supervisors  
Kenosha County

The management's discussion and analysis on pages 3 through 19 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.

*Virehow, Krause & Company, LLP*

Madison, Wisconsin  
July 20, 2007

## **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, 2006.

### **USING THIS ANNUAL REPORT**

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

### **Reporting the County as a Whole**

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

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

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

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

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

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

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

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

### Governmental activities (continued):

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

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

### **Reporting the County's Most Significant Funds**

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

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

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

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

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



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

## **Reporting the County's Most Significant Funds (continued)**

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

## **The County as Trustee**

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

## **THE COUNTY AS A WHOLE**

### Government-wide Financial Analysis

The condensed financial statements on the next two pages present the net assets of the County and changes in net assets. These statements are presented with comparisons to 2005.

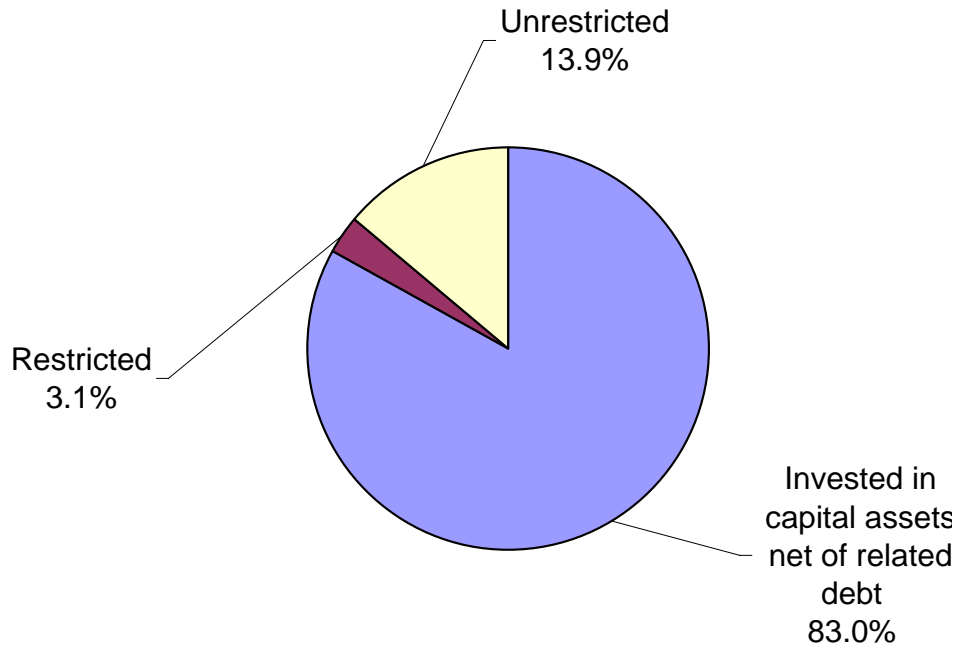
Net Assets may serve over time as a useful indicator of a government's financial position. In 2006, the County's assets exceeded liabilities by \$58,554,480. The largest portion (83 percent) reflects the County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted assets, which are subject to external restrictions on how they may be used, comprise 3.1 percent of the net assets.

The remaining of the County's net assets (13.9 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**

**Analysis of 2006 Net Assets**



**KENOSHA COUNTY  
NET ASSETS  
As of December 31, 2006  
(Rounded to Millions)**

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 86.97	\$ 85.30	\$ 9.11	\$ 9.18	\$ 96.08	\$ 94.48
Capital assets	110.56	106.55	15.71	16.57	126.27	123.12
Total Assets	197.53	191.85	24.82	25.75	222.35	217.60
Long-term liabilities outstanding	77.71	84.86	6.46	7.17	84.17	92.03
Other liabilities	73.69	70.09	5.93	5.86	79.62	75.95
Total liabilities	151.40	154.95	12.39	13.03	163.79	167.98
Net assets:						
Invested in capital assets, net of related debt	39.33	28.40	9.28	9.41	48.61	37.81
Restricted	1.65	1.92	0.16	-	1.81	1.92
Unrestricted	5.15	6.58	2.99	3.31	8.14	9.89
Total Net Assets	<u>\$ 46.13</u>	<u>\$ 36.90</u>	<u>\$ 12.43</u>	<u>\$ 12.72</u>	<u>\$ 58.56</u>	<u>\$ 49.62</u>

The County's total net assets increased by \$8.9 million. This was primarily due to the increase in capital assets which were funded by grants instead of debt, and the surplus due to savings in the County's self-insured health insurance.

# KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

The "Unrestricted" net assets in the governmental activities column for 2006 includes carryovers of \$7.2 million which is designated for use in 2007 and is not available for general use. In the business-type column for 2006, the "Unrestricted" net assets include \$1.03 million of carryovers designated for 2007.

## KENOSHA COUNTY CHANGES IN NET ASSETS Year Ended December 31, 2006 (Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2006	2005*	2006	2005*	2006	2005*
Revenues:						
Program revenues:						
Charges for services	\$ 8.19	\$ 7.07	\$ 16.04	\$ 15.74	\$ 24.23	\$ 22.81
Operating grants and contributions	68.46	69.59	3.18	3.23	71.64	72.82
Capital grants and contributions	4.10	0.95	0.39	0.13	4.49	1.08
General revenues:						
Property taxes	36.16	34.97	4.64	4.77	40.80	39.74
Other taxes	21.39	21.03	-	-	21.39	21.03
Grants and contributions not restricted to specific programs	3.80	4.05	-	-	3.80	4.05
Other	2.72	2.42	-	-	2.72	2.42
Total revenues	144.82	140.08	24.25	23.87	169.07	163.95
Expenses:						
General government	19.68	18.46	-	-	19.68	18.46
Health	25.28	24.61	-	-	25.28	24.61
Public works	1.52	1.31	-	-	1.52	1.31
Public safety	34.02	33.44	-	-	34.02	33.44
Social services	48.44	46.97	-	-	48.44	46.97
Education and recreation	3.75	3.61	-	-	3.75	3.61
Conservation and development	2.34	1.99	-	-	2.34	1.99
Interest on long-term debt	3.52	3.70	-	-	3.52	3.70
Nursing home	-	-	11.34	10.68	11.34	10.68
Highway	-	-	7.48	8.42	7.48	8.42
Golf Course	-	-	3.07	3.03	3.07	3.03
Total expenses	138.55	134.09	21.89	22.13	160.44	156.22
Increase in net assets before transfers	6.27	5.99	2.36	1.74	8.63	7.73
Transfers	2.65	1.11	(2.65)	(1.11)	-	-
Increase (decrease) in net assets	8.92	7.10	(0.29)	0.63	8.63	7.73
Net assets beginning of year (as restated)	37.21	29.81	12.72	12.09	49.93	41.90
Net assets end of year	\$ 46.13	\$ 36.91	\$ 12.43	\$ 12.72	\$ 58.56	\$ 49.63

\*2005 amounts have not been restated

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

Revenue for governmental activities increased by \$4.8 million when compared to 2005. Key elements of this increase are as follows:

- Increased Income Maintenance revenue of \$0.4 million
- Increase in state grant for parking structure of \$2.8 million
- Increased property tax of \$1.3 million
- Increase in County Clerk Elections HAVA revenue of \$0.3 million
- Increased state aids for Disability Services of \$1.3 million
- Increased interest on investments \$0.8 million
- Increased Community Options Program charges for service in the amount of \$1 million which are no longer netted to expense
- Decreased federal inmate revenue of \$0.8 million
- Decreased Workforce Development Revenue \$1.2 million
- Decreased Community Options Programs state grants of \$0.4 million
- Decreased Sale of County Property revenue of \$0.6 million
- Decreased HUD and Homeland Security Grants of \$0.7 million

Expenditures for governmental activities increased by \$4.5 million when compared to 2005. Key elements of this increase are as follows:

- Increased Human Services costs in Disability Services of \$1 million related to increased utilization in placements for mental illness.
- Increased costs for Human Services in out-of-home placements of \$0.7 million.
- Increased costs for Human Services in Community Options of \$0.5 million.
- Total personnel costs for all funds including Business-type funds, increased by \$2.8 million in 2006, from \$69.2 million in 2005 to \$71.9 million in 2006. Health insurance costs increased by \$1.4 million, and all other personnel costs increased by \$1.4 million. \$0.85 million of this increase was incurred in the Business-type funds.
- Interest expense in the debt service fund declined by \$0.2 million.

Revenue for the Business-type activities increased by \$0.4 million in 2006 when compared to 2005. Key elements of this decrease are as follows:

- Brookside operating revenue and grants increased by \$0.4 million
- Highway State Maintenance Revenue increased by \$0.3 million
- Highway new commuter rail grant increased by \$0.2 million
- Highway CMAQ revenue increased by \$0.4 million
- Brookside Intergovernmental Transfer Revenue decreased by \$0.3 million
- Highway Local Roads Improvement Revenue decreased by \$0.1 million
- Property tax decreased by \$0.1 million
- Highway Local Roads Maintenance revenue decreased by \$0.2 million
- Golf Course fees decreased by \$0.25 million

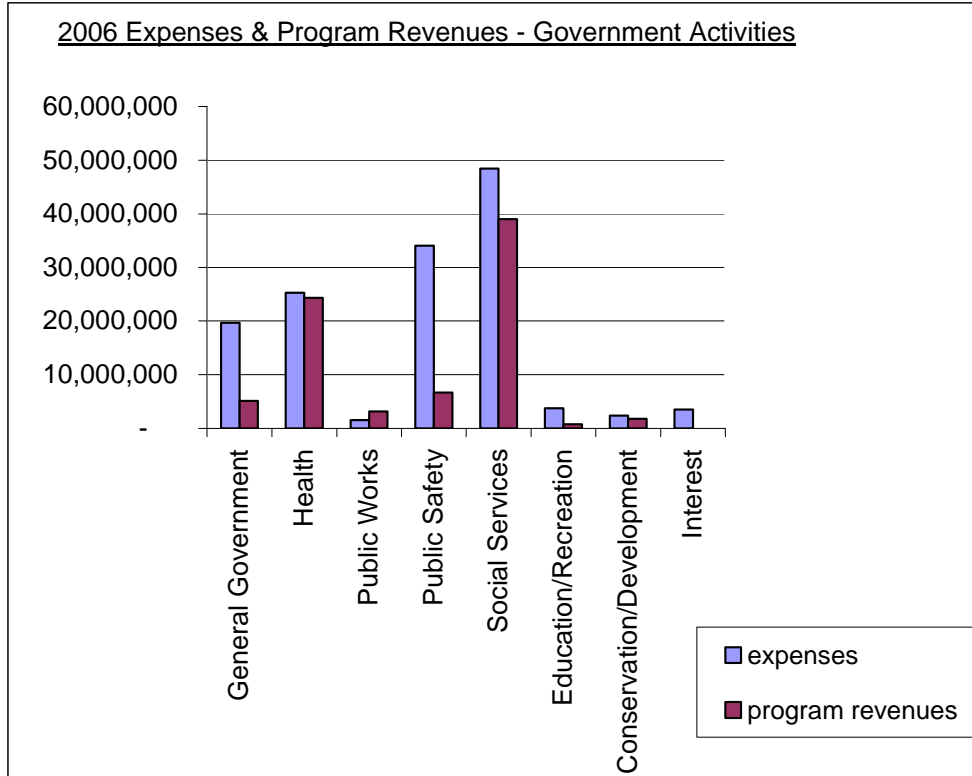
Expenses for Business-type activities increased a net of \$0.2 million in 2006 when compared to 2005. Key elements of this increase are as follows:

- Increased personnel costs of \$0.65 million for Brookside

# KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

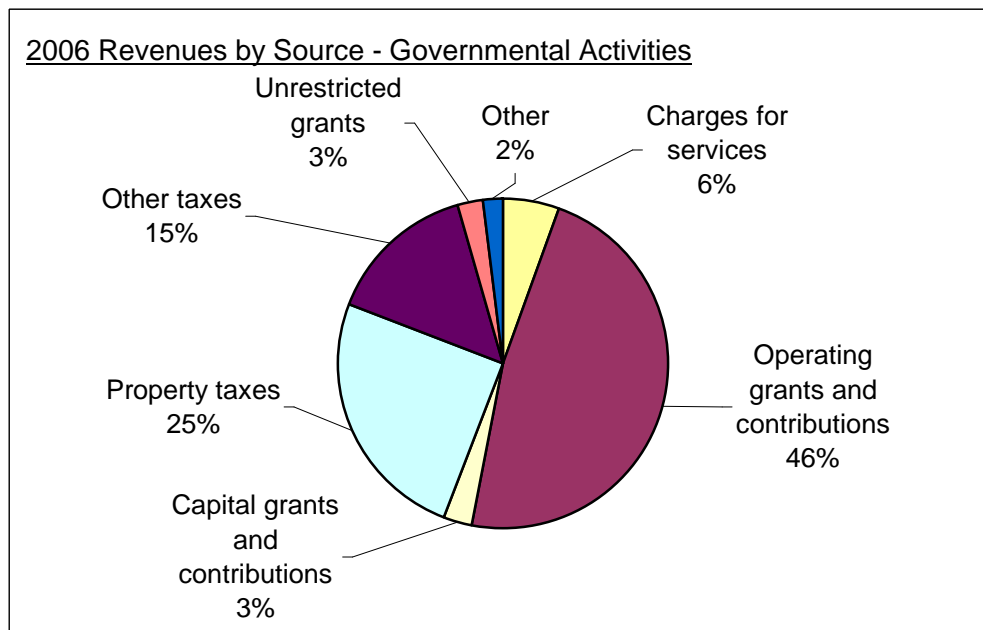
## EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for 2006.



## REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

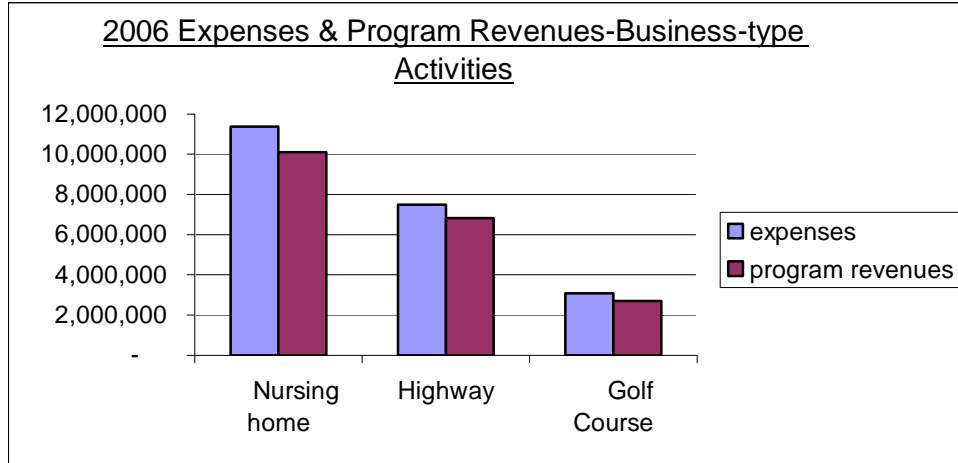
This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2006.



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

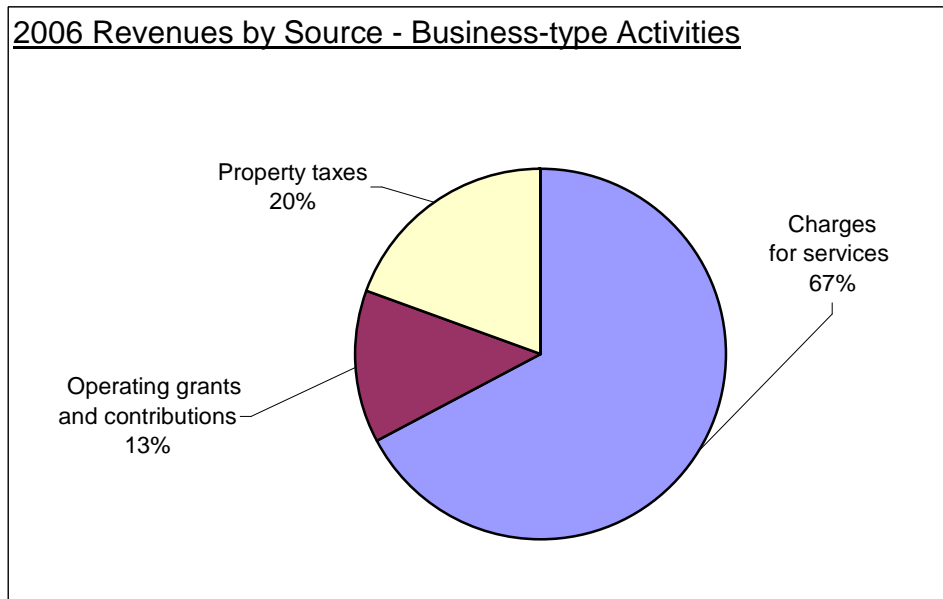
**EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES**

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2006.



**REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES**

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2006.



# KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

## THE COUNTY'S FUNDS

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

### General Fund

The General Fund experienced a modest decline in the total available with a decrease in unreserved, undesignated fund balance over the 2005 balance of \$1.7 million. The unreserved, undesignated fund balance decreased to \$9.8 million in 2006 compared to \$11.4 million in 2005. The primary reason for this decline is that General Fund reserves will be used to fund capital and other primarily one-time costs in the 2007 budget.

Because of this policy of using reserves, almost \$6 million of projects that otherwise would have been funded with debt were funded with reserves. This has helped the County move closer to its goal of reducing its debt to one-half of the 1999 amount of \$112.9 million. Adjusted for inflation, the 2006 County debt outstanding is now only 65% of the 1999 amount.

Because of the adoption of the Brookside reserve policy and the Health Insurance internal service reserve policy, funds that otherwise would have lapsed to the General Fund now remain in the Brookside enterprise fund, and the Health Insurance internal service fund. This further explains the reduction in the General Fund balance. The following chart shows total reserve balances when the Health Insurance and Brookside funds are included:

	2001	2002	2003	2004	2005	2006
General Fund	\$5,787,752	\$8,142,089	\$ 10,420,292	\$10,620,741	\$11,453,188	\$ 9,772,776
Health Insurance			1,000,000	1,000,000	1,500,000	1,500,000
Brookside				1,017,075	1,164,018	1,064,755
Total	<u>\$5,787,752</u>	<u>\$8,142,089</u>	<u>\$ 11,420,292</u>	<u>\$12,637,816</u>	<u>\$14,117,206</u>	<u>\$12,337,531</u>

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

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

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

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

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

- To maintain the fund balance of the General Fund at levels sufficient to protect the County's creditworthiness as well as its financial positions from unforeseeable emergencies.
- To ensure sufficient liquidity to provide for County obligations as they become due.
- To maintain the proper balance between maintaining a prudent level of reserves that is neither too low nor too high. The new policy requires that the County maintain 17% of General Fund expenditures as unreserved, undesignated fund balance in the General Fund. The County exceeded the 17% threshold by \$0.6 million at year-end 2006. See the summary on page 14 for an analysis of this.

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

### **THE COUNTY'S FUNDS (continued)**

#### General Fund (continued)

In accord with this policy, available balances within the General Fund in excess of 17% may be used for capital expenditures and one-time operating expenditures. An amount not to exceed \$250,000 may be used for ongoing operational expenditures. In the 2007 budget, \$1,308,000 of funds from the General Fund was used to finance capital projects, and \$250,000 was used to fund the Chamber of Commerce, the History Center and the Kemper Center. The Kemper Center provides art and cultural programs. This policy does permit reserves to be used for mid-year budget transfers. In addition, \$275,000 of reserves was budgeted in 2007 to pay for the County's share of Joint Services unfunded pension liability.

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

#### Interest on Investments and Register of Deeds Revenue

Because of the interest rate environment, the rate for County investments has increased from an average of about 2% to an average of just under 5% for the year 2006. The County realized a surplus in 2006 of over \$761,343. Because of the stability of the mortgage rate market and other factors, revenues in the Register of Deeds office have increased and remain stable. The Register of Deeds realized a surplus of \$141,421.

#### Health Insurance Internal Service Fund

Health Insurance had a surplus over budget of \$2.4 million. Of this amount, \$600,000 is estimated as savings resulting from vacancies. In accord with current Board policy, the balance net of revenue of \$1.7 million is lapsed to the General Fund.

#### Utilities

Utility costs in the Facilities and Safety Building budgets were less than expected because utility rates were less than anticipated at the time the 2006 budget was developed. This is partially offset by reduced Safety Building Maintenance Revenue. The surplus was about \$157,000.

#### Landfill Tipping Fee

Surplus of \$100,107 occurred because of increased tonnage.

#### Human Services Special Revenue Funds

The County Board approved resolution 81 to transfer \$480,055 to the Human Services Fund because of deficits in Mental Health and Out-of-Home placements expense.

#### Sales Tax

Sales tax was budgeted at \$10,145,973. \$9,919,361 was collected, leaving a deficit of \$226,612. During the audit process, DOR reports will be reviewed to assess the long-term budgetary outlook for sales tax. New retail development will be taken into consideration as part of this review.

#### Federal Inmate Revenue

Total collected was \$3,144,652 vs. budgeted of \$3,239,315 for a deficit of \$94,663. This occurred because inmate days were about 3% below forecast.

#### Election Costs

Because of Federal and State mandates, new voting systems had to be implemented. This impacted the cost of County-funded ballots within the City due to the replacement of the pull-lever voting system. An amendment to increase this budget by \$50,000 was approved by the Board in resolution 85.



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

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

#### Indirect Revenue

Indirect revenue recoveries were below forecast because building costs are charged directly now that the Job Center building is fully on line. This was adjusted as part of the development of the 2007 budget.

#### Joint Services Building Maintenance Revenue

Safety Building Maintenance Revenue is a function of expenses, and since expenses were \$233,692 less than budget, the corresponding revenue decreased by approximately 51% or \$128,162.

#### Planning and Development Revenue

Land Information fees were below budget projections by \$60,000. Permitting fees were below budget projections by \$120,000. The Land Information fees reflect a decline in mortgages and refinancings and were adjusted in the 2007 budget. The permitting fees reflect projects expected to be built. However, the projects did not get to the point of permitting. These projects are still expected to occur.

#### Brookside IGT Revenue

The budget estimate was based on an unknown multiplier in the Medicaid formula. This multiplier was .08% less than the multiplier used in the budget estimate.

#### 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 2006, the budgeted County vacancy adjustment was \$1,650,000, or 2.2% of total personnel costs. In 2006, countywide savings generated through vacancies were \$627,912, a deficit in its vacancy adjustment of \$1,022,088. The County has historically budgeted the majority of the vacancy adjustment in the General Fund. The majority of the vacancy adjustment is not allocated by department throughout the budget. Year-end lapses from the Human Services funds and the Highway fund and Brookside are required to fund the vacancy adjustment. Because of deficits in Human Services placements and in the golf course, minimal funds were available to lapse back to the General Fund in 2007 that otherwise would have been available to fund the vacancy adjustment.

In this respect, the majority of the funds lapsed in 2006 from the Human Services Fund (\$40,931) and Brookside (\$216,184) account for the non-General Fund share of vacancy savings needed to partially offset the 2006 vacancy deficit.

#### Property Tax Delinquencies

Based upon actual collections through December 31, 2006, property tax delinquencies increased from \$3,142,567 in 2005 to \$3,373,447 in 2006. In addition, the County deferred tax increased by \$66,629. This is an increase in tax delinquencies of \$297,509.

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

**THE COUNTY'S FUNDS** (continued)

General Fund (continued)

**Summary of 2006 Operations: Review of Major Elements Impacting the Undesignated, Unreserved Fund Balance in the General Fund**

<b>2005 undesignated reserves</b>	\$ 11,453,188
<b><u>Items expected to increase the General Fund:</u></b>	
Interest on investments surplus revenue	761,343
Health Insurance - Surplus net of savings due to vacancies	1,701,226
Utilities expense savings - rates were lower than forecasted	157,000
Land fill tipping fees surplus revenue due to increased tonnage	100,107
Register of Deeds fees surplus over budget due to mortgage rate market	141,421
Total Planned Increases to the General Fund	2,861,097
<b><u>Planned decreases to the General Fund:</u></b>	
General Fund transfer - St. Catherine's Commons displaced residents (fire)	(20,000)
General Fund transfer - Petrifying Springs Park sewage treatment	(143,957)
Reserves used to finance capital outlay in 2007 budget	(1,308,000)
Reserves used to finance Joint Services pension liability 2007 budget	(275,000)
Reserves used to fund operations in 2007 budget	(250,000)
Total Planned Decreases to the General Fund:	(1,996,957)
<b><u>All other net reductions to Fund Balance</u></b>	
Human Services placement deficit	(480,055)
Sales tax deficit	(226,612)
Federal inmate revenue deficit	(94,663)
Transfer to fund new election costs	(50,000)
Shortfall on indirect revenue	(87,776)
Joint Services building maintenance revenue deficit	(128,162)
Planning & Development fees shortfall	(177,324)
Brookside decrease in IGT	(62,622)
Vacancy adjustment deficit	(1,022,088)
Increase in outstanding tax delinquencies	(297,509)
Net - all other effects on fund balance	(152,501)
<b>Undesignated reserves before lapsing</b>	9,538,016
<b><u>Yearend funds lapsed to the General Fund</u></b>	
Less: To Cover Golf Course Cash Deficit	(22,355)
Plus: Vacancy Factor from BCC	216,184
Plus: Lapse from Human Services	40,931
<b>Total undesignated reserves after lapse</b>	9,772,776
Less: County Board requirement of 17% of General Fund Expenditures	(9,166,528)
<b>Amount in excess of requirement</b>	606,248
Less: Chamber, Kemper and History Center appropriation in 2008	(250,000)
<b>Available for contingencies</b>	<b>\$ 356,248</b>

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

**THE COUNTY'S FUNDS (continued)**

Brookside Enterprise Fund

In 2006, the Brookside Fund had a surplus of \$1.2 million before transfers. \$687,000 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 2006 budget. A portion of the surplus in the amount of \$216,000 relates to savings from the personnel vacancy factor which is budgeted in the General Fund. This amount was lapsed to the General Fund to record the savings in the fund in which it was budgeted. The Brookside Enterprise Fund is now non-lapsing, in accordance with a policy adopted by the County Board in 2005. \$1,064,755 of available and expendable cash balances that otherwise would have lapsed to the General Fund now remain in the Brookside Enterprise Fund. This represents a decrease in the Brookside reserve in 2006 of \$99,263. User fees have historically financed over 80% of the Brookside operation. Not lapsing these funds permits the nursing home to utilize the user fee revenue for the purpose of funding its programs and operations, in accord with customary enterprise fund fiscal practices.

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

Golf Course Fund

The golf course closed with a cash deficit of \$248,947. The Department of Public Works had a sufficient surplus to cover this deficit. The Highway fund surplus of \$226,592 and part of the Facilities/Park surplus of \$22,355 was transferred to the Golf Course fund to cover this deficit. The Parks/Facility surplus exceeded \$200,000.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

- The first category includes amendments for carryover funds from the prior year. The carryover of these funds allows the County to complete projects previously authorized by the Board.
- The second category includes budget amendments done to reflect changes in intergovernmental aids and grants.
- The third category includes transfers the Board approved for certain increases in appropriations to prevent budget overruns within budget appropriation. All of the transfers in this third category were done within the total budget.
- The fourth category includes transfers from the General Fund approved by the County Board. In 2006, there were three transfers from the General Fund. One budget amendment in the amount of \$143,957 was for the purpose of replacing a lift station at the County park. The second amendment was approved to cover deficits in mental health and out-of-home placements in the amount of \$480,055. The third transfer in the amount of \$20,000 funded the displaced residents of St. Catherine's Common's due to a fire.
- The fifth category is reprogrammed surplus funds re-budgeted for a new purpose using surplus funds identified as part of the year-end closeout. There were none in this category approved at year-end.

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

### **GENERAL FUND BUDGETARY HIGHLIGHTS (continued)**

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

With the close of calendar 2006, the County experienced a modest decline in the total available in the General Fund. The primary reason for this decline is that General Fund reserves are used to fund capital and other costs in the 2007 budget. This decline was planned, and was approved by the County Board as part of the 2007 budget.

The County will continue to exceed the Board-adopted General Fund requirement which is about \$9.2 million. This represents 17% of General Fund spending.

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

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

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 2008 budget. This resolution advises that the 2007 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 2008 increase in the debt levy will be about 5%. It is estimated that the increase in the operating levy will exceed the 3% advisory limit by about \$1.1 million. In order to achieve the 3% levy objective in 2007 it will be necessary for the County to increase revenue or decrease spending by a combined total of approximately \$1.1 million. This 3% limit is advisory only. The County is presently \$12.3 million below the State mill rate cap. For 2008, the County estimates that it would be able to increase its levy by a maximum of \$2.1 million, or 4% under the State Levy Limit.

# KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

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

In addition, the County Board has adopted a policy to implement a program called Family Care. This program is being phased in during 2007, and is expected to be fully implemented in 2008. This program will provide services primarily to the senior and developmentally disabled population. It will transfer the Community Options program, the Day Services provided through agencies such as the Kenosha Achievement Center and other agencies, and other programs, back to the State. It is estimated that this program will reduce costs currently reflected on the County books by about \$20 million. It is currently estimated that this program will require a tax levy increase in 2008 of \$904,000. It is expected that this levy increase will phase down to about \$400,000 by 2011. While this will negatively impact the County Levy under the State levy freeze, it is expected that future costs of a program that would have grown significantly because of the growth in the senior population will not impact the County as they would have had the County elected to keep these programs as part of County government.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of December 31, 2006, the County had \$126.27 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

Land increased by \$600,000 due to the acquisition of the land in the floodplain which is funded by federal dollars. The increase in machinery and equipment primarily relates to the acquisition of computer equipment and vehicles of \$1.5 million. Buildings increased due to the completion of the parking structure. See Notes to the Financial Statements page 63 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	2006	2005	2006	2005	2006	2005
Construction in progress	\$ 0.06	\$ 0.38	\$ -	\$ -	\$ 0.06	\$ 0.38
Land	16.48	15.88	0.34	0.34	16.82	16.22
Land improvements	9.32	8.91	4.29	4.29	13.61	13.20
Buildings	76.45	72.61	15.11	15.11	91.56	87.72
Machinery & equipment	14.81	13.27	16.47	16.05	31.28	29.32
Infrastructure	38.45	35.73	-	-	38.45	35.73
Total capital assets	155.57	146.78	36.21	35.79	191.78	182.57
Less: accumulated depreciation	(45.01)	(40.23)	(20.50)	(19.22)	(65.51)	(59.45)
Total net capital assets	<u>\$ 110.56</u>	<u>\$ 106.55</u>	<u>\$ 15.71</u>	<u>\$ 16.57</u>	<u>\$ 126.27</u>	<u>\$ 123.12</u>

### Debt

At year-end, the County had \$89,035,538 in outstanding general obligation debt. That is a decrease of over seven percent as shown in the following table.

Bonded debt outstanding at 12/31/05	\$ 96,426,875
Principal retired in 2006	(9,541,337)
Eight year notes issued to fund 2006 capital projects	2,150,000
Debt outstanding at 12/31/06	<u>\$ 89,035,538</u>

New principal issued was \$2,150,000. Total debt outstanding declined by \$7,391,337 or 7.7%.

# KENOSHA COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

## CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

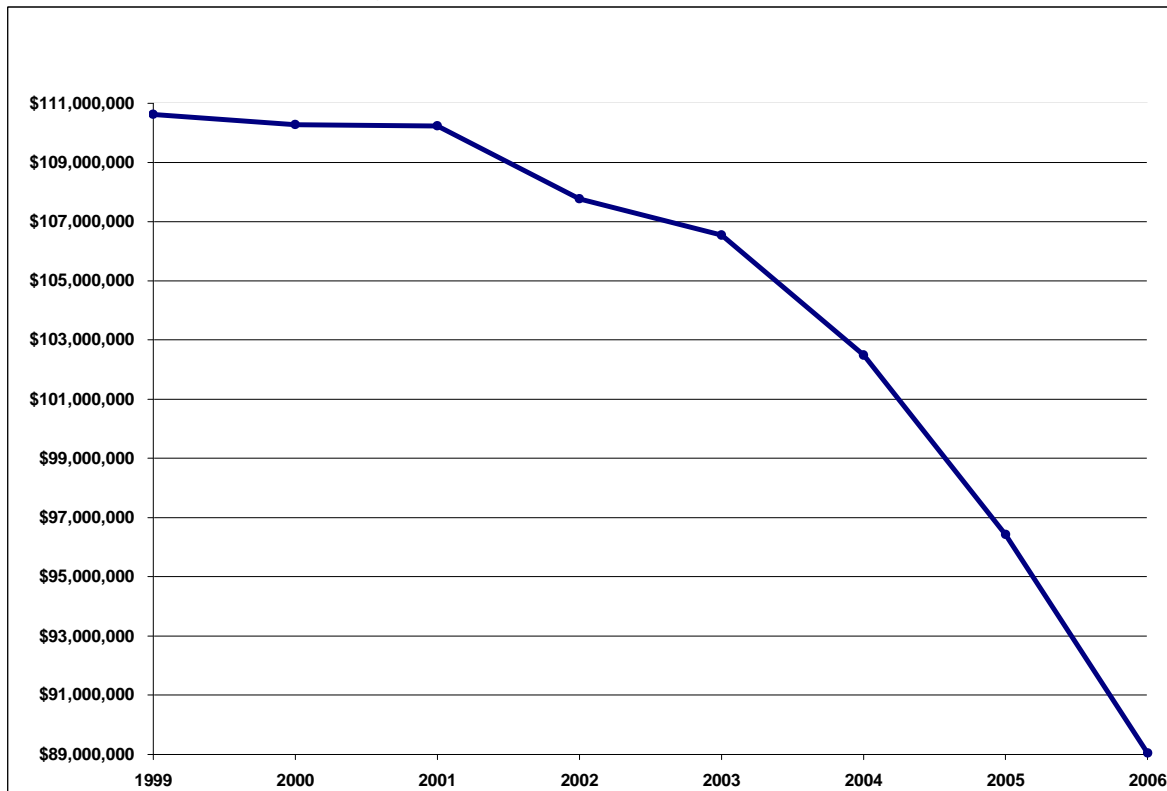
### Debt (continued)

Since 1999, the County has done six refinancings, excluding the pension refunding bonds. These refinancings are estimated to achieve savings exceeding \$2.4 million. In order to implement the six refinancings, it was necessary to issue additional principal of about \$2 million. Of this amount, a balance of about \$1.4 million remains at year end 2006.

The County received an increase in its Moody's credit rating in 2004. The rating received from Moody's increased from A1 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. The ratings have not changed in 2006.

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 2006, total County general obligation debt was \$89 million. This amount includes about \$1.4 million of additional principal issued to refinance debt for savings. Adjusting total County debt outstanding as of year-end 2006 for new principal issued for refinancings, and restating the resulting balance in inflation adjusted 1999 dollars, total debt outstanding at year-end 2006 would be \$72.4 million. This reflects a reduction over 1999 of \$41 million, or 36% over total County debt outstanding in 1999 in inflation adjusted dollars.

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



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

### **CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

In June of 2004, 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 irrepealable 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. To date, the County has used \$5.6 million of this capacity. In addition, the County authorized \$56,300,000 for the purpose of paying the cost of refinancing County debt. This would preserve the ability of the County to refinance debt at a savings notwithstanding potential new State restrictions. To date, the County has used none of this capacity. These approvals are good until June of 2009.

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

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

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

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**KENOSHA COUNTY**  
**STATEMENT OF NET ASSETS**  
**As of December 31, 2006**

<b>ASSETS</b>	Governmental Activities	Business-type Activities	Totals
Cash and temporary cash investments	\$ 18,230,938	\$ 2,006,628	\$ 20,237,566
Receivables			
Property taxes receivable	47,213,757	4,545,430	51,759,187
Delinquent taxes	5,563,390	-	5,563,390
Due from other governments	11,890,661	1,030,110	12,920,771
Miscellaneous	2,318,282	1,035,879	3,354,161
Prepaid items	61,621	-	61,621
Inventories	-	494,191	494,191
Restricted assets			
Cash	523,998	-	523,998
Deposit with Wisconsin Municipal Mutual Insurance Co.	1,157,860	-	1,157,860
Capital assets			
Land, improvements, and construction in progress	23,237,132	338,258	23,575,390
Other capital assets, net of depreciation	87,326,400	15,375,921	102,702,321
Total Capital Assets	<u>110,563,532</u>	<u>15,714,179</u>	<u>126,277,711</u>
Total Assets	<u>197,524,039</u>	<u>24,826,417</u>	<u>222,350,456</u>
 <b>LIABILITIES</b>			
Accounts payable	9,877,253	350,466	10,227,719
Accrued compensation	1,764,896	-	1,764,896
Other liabilities	1,054,265	81,325	1,135,590
Special deposits	12,098	-	12,098
Due to other governments	365,061	78,580	443,641
Due to special districts	1,073,169	-	1,073,169
Unearned property tax revenue	47,213,757	4,545,430	51,759,187
Other unearned revenue	1,452,728	1,808	1,454,536
Long-term liabilities			
Due within one year	10,870,412	876,870	11,747,282
Due in more than one year	77,713,527	6,464,331	84,177,858
Total Liabilities	<u>151,397,166</u>	<u>12,398,810</u>	<u>163,795,976</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	39,325,697	9,279,196	48,604,893
Restricted for:			
Specific purpose: grants and loans	1,651,720	-	1,651,720
Non-expendable fund use	-	163,663	163,663
Unrestricted	5,149,456	2,984,748	8,134,204
Total Net Assets	<u>\$ 46,126,873</u>	<u>\$ 12,427,607</u>	<u>\$ 58,554,480</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2006**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 19,677,135	\$ 3,188,748	\$ 1,603,160	\$ 302,127	\$ (14,583,100)	\$ -	\$ (14,583,100)
Health	25,280,631	2,588,252	21,780,730	-	(911,649)	-	(911,649)
Public works	1,520,873	-	-	3,115,995	1,595,122	-	1,595,122
Public safety	34,023,658	1,350,678	5,287,482	21,498	(27,364,000)	-	(27,364,000)
Social services	48,441,241	44,947	38,958,786	24,933	(9,412,575)	-	(9,412,575)
Education and recreation	3,752,166	219,790	499,184	-	(3,033,192)	-	(3,033,192)
Conservation and development	2,341,568	795,646	335,436	635,836	(574,650)	-	(574,650)
Interest on long-term debt	3,521,605	-	-	-	(3,521,605)	-	(3,521,605)
Total Governmental Activities	138,558,877	8,188,061	68,464,778	4,100,389	(57,805,649)	-	(57,805,649)
Business-type activities:							
Nursing home	11,350,552	9,404,386	689,878	-	-	(1,256,288)	(1,256,288)
Highway	7,494,412	3,942,100	2,494,804	386,709	-	(670,799)	(670,799)
Golf Course	3,065,432	2,697,916	-	-	-	(367,516)	(367,516)
Total Business-type Activities	21,910,396	16,044,402	3,184,682	386,709	-	(2,294,603)	(2,294,603)
Total Primary Government	\$ 160,469,273	\$ 24,232,463	\$ 71,649,460	\$ 4,487,098	(57,805,649)	(2,294,603)	(60,100,252)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					36,157,051	4,643,073	40,800,124
Property taxes, levied for debt service					11,398,525	-	11,398,525
Sales tax - County					9,919,424	-	9,919,424
Dog track admissions tax					75,889	-	75,889
Grants and contributions not restricted to specific programs					3,803,394	-	3,803,394
Unrestricted investment earnings					2,178,425	8,135	2,186,560
Miscellaneous					541,769	-	541,769
Transfers					2,645,775	(2,645,775)	-
Total general revenues and transfers					66,720,252	2,005,433	68,725,685
Change in net assets					8,914,603	(289,170)	8,625,433
Net assets-beginning (as restated)					37,212,270	12,716,777	49,929,047
Net assets-ending					\$ 46,126,873	\$ 12,427,607	\$ 58,554,480

See accompanying notes to the financial statements.

**KENOSHA COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2006**

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 7,580,521	\$ 178,662	\$ -	\$ 5,854,831	\$ 13,614,014
Receivables					
Property taxes receivables	23,428,029	9,017,600	12,490,835	2,277,293	47,213,757
Delinquent taxes	5,563,390	-	-	-	5,563,390
Miscellaneous	364,851	99,077	-	261,212	725,140
Due from other governments	3,185,690	5,093,048	-	3,595,719	11,874,457
Due from other funds	4,040,112	-	-	-	4,040,112
Prepaid items	24,827	-	-	-	24,827
Loans receivable	-	-	-	1,335,818	1,335,818
<b>TOTAL ASSETS</b>	<b>\$ 44,187,420</b>	<b>\$ 14,388,387</b>	<b>\$ 12,490,835</b>	<b>\$ 13,324,873</b>	<b>\$ 84,391,515</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 766,468	\$ 4,123,600	\$ -	\$ 1,071,234	\$ 5,961,302
Accrued compensation	1,764,896	-	-	-	1,764,896
Other liabilities	-	-	4,628	-	4,628
Special deposits	9,252	2,846	-	-	12,098
Due to other governments	1,258,345	130,383	-	49,502	1,438,230
Due to other funds	-	-	205,213	2,706,696	2,911,909
Deferred property tax revenue	23,428,029	9,017,600	12,490,835	2,277,293	47,213,757
Other deferred revenue	1,138,531	542,637	-	1,989,334	3,670,502
Total Liabilities	<u>28,365,521</u>	<u>13,817,066</u>	<u>12,700,676</u>	<u>8,094,059</u>	<u>62,977,322</u>
Fund Balances					
Reserved for delinquent tax certificate receivables	3,373,448	-	-	-	3,373,448
Reserved for encumbrances	238,404	267,121	-	19,400	524,925
Reserved for prepaid items	24,827	-	-	-	24,827
Unreserved, reported in:					
General Fund, designated	2,412,444	-	-	-	2,412,444
General Fund, undesignated	9,772,776	-	-	-	9,772,776
Special Revenue Funds, designated	-	304,200	-	493,755	797,955
Special Revenue Funds, undesignated	-	-	-	1,013	1,013
Debt Service, undesignated (deficit)	-	-	(209,841)	-	(209,841)
Capital Projects Funds, designated	-	-	-	4,699,058	4,699,058
Capital Projects Funds, undesignated	-	-	-	17,588	17,588
Total Fund Balances (deficit)	<u>15,821,899</u>	<u>571,321</u>	<u>(209,841)</u>	<u>5,230,814</u>	<u>21,414,193</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 44,187,420</b>	<b>\$ 14,388,387</b>	<b>\$ 12,490,835</b>	<b>\$ 13,324,873</b>	<b>\$ 84,391,515</b>

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, 2006**

Fund Balance - Total Governmental Funds	21,414,193
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	104,202,880
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.	(84,830,928)
Interest expense is not accrued in the governmental funds	(1,018,635)
Proceeds of loans receivable collected are recorded as revenue in government-wide not as deferred revenue.	1,335,818
Unavailable delinquent tax receivable is recorded as revenue in government-wide not as deferred revenue.	881,956
Internal service funds are classed as proprietary funds in the fund statements but are governmental type in the entity wide statements. See Note II.A.	<u>4,141,589</u>
Total Net Assets - Governmental Activities	<u><u>\$ 46,126,873</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, 2006**

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 35,055,438	\$ 8,893,334	\$ 11,398,525	\$ 2,136,900	\$ 57,484,197
Licenses and permits	375,305	-	-	313,536	688,841
Intergovernmental revenues	8,110,964	57,996,549	-	5,915,989	72,023,502
Charges for services	6,320,233	1,064,760	-	1,957,103	9,342,096
Fines, forfeits and penalties	1,290,477	-	-	-	1,290,477
Investment income	1,896,405	-	-	111,371	2,007,776
Miscellaneous income	772,743	653,565	-	244,388	1,670,696
Total Revenues	<u>53,821,565</u>	<u>68,608,208</u>	<u>11,398,525</u>	<u>10,679,287</u>	<u>144,507,585</u>
<b>EXPENDITURES</b>					
Current					
General government	16,238,996	-	-	-	16,238,996
Health	-	20,808,430	-	4,405,978	25,214,408
Public safety	33,371,795	-	-	-	33,371,795
Social services	255,778	48,051,074	-	-	48,306,852
Education and recreation	1,799,210	-	-	1,716,757	3,515,967
Conservation and development	1,791,820	-	-	602,138	2,393,958
Capital Outlay	469,213	-	-	5,667,482	6,136,695
Debt Service					
Principal retirement	-	-	8,163,938	-	8,163,938
Interest, fiscal charges and debt issuance costs	-	-	3,384,515	36,537	3,421,052
Total Expenditures	<u>53,926,812</u>	<u>68,859,504</u>	<u>11,548,453</u>	<u>12,428,892</u>	<u>146,763,661</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, 2006**

	<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>(105,247)</u>	<u>(251,296)</u>	<u>(149,928)</u>	<u>(1,749,605)</u>	<u>(2,256,076)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation debt issued	-	-	-	2,150,000	2,150,000
Premium on issuance of debt	-	-	-	23,308	23,308
Transfers from other funds	944,493	625,055	-	1,767,934	3,337,482
Transfers to other funds	<u>(2,363,367)</u>	<u>(65,764)</u>	<u>-</u>	<u>(1,704,000)</u>	<u>(4,133,131)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(1,418,874)</u>	<u>559,291</u>	<u>-</u>	<u>2,237,242</u>	<u>1,377,659</u>
<b>Net change in fund balance</b>	(1,524,121)	307,995	(149,928)	487,637	(878,417)
<b>FUND BALANCES (DEFICIT)</b>					
Beginning of year	<u>17,346,020</u>	<u>263,326</u>	<u>(59,913)</u>	<u>4,743,177</u>	<u>22,292,610</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u><u>\$ 15,821,899</u></u>	<u><u>\$ 571,321</u></u>	<u><u>\$ (209,841)</u></u>	<u><u>\$ 5,230,814</u></u>	<u><u>\$ 21,414,193</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, 2006**

Net Change in Fund Balances - Total Governmental Funds	\$	(878,417)
--	----	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$6,136,695), infrastructure (\$3,241,424), less capital outlay that falls below the threshold (\$411,092) exceeds depreciation (\$4,851,119) in the current period.

4,269,689

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

(296,636)

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

(238,457)

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.

5,977,568

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.

(373,066)

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

66,625

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.

387,297

Change in net assets of governmental activities	\$	<u><u>8,914,603</u></u>
---	----	-------------------------



**KENOSHA COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 35,176,984	\$ 35,176,984	\$ 35,055,438	\$ (121,546)
Licenses and permits	478,700	478,700	375,305	(103,395)
Intergovernmental revenues	8,711,662	9,762,781	8,110,964	(1,651,817)
Charges for services	6,323,016	6,497,039	6,320,233	(176,806)
Fines, forfeits and penalties	1,190,538	1,190,538	1,290,477	99,939
Investment income	985,000	1,035,000	1,896,405	861,405
Miscellaneous income	652,843	655,343	772,743	117,400
Carryovers	508,998	560,778	-	(560,778)
Total Revenues	54,027,741	55,357,163	53,821,565	(1,535,598)
<b>Expenditures</b>				
Current				
General government	15,648,389	16,228,162	16,238,996	(10,834)
Public safety	34,110,356	34,749,002	33,371,795	1,377,207
Social services	270,384	271,298	255,778	15,520
Education/recreation	1,929,883	2,042,787	1,799,210	243,577
Conservation and development	1,845,379	1,929,591	1,791,820	137,771
Capital Outlay	223,350	560,849	469,213	91,636
Total Expenditures	54,027,741	55,781,689	53,926,812	1,854,877
Excess (deficiency) of Revenues Over Expenditures	-	(424,526)	(105,247)	319,279
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	944,493	944,493	-
Transfers out	-	(2,363,367)	(2,363,367)	-
Total Other Financing Sources (Uses)	-	(1,418,874)	(1,418,874)	-
Net change in fund balance	-	(1,843,400)	(1,524,121)	319,279
Fund balance - beginning	17,346,020	17,346,020	17,346,020	-
Fund balance - ending	\$ 17,346,020	\$ 15,502,620	\$ 15,821,899	\$ 319,279

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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 8,893,334	\$ 8,893,334	\$ 8,893,334	\$ -
Intergovernmental revenues	58,301,893	62,618,051	57,996,549	(4,621,502)
Charges for services	969,856	969,856	1,064,760	94,904
Miscellaneous income	4,700	531,683	653,565	121,882
Total Revenues	<u>68,169,783</u>	<u>73,012,924</u>	<u>68,608,208</u>	<u>(4,404,716)</u>
<b>Expenditures</b>				
Current				
Health	18,664,018	21,071,954	20,808,430	263,524
Social services	49,505,765	52,893,715	48,051,074	4,842,641
Total Expenditures	<u>68,169,783</u>	<u>73,965,669</u>	<u>68,859,504</u>	<u>5,106,165</u>
Excess (deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(952,745)</u>	<u>(251,296)</u>	<u>701,449</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	625,055	625,055	-
Transfers out	-	(65,764)	(65,764)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>559,291</u>	<u>559,291</u>	<u>-</u>
Net change in fund balance	-	(393,454)	307,995	701,449
Fund balance - beginning	263,326	263,326	263,326	-
Fund balance - ending (deficit)	<u>\$ 263,326</u>	<u>\$ (130,128)</u>	<u>\$ 571,321</u>	<u>\$ 701,449</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**December 31, 2006**

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Golf Course	Totals	Internal Service
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,127,618	\$ 879,010	\$ -	\$ 2,006,628	\$ 4,616,924
Accounts receivable	1,032,835	-	3,044	1,035,879	257,324
Property taxes receivable	2,006,378	2,539,052	-	4,545,430	-
Due from other governments	-	1,029,714	396	1,030,110	16,204
Inventories	36,566	436,771	20,854	494,191	-
Prepaid items	-	-	-	-	36,794
Restricted cash and investments	-	-	-	-	523,998
Deposit in WMMIC	-	-	-	-	1,157,860
Land	203	60,409	277,646	338,258	682,623
Buildings and improvements	5,299,147	8,292,370	5,818,135	19,409,652	7,223,005
Machinery and equipment	4,258,545	10,607,491	1,601,870	16,467,906	353,838
Accumulated depreciation	(4,530,691)	(11,817,403)	(4,153,543)	(20,501,637)	(1,898,814)
Total Assets	9,230,601	12,027,414	3,568,402	24,826,417	12,969,756
<b>LIABILITIES</b>					
Accounts payable	101,824	217,980	30,662	350,466	703,846
Claims payable	-	-	-	-	3,212,105
Due to other funds	-	-	-	-	1,128,203
Due to other governments	-	78,580	-	78,580	-
Other liabilities	81,325	-	-	81,325	31,002
Current portion of long-term debt payable	596,822	22,639	257,409	876,870	568,338
Deferred property tax revenue	2,006,378	2,539,052	-	4,545,430	-
Other unearned revenue	-	1,808	-	1,808	-
Long-term obligations	4,376,619	368,656	2,389,073	7,134,348	3,184,673
Unamortized discount on debt	(292,225)	-	(377,792)	(670,017)	-
Total Liabilities	6,870,743	3,228,715	2,299,352	12,398,810	8,828,167
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	804,429	7,142,867	1,331,900	9,279,196	2,903,179
Restricted for non-expendable fund use	163,663	-	-	163,663	-
Unrestricted (deficit)	1,391,766	1,655,832	(62,850)	2,984,748	1,238,410
Total Net Assets	\$ 2,359,858	\$ 8,798,699	\$ 1,269,050	\$ 12,427,607	\$ 4,141,589

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, 2006**

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Golf Course	Totals	Internal Service
<b>OPERATING REVENUES</b>					
Charges for services	\$ 9,404,386	\$ 3,942,100	\$ 2,697,916	\$ 16,044,402	\$ 18,353,125
Total Operating Revenues	9,404,386	3,942,100	2,697,916	16,044,402	18,353,125
<b>OPERATING EXPENSES</b>					
Operations and maintenance	9,981,853	8,968,341	2,628,871	21,579,065	17,772,798
General and administrative	764,482	927,825	-	1,692,307	-
Depreciation and amortization	343,503	839,671	305,242	1,488,416	468,570
Total Operating Expenses	11,089,838	10,735,837	2,934,113	24,759,788	18,241,368
Operating Income (Loss)	(1,685,452)	(6,793,737)	(236,197)	(8,715,386)	111,757
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
General property taxes	2,436,997	2,206,076	-	4,643,073	-
Intergovernmental grants	687,378	2,881,514	-	3,568,892	-
Investment income	8,135	-	-	8,135	222,478
Amortization of debt discount and loss on refinancing	(52,587)	-	(41,777)	(94,364)	-
Interest and fiscal charges	(208,127)	-	(89,542)	(297,669)	(146,938)
Total Non-Operating Revenues (Expenses)	2,871,796	5,087,590	(131,319)	7,828,067	75,540
Income (Loss) Before Contributions and Transfers	1,186,344	(1,706,147)	(367,516)	(887,319)	187,297
<b>CONTRIBUTIONS</b>	2,500	-	-	2,500	-
<b>TRANSFERS</b>					
Transfers in	-	1,647,316	248,947	1,896,263	200,000
Transfers out	(903,562)	(397,052)	-	(1,300,614)	-
Total Transfers	(903,562)	1,250,264	248,947	595,649	200,000
Change in net assets	285,282	(455,883)	(118,569)	(289,170)	387,297
Total net assets at the beginning of year	2,074,576	9,254,582	1,387,619	12,716,777	3,754,292
Total net assets at end of year	\$ 2,359,858	\$ 8,798,699	\$ 1,269,050	\$ 12,427,607	\$ 4,141,589

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, 2006**

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Golf Course	Totals	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 9,310,635	\$ 3,530,507	\$ 2,700,400	\$ 15,541,542	\$ 18,234,004
Paid to suppliers and employees for goods and services	(10,740,130)	(9,798,680)	(2,641,190)	(23,180,000)	(17,336,710)
Cash Flows from Operating Activities	(1,429,495)	(6,268,173)	59,210	(7,638,458)	897,294
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
General property taxes	2,436,997	2,206,076	-	4,643,073	-
Intergovernmental grants	687,378	2,881,514	-	3,568,892	-
Transfers	(903,562)	1,250,264	248,947	595,649	200,000
Cash Flows from Noncapital Financing Activities	2,220,813	6,337,854	248,947	8,807,614	200,000
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>					
Debt retired	(565,000)	-	(255,000)	(820,000)	(557,398)
Interest paid	(208,127)	-	(89,543)	(297,670)	(146,938)
Acquisition and construction of capital assets	(53,559)	(534,069)	(39,592)	(627,220)	(198,947)
Cash Flows from Capital and Financing Activities	(826,686)	(534,069)	(384,135)	(1,744,890)	(903,283)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Deposit in WMMIC restricted cash	-	-	-	-	(259,994)
Investment income	8,135	-	-	8,135	222,478
Cash Flows from Investing Activities	8,135	-	-	8,135	(37,516)
Net Change in Cash and Cash Equivalents	(27,233)	(464,388)	(75,978)	(567,599)	156,495
Cash and Cash Equivalents - Beginning of Year	1,154,851	1,343,398	75,978	2,574,227	4,460,429
Cash and Cash Equivalents - End of Year	\$ 1,127,618	\$ 879,010	\$ -	\$ 2,006,628	\$ 4,616,924

See accompanying notes to the financial statements.

**KENOSHA COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2006

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Golf Course	Totals	Internal Service
<b>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ (1,685,452)	\$ (6,793,737)	\$ (236,197)	\$ (8,715,386)	\$ 111,757
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Depreciation expense and amortization	343,503	839,671	305,242	1,488,416	468,570
Changes in assets and liabilities:					
Accounts receivable	(103,991)	-	(1,294)	(105,285)	(119,120)
Due from other governments	10,240	(411,593)	3,779	(397,574)	-
Inventories	1,253	(89,405)	(8,419)	(96,571)	-
Prepaid items	-	-	-	-	586
Accounts payable	8,073	144,577	(3,901)	148,749	206,093
Due to other governments	-	68,304	-	68,304	-
Due to other funds	-	-	-	-	229,408
Other current liabilities	(3,121)	(25,990)	-	(29,111)	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (1,429,495)</u>	<u>\$ (6,268,173)</u>	<u>\$ 59,210</u>	<u>\$ (7,638,458)</u>	<u>\$ 897,294</u>
Noncash investing, capital and financing activities:					
Infrastructure transferred to governmental activities	<u>\$ -</u>	<u>\$ 3,241,425</u>	<u>\$ -</u>	<u>\$ 3,241,425</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY**  
**STATEMENT OF ASSETS & LIABILITIES**  
**FIDUCIARY FUNDS - AGENCY FUNDS**  
**December 31, 2006**

**ASSETS**

Cash and temporary cash investments	\$ 3,952,011
Miscellaneous receivables	<u>212,625</u>
Total Assets	<u><u>4,164,636</u></u>

**LIABILITIES**

Other liabilities	<u>4,164,636</u>
Total Liabilities	<u><u>\$ 4,164,636</u></u>

See accompanying notes to the financial statements.



## KENOSHA COUNTY

### INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2006

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## KENOSHA COUNTY

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**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

---

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

***Government-Wide Financial Statements (cont.)***

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

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

***Fund Financial Statements***

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

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

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

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

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

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

---

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

***Fund Financial Statements (cont.)***

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

Housing Authority	Federated Library System
Health Department	Geographic Information Systems
Economic Development	

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

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

- The County has no non-major enterprise funds.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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**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, 2006

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

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

***Fund Financial Statements***

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

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

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

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

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, 2006

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

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***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.

***All Financial Statements***

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

***D. ASSETS, LIABILITIES, AND NET 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, 2006

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

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

***1. Deposits and Investments (cont.)***

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

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2006 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, 2006

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

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***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 – 2006 tax roll:

Lien date and levy date	December 2006
Tax bills mailed	December 2006
Payment in full, or	January 31, 2007
First installment due	January 31, 2007
Second installment due	July 31, 2007
Personal property taxes in full	January 31, 2007
Tax sale – 2006 delinquent real estate taxes	October 2009

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

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

***2. Receivables (cont.)***

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

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

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

***3. Inventories and Prepaid Items***

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

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

***4. Restricted Assets***

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

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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

***5. Capital Assets***

***Government-Wide Financial Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 (Brookside's threshold is \$1,000) for general capital assets and infrastructure assets, and an estimated useful life based on the asset type. All capital assets are valued at historical cost, or estimated historical cost, if actual amounts are unavailable based on the amount provided by the appraisal firm retained by the County. Donated 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, 2006

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

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***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. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

***6. Other Assets***

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

***7. Compensated Absences***

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

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

Accumulated liabilities at December 31, 2006 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, 2006

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

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

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

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

The County does not engage in conduit debt transactions.

***9. Claims and Judgments***

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

***10. Equity Classifications***

***Government-Wide Financial Statements***

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

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

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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**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, 2006

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**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	\$ 78,177,527
Vacation/casual day accrual	2,857,667
Post retirement health insurance benefits	4,224,721
Unamortized debt discount and issue costs	<u>(428,987)</u>
 Combined adjustment for long-term liabilities	 <u>\$ 84,830,928</u>

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

Internal Service Funds:	
Human Services Building	\$ 2,216,232
Health Insurance	1,500,001
Workers Compensation	142,087
WMMIC	<u>283,269</u>
 Total	 <u>\$ 4,141,589</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, 2006

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

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***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 \$5,977,568 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (2,150,000)
Less discounts, premium and issuance costs	13,229
Amortization expense	(49,599)
Principal repayments:	
General obligation debt	<u>8,163,938</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 5,977,568</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 \$373,066 difference are as follows:

Vacation/casual day accrual	\$ (89,832)
Post retirement health insurance benefits	(365,988)
Accrued interest	<u>82,754</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>\$ (373,066)</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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**NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**A. BUDGETARY INFORMATION**

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

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

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

The 2006 adopted budget appropriated \$17,370,393 for health/dental costs. Actual expenditures for health/dental for the year were \$15,142,184. This savings of \$2,228,209 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	\$ 2,352,749
Special Revenue Fund	482,053
Capital Projects Fund	4,699,058
Brookside Care Center	290,444
Highway	723,896

**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 general fund budget general government appropriation includes a negative amount of \$1,022,088 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, 2006

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

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**C. DEFICIT BALANCES**

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

As of December 31, 2006 the following fund held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Debt Service Fund	\$209,841	An estimate of reserves available at the end of 2005 was used to reduce the 2006 levy in the debt service fund. Actual reserves were less than the estimate, causing a deficit in the 2006 debt service fund. This deficit will be recovered in the 2007 budget year.

**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, 2006

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**NOTE IV – DETAILED NOTES ON ALL FUNDS**

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***A. DEPOSITS AND INVESTMENTS***

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

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

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

The County has an agreement with Johnson Bank for collateralization of its deposits and investments. The bank has pledged \$7,953,983 of various governmental securities as collateralization for the County's deposits.

The County maintains a cash and investment pool that is available for use by all funds. The deposit and investment balances of the various fund types on December 31, 2006 are as follows:

General	\$ 7,580,521
Special Revenue	919,095
Debt Service	-
Capital Projects	5,114,398
Enterprise	2,006,628
Internal Service	4,616,924
Agency	3,952,011
Total	<u>\$24,189,577</u>

**Deposits – Custodial Credit Risk**

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

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

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**A. DEPOSITS AND INVESTMENTS (cont.)**

Deposits – Custodial Credit Risk (cont.)

As of December 31, 2006, the carrying amount of the County's deposits was \$(2,686,379) and the bank balance was \$1,033,675. \$911,306 of the bank balance at year-end was covered by the Federal depository insurance or by collateral held by the County's agent in the County's name. \$165,972 of the bank balance was uninsured or uncollateralized at year-end. In addition, the County maintains petty cash funds in the amount of \$8,985.

Investments

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

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

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

**Investment Risk Factors**

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

**Credit Risk**

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

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

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**A. DEPOSITS AND INVESTMENTS (cont.)**

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

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

The credit risk profile for fixed income securities at December 31, 2006 is as follows:

<b>U.S. Government Guaranteed</b>		
Investment	S & P Rating	Amount
AIM		
Government & Agency- Institutional	AAA	2,876,241
Treasury - Institutional	AAA	1,905,289
DANA		
Federal Home Loan Bank	AAA	617,489
Federal Home Loan Mortgage Corp.	AAA	2,529,475
Federal National Mortgage Association	AAA	2,451,050
Government National Mortgage Association	AAA	113,654
Small Business Association	AAA	215,737
Johnson Bank		
Repurchase Agreements	AAA	3,947,479
Total U.S. Government Guaranteed		14,656,414
<b>Money Market Accounts</b>		
Wisconsin Local Government		
Investment Pool	Unrated	11,128,501
DANA		
Money Market Account	AAA	401,419
Total Money Market Accounts		11,529,920
Grand Total		26,186,334

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

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**A. DEPOSITS AND INVESTMENTS (cont.)**

**Custodial Credit Risk**

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

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

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

**Concentration of Credit Risk**

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

Major issuers (over five percent of total investments) in the County's portfolio as of December 31, 2006 are as follows:

<b>Issuer</b>	<b>Amount</b>	<b>Percentage</b>
Federal National Mortgage Association	2,451,050	9%
U.S.Treasury	8,729,009	33%
Federal Home Loan Mortgage Corp.	2,529,475	10%
Other issuers (none over 5%)	12,476,800	48%
	<u>26,186,334</u>	<u>100%</u>

**Interest Rate Risk**

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

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

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**A. DEPOSITS AND INVESTMENTS (cont.)**

In addition to using the assigned benchmarks to evaluate the performance of the portfolio management firms, the firms also manage interest rate risk by maintaining the effective duration of their portfolios consistent to the duration of the assigned benchmark. The duration of the County's overall investments at December 31, 2006 is as follows (total duration includes money market accounts, which are not listed in the table):

<u>Investment Type</u>	<u>Amount</u>	<u>Effective Duration</u>
Federal Home Loan Bank	617,489	Average 573 days
Federal Home Loan Mortgage Corp.	2,529,475	Average 573 days
Federal National Mortgage Association	2,451,050	Average 573 days
Government National Mortgage Association	113,654	Average 573 days
Small Business Association	215,737	Average 573 days
Repurchase agreements	3,947,479	Overnight
	<u>9,874,884</u>	

For money market fund investments and the Wisconsin Local Government Investment Pool, weighted average maturity is used to measure interest rate risk. The weighted average maturity of all of the County's money market investments at December 31, 2006 is as follows:

<u>Fund Name</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Wisconsin Local Government Investment Pool	11,128,501	27 days
AIM Short Term Government & Agency	2,876,241	33 days
AIM Short Term Treasury	1,905,289	33 days
DANA Money Market	401,419	Average 573 days
	<u>16,311,450</u>	



**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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**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:

	Unavailable	Unearned
	<u>                    </u>	<u>                    </u>
Property taxes receivable	\$ -	\$51,759,187
Delinquent property taxes	881,956	-
Housing Authority loans receivable	1,335,818	-
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	<u>1,756,928</u>
Total Deferred/Unearned Revenue for Governmental funds	<u>\$ 2,217,774</u>	<u>\$53,516,115</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, 2006, such collections aggregated \$4,255,404 of which \$881,956 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.

Total other unearned revenue per the statement of net assets is \$1,452,728.

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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**B. RECEIVABLES (cont.)**

At December 31, 2006, delinquent property taxes by year levied consists of the following:

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax Certificates			
2005	\$ 2,889,720	\$ 598,911	\$ 2,290,809
2004	856,511	177,517	678,994
2003	243,556	50,478	193,078
2002	90,953	18,850	72,103
2001 and prior	174,664	36,200	138,464
Total Tax Certificates	<u>4,255,404</u>	<u>\$ 881,956</u>	<u>\$ 3,373,448</u>
Delinquent Special Assessments	475,564		
Tax Deeds held by County	<u>832,422</u>		
Total Delinquent Property Taxes Receivable	<u><u>\$ 5,563,390</u></u>		

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

At December 31, 2006, the County has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

**C. CAPITAL ASSETS**

The County defines their capital assets as assets with an initial cost of more than \$5,000. The addition column represents the new assets in 2006 including new infrastructure assets. The deletion column represents the assets that were discarded in 2006. The adjustment column represents the adjustments needed to show the assets at the restated amounts.

Capital asset valuation and activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>					
Capital Assets not being depreciated:					
Construction in Progress	\$ 383,011	\$ 64,114	\$ -	\$ (383,011)	\$ 64,114
Land Improvements	6,694,400	-	-	-	6,694,400
Land	15,877,966	600,652	-	-	16,478,618
Total Capital Assets not being depreciated	22,955,377	664,766	-	(383,011)	23,237,132
Other Capital Assets:					
Land Improvements	2,218,899	408,357	-	-	2,627,256
Buildings	72,607,681	3,840,261	-	-	76,447,942
Machinery & Equipment	13,266,060	1,596,373	(579,225)	529,168	14,812,376
Infrastructure	35,733,376	3,241,424	(524,500)	-	38,450,300
Total Other Capital Assets at Historical Cost	123,826,016	9,086,415	(1,103,725)	529,168	132,337,874
Less: Accumulated Depreciation					
Land Improvements	(1,441,447)	(150,264)	-	-	(1,591,711)
Buildings	(20,047,080)	(1,788,569)	-	-	(21,835,649)
Machinery & Equipment	(7,510,019)	(1,874,126)	359,191	(211,669)	(9,236,623)
Infrastructure	(11,231,078)	(1,506,730)	447,898	(57,580)	(12,347,490)
Total Accumulated Depreciation	(40,229,624)	(5,319,689)	807,089	(269,249)	(45,011,473)
Net Total Other Capital Assets	83,596,392	3,766,726	(296,636)	259,919	87,326,400
Net Total Government Activities Capital Assets	<u>\$106,551,769</u>	<u>\$ 4,431,492</u>	<u>\$ (296,636)</u>	<u>\$ (123,092)</u>	<u>\$ 110,563,532</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Government	\$ 3,116,781
Public Safety	353,638
Public Works	1,506,730
Social Services	9,922
Education & Recreation	221,979
Health	40,973
Conservation & Development	69,666
Total Governmental Activities - Depreciation Expense	<u>\$ 5,319,689</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

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**C. CAPITAL ASSETS (cont.)**

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

<u>Infrastructure Category</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Roadways	\$ 20,794,500	\$ 2,709,469	\$ 504,700	\$ -	\$ 22,999,269
Right-of-ways	7,230,700	40,379	-	-	7,271,079
Bridges	4,159,676	398,176	19,800	-	4,538,052
Traffic signals	2,957,900	93,400	-	-	3,051,300
Sewer drainage	355,600	-	-	-	355,600
Culverts	235,000	-	-	-	235,000
Infrastructure	35,733,376	3,241,424	524,500	-	38,450,300
Land Improvements	6,694,400	-	-	-	6,694,400
Total	42,427,776	3,241,424	524,500	-	45,144,700
Less Accumulated Depreciation					
Roadways	(9,023,698)	(1,269,500)	429,498	(57,300)	(9,921,000)
Parks	(131,600)	(13,600)	-	-	(145,200)
Highway bridges	(1,028,560)	(87,430)	18,400	-	(1,097,590)
Park bridges	(50,000)	(2,500)	-	-	(52,500)
Traffic signals	(817,800)	(121,900)	-	-	(939,700)
Sewer drainage	(168,620)	(7,100)	-	(280)	(176,000)
Culvert	(10,800)	(4,700)	-	-	(15,500)
Total Accumulated Depreciation	(11,231,078)	(1,506,730)	447,898	(57,580)	(12,347,490)
Net Infrastructure	<u>\$ 31,196,698</u>	<u>\$ 1,734,694</u>	<u>\$ 76,602</u>	<u>\$ (57,580)</u>	<u>\$ 32,797,210</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

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**C. CAPITAL ASSETS (cont.)**

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
<b>Business - type Activities</b>				
Capital Assets not being depreciated:				
Land	\$ 338,258	\$ -	\$ -	\$ 338,258
Total Capital Assets not being depreciated	338,258	-	-	338,258
Other Capital Assets:				
Land Improvements	4,294,750	-	-	4,294,750
Buildings	15,114,902	-	-	15,114,902
Machinery & Equipment	16,042,068	634,897	(209,059)	16,467,906
Total Other Capital Assets at Historical Cost	35,451,720	634,897	(209,059)	35,877,558
Less: Accumulated Depreciation				
Land Improvements	(2,190,650)	(172,318)	-	(2,362,968)
Buildings	(7,586,335)	(499,897)	-	(8,086,232)
Machinery & Equipment	(9,440,119)	(816,201)	203,883	(10,052,437)
Total Accumulated Depreciation	(19,217,104)	(1,488,416)	203,883	(20,501,637)
Net Total Other Capital Assets	16,234,616	(853,519)	(5,176)	15,375,921
Net Total Business - type Activities Capital Assets	<u>\$ 16,572,874</u>	<u>\$ (853,519)</u>	<u>\$ (5,176)</u>	<u>\$ 15,714,179</u>

**Depreciation expense was charged to functions as follows:**

Business-type Activities	
Brookside Care Center	\$ 343,503
Highway	839,671
Golf Courses	305,242
Total Business-type Activities - Depreciation Expense	<u>\$1,488,416</u>

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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***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		\$4,040,112
	General Liability Insurance	(519,420)
	Human Services Building	(608,783)
	Debt Service	(205,213)
	Health Department	(447,482)
	Capital Projects-Parking Structure	(2,259,214)

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, 2006

**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-Other		922,000	Use of reserves for
Medical Examiner Remodeling		300,000	Capital Project Funds
	General Fund	(1,222,000)	per Adopted Budget
Capital Projects-Other		150,000	Use of reserves for
Human Services Building		200,000	Capital Project Funds
Human Services		125,000	per Carryover Resolution
	General Fund	(475,000)	
General Fund		687,378	Allocation of inter-
	Brookside	(687,378)	governmental transfer
			to General Fund
Wireless 911		7,144	Allocate bond proceeds
Medical Examiner Remodeling		100,000	to appropriate fund
Bike Trail		120,000	
Highway-Capital		1,476,856	
	Capital Projects-Other	(1,704,000)	
Aging		20,000	Aid to house fire victims
	General Fund	(20,000)	displaced in fire at
			St. Catherine's Commons
Human Services		480,055	Reserves used to fund
			increased costs in
			placements, detentions
			and an increase in
	General Fund	(480,055)	inpatient services
Capital Projects-Other		143,957	Use of reserves to
	General Fund	(143,957)	replace a Petrifying
			Springs Park Lift Station
Highway-Capital		170,460	Transfer funds for Fuel
	Highway	(170,460)	System Replacement
			per Carryover Resolution
Golf Course Division		248,947	To record lapsing funds
General Fund		257,115	at year end
Health		24,833	
	Highway	(226,592)	
	Brookside	(216,184)	
	General Fund	(22,355)	
	Human Services	(65,764)	

The Highway enterprise fund transferred infrastructure to the governmental activities in 2006 totaling \$3,241,425. These costs are reported as highway expenses in the fund statement and as transfers in the government-wide statements.

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

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

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***E. LONG-TERM OBLIGATIONS***

Long-term obligations activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable:					
General Obligation Debt	\$ 88,501,875	\$ 2,150,000	8,721,337	\$ 81,930,538	\$ 9,620,606
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	(465,357)	(13,229)	(49,599)	(428,987)	(51,252)
Total Bonds And Notes Payable	88,036,518	2,136,771	8,671,738	81,501,551	9,569,354
Other Liabilities:					
Post Retirement Benefits	3,858,733	1,417,753	1,051,765	4,224,721	1,051,764
Vested Vacation and Casual Days	2,767,835	93,449	3,617	2,857,667	249,294
Total Other Liabilities	6,626,568	1,511,202	1,055,382	7,082,388	1,301,058
<b>Total Governmental Activities-     Long-Term Obligations</b>	<b>\$ 94,663,086</b>	<b>\$ 3,647,973</b>	<b>\$ 9,727,120</b>	<b>\$ 88,583,939</b>	<b>\$ 10,870,412</b>
	Ending Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Business-type Activities</b>					
Bonds and Notes Payable:					
General Obligation Debt	\$ 7,925,000	\$ -	\$ 820,000	\$ 7,105,000	\$ 835,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)	(764,381)	-	(94,364)	(670,017)	-
Total Bonds And Notes Payable	7,160,619	-	725,636	6,434,983	835,000
Other Liabilities:					
Vested Vacation and Casual Days	862,581	53,253	9,616	906,218	41,870
Total Other Liabilities	862,581	53,253	9,616	906,218	41,870
<b>Total Business-type Activities-     Long-Term Obligations</b>	<b>\$ 8,023,200</b>	<b>\$ 53,253</b>	<b>\$ 735,252</b>	<b>\$ 7,341,201</b>	<b>\$ 876,870</b>

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, 2006, was \$682,912,725. Total general obligation debt outstanding at year end was \$89,035,538.



**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

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***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 12/31/2006</u>
Governmental Activities - General Obligation Debt					
Corporate Purpose Bonds	1997	2009	5.10-5.60%	\$ 29,025,000	\$ 4,525,000
Corporate Purpose Bonds	1997	2017	4.75-5.25%	9,080,000	350,000
Corporate Purpose Bonds	1998	2017	4.15-4.20%	4,525,000	3,575,000
Refunding Bonds	1999	2013	3.40-4.50%	13,130,000	7,320,000
State Trust Fund Loan	1999	2009	5.25%	693,721	270,538
Promissory Notes	2000	2008	4.40-4.75%	4,080,000	1,445,000
Refunding Bonds	2001	2017	3.50-5.00%	25,755,000	23,205,000
Promissory Notes	2001	2009	3.25-3.85%	4,100,000	2,210,000
Refunding Bonds	2002	2007	2.00-4.00%	7,015,000	715,000
Promissory Notes	2002	2010	3.15%	4,270,000	2,370,000
Promissory Notes	2003	2011	1.50%-3.00%	5,320,000	4,520,000
Refunding Bonds	2003	2013	1.50%-3.35%	8,140,000	5,295,000
Refunding Bonds	2003	2022	3.25%-5.50%	9,285,000	8,790,000
Promissory Notes	2004	2012	2.00%-3.60%	3,100,000	3,000,000
Refunding Bonds	2004	2017	2.00%-4.00%	10,630,000	9,590,000
Promissory Notes	2005	2013	3.50%	2,700,000	2,600,000
Promissory Notes	2006	2014	3.875%	2,150,000	2,150,000
Total Governmental Activities - General Obligation Debt					<u>\$ 81,930,538</u>

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2006</u>
Business-type Activities - General Obligation Debt					
Refunding Bonds	1999	2013	3.40-4.50%	\$ 5,825,000	\$ 4,515,000
Refunding Bonds	2004	2015	2.00-3.90%	3,080,000	2,590,000
Total Business-type Activities - General Obligation Debt					<u>\$ 7,105,000</u>

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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***E. LONG-TERM OBLIGATIONS (cont.)***

***General Obligation Debt (cont.)***

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2007	9,620,606	3,309,650	835,000	284,060
2008	9,330,101	2,961,134	865,000	257,160
2009	9,249,831	2,615,509	875,000	218,560
2010	8,915,000	2,274,662	910,000	178,520
2011	8,380,000	1,937,145	945,000	147,735
2012-2016	27,100,000	5,538,759	2,675,000	214,706
2017-2021	8,350,000	929,363	-	-
2022	985,000	27,088	-	-
Totals	<u>\$ 81,930,538</u>	<u>\$ 19,593,310</u>	<u>\$ 7,105,000</u>	<u>\$ 1,300,741</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.

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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***E. LONG-TERM OBLIGATIONS*** (cont.)

***General Obligation Debt*** (cont.)

***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, 2006, 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 12/31/06</u>
02/02/07	22,625,000
12/01/07	8,080,000

***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 \$523,998 is restricted for liability insurance at WMMIC.

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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***G. LEASE DISCLOSURES***

***Lessor – Operating Leases***

The County leases a portion (44%) of the Public Safety Building facility to the City of Kenosha and the Kenosha City-Joint Services Board under operating leases through 2007. 2006 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 \$6,550,000.

Future minimum lease payments receivable under existing terms of the non-cancelable operating leases at December 31, 2006, are as follows:

Year Ending December 31 2007	<u>\$ 488,729</u>
Total Minimum Lease Payments Receivable	<u>\$ 488,729</u>

***Lessee – Operating Leases***

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

***Capital Leases – Lessee/Lessor***

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

***H. GOVERNMENTAL ACTIVITIES NET ASSETS***

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2006 includes the following:

***Governmental Activities***

Invested in capital assets, net of related debt	
Land and land improvements	\$ 23,237,132
Other capital assets, net of accumulated depreciation	87,326,400
Less: related long-term debt outstanding (net of unspent proceeds of debt)	<u>(71,237,835)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>\$ 39,325,697</u>

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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***H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)***

***Governmental Activities (cont.)***

Restricted

Specific purpose – grants and loans	\$ 1,651,720
Total Restricted	<u>1,651,720</u>

Unrestricted	<u>5,149,456</u>
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Total Governmental Activities Net Assets	<u>\$ 46,126,873</u>
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Governmental fund balances reported on the fund financial statements at December 31, 2006 include the following:

**Reserved**

Major Funds

General Fund

Delinquent tax certificate receivables	\$ 3,373,448
Encumbrances	238,404
Prepaid items	<u>24,827</u>
Total	<u>\$ 3,636,679</u>

Human Service Fund

Reserved for encumbrances	<u>\$ 267,121</u>
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Non Major Funds

Capital Projects – Other Capital Projects

Reserved for encumbrances	<u>\$ 19,400</u>
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**Unreserved (designated)**

Major Funds

General Fund, subsequent year expenditures	\$ 2,352,749
General Fund, sheriff special deposit	<u>59,695</u>
Total	<u>2,412,444</u>

Human Services Fund, subsequent year expenditures	<u>304,200</u>
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Total Major Funds	<u>\$ 2,716,644</u>
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**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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***H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)***

***Governmental Activities (cont.)***

Non-Major Funds

Special Revenue Funds	
Housing Authority, designated grant funding	\$ 315,902
Library, subsequent year expenditures	8,000
GIS Fund, subsequent year expenditures	<u>169,853</u>
Total Special Revenue Funds	<u>\$ 493,755</u>
Capital Project Funds, all subsequent year expenditures	
County Detention Center	\$ 1,497,899
Parkland Development	209,022
Parking Structure	30,394
Jail Expansion	8,564
Courthouse Security	79,774
Safety Building Remodeling	1,076,154
Wireless 911	7,144
Medical Examiner Remolding	384,546
Bike Trail	117,185
Other Capital Projects	<u>1,288,376</u>
Total Capital Projects Funds	<u>\$ 4,699,058</u>

***I. RESTATEMENT OF NET ASSETS***

Net assets for January 1, 2006 have been restated due to the following items:

Governmental Activities - Net Assets -	
December 31, 2005 (as reported)	\$ 36,903,938
Less:	
Rounding difference	(2)
Plus:	
Net Machinery & Equipment restated from prior years	365,914
Plus:	
Net Infrastructure depreciation restated from prior years	<u>(57,580)</u>
Net assets - January 1, 2006 (as restated)	<u>\$ 37,212,270</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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**NOTE V – OTHER INFORMATION**

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***A. EMPLOYEES' RETIREMENT SYSTEM***

All eligible County employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work at least 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.9% of their salary (2.9% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.3% 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, 2006 was \$46,864,696; the employer's total payroll was \$47,773,989. The total required contribution for the year ended December 31, 2006 was \$5,059,359 or 10.7 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, 2005 and 2004 were \$4,853,502 and \$4,589,946, 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, 2006

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**NOTE V – OTHER INFORMATION (cont.)**

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***B. RISK MANAGEMENT***

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

**Public Entity Risk Pool**

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

WMMIC is governed by one entity-one vote. Member entities include Kenosha County and the counties of Brown, Chippewa, Dane, Dodge, Eau Claire, LaCrosse, Manitowoc, Marathon, Outagamie, 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, 2006

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**NOTE V – OTHER INFORMATION (cont.)**

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***B. RISK MANAGEMENT*** (cont.)

The participant's share in the operation of WMMIC as of December 31, 2006 is as follows:

	<u>Percentage</u>
Brown County	8.01
Chippewa County	3.81
Dane County	10.99
Dodge County	4.02
City of Eau Claire	4.03
Eau Claire County	2.94
Kenosha County	6.58
LaCrosse County	4.16
City of Madison	19.20
Manitowoc County	6.69
Marathon County	6.69
Outagamie County	7.49
St. Croix County	3.33
Waukesha County	<u>12.06</u>
 Total	 <u>100.00</u>

The County's investment in WMMIC is reported on the Risk Management Fund balance sheet as a deposit. The amount reported is the original capitalization of \$1,157,860. For 2006, WMMIC prepared its statutory financial statements in accordance with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin (OCI). This reflects a change in basis in presentation from 2005 when the financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Therefore, in 2006, the participant's share in the operation of WMMIC and the market value are shown using the new presentation. Using this presentation, the market value of the original capitalization as of December 31, 2006 is \$1,778,386. 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>2006</u>	<u>2005</u>
Unpaid claims, including IBNR – beginning of year	\$ 731,680	\$ 763,211
Current year claims and changes in estimates	21,416	335,171
Claim payments	<u>(87,763)</u>	<u>(366,702)</u>
Unpaid claims – end of year	<u>\$ 665,333</u>	<u>\$ 731,680</u>

**KENOSHA COUNTY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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**NOTE V – OTHER INFORMATION (cont.)**

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***B. RISK MANAGEMENT*** (cont.)

**Self-Insurance – Workers Compensation**

The County has also established a Risk Management program for workers compensation. All funds of the County participate in this program. The workers compensation internal service fund is maintained to provide for self-insured workers compensation insurance coverage and employee safety and loss control programs. The County contracts with a third party claims administrator for the purpose of adjusting workers compensation claims. An excess insurance policy covers individual claims in excess of the County's \$300,000 self-insured retention up to statutory requirements (unlimited) per claim. Settled claims have not exceeded the commercial coverage in any of the past three years. Costs associated with the workers compensation program are billed to other County departments based on exposure and historical loss experience and include amounts necessary to fund current year claims to be paid in the current year and in the future. At December 31, 2006, the County has established a future claims insurance reserve in the amount of \$1,485,372 to fund the estimated liability for the County's self-insured retention limits under its workers compensation program. This represents a discounted reserve determined on an actuarial basis with a mean confidence level which achieves the County's objective of providing a reserve confidence level not less than 50%, but not more than 95% as a reflection of the County's risk tolerance.

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

Claims Liability	<u>2006</u>	<u>2005</u>
Unpaid claims, including IBNR – beginning of year	\$ 1,428,175	\$ 1,367,325
Current year claims and changes in estimates	642,140	574,197
Claim payments	<u>(584,943)</u>	<u>(513,347)</u>
Unpaid Claims – end of year	<u>\$ 1,485,372</u>	<u>\$ 1,428,175</u>

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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**NOTE V – Other Information (cont.)**

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**Self-Insurance – Health Insurance**

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

Claims Liability	<u>2006</u>	<u>2005</u>
Unpaid claims, including IBNR – beginning of year	\$ 837,200	\$ 922,740
Current year claims and changes in estimates	12,511,046	10,901,615
Claim payments	<u>(12,286,846)</u>	<u>(10,987,155)</u>
Unpaid Claims – end of year	<u>\$ 1,061,400</u>	<u>\$ 837,200</u>

**C. COMMITMENTS AND CONTINGENCIES**

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

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

During 2006, the County borrowed \$2,150,000 for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the various Capital Project and Highway funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Open purchase orders for the General Fund, Human Services, Capital Projects-Other, and Highway totaled \$946,001 at year end and is included in reserve for encumbrances.

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

**KENOSHA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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**NOTE V – Other Information (cont.)**

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***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.

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 \$2,999,064 to the Board for 2006. 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, 2006 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 \$1,051,764. The number of participants currently eligible to receive benefits is 66. The total amount outstanding at year end to be paid in the future is \$4,224,721.

***F. SUBSEQUENT EVENT***

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

## SUPPLEMENTAL INFORMATION

**KENOSHA COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2006**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 740,433	\$ 5,114,398	\$ 5,854,831
Receivables			
Property taxes receivables	2,235,668	41,625	2,277,293
Miscellaneous	255,433	5,779	261,212
Due from other governments	532,180	3,063,539	3,595,719
Loans receivable	1,335,818	-	1,335,818
<b>TOTAL ASSETS</b>	<u>\$ 5,099,532</u>	<u>\$ 8,225,341</u>	<u>\$ 13,324,873</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 145,641	\$ 925,593	\$ 1,071,234
Due to other governments	36,639	12,863	49,502
Due to other funds	447,482	2,259,214	2,706,696
Deferred property tax revenue	2,235,668	41,625	2,277,293
Other deferred revenue	1,739,334	250,000	1,989,334
Total Liabilities	<u>4,604,764</u>	<u>3,489,295</u>	<u>8,094,059</u>
Fund Balance			
Reserved for encumbrances	-	19,400	19,400
Unreserved			
Designated	493,755	4,699,058	5,192,813
Undesignated	1,013	17,588	18,601
Total Fund Balances	<u>494,768</u>	<u>4,736,046</u>	<u>5,230,814</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,099,532</u>	<u>\$ 8,225,341</u>	<u>\$ 13,324,873</u>

**KENOSHA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**December 31, 2006**

	Housing Authority	Health Department	Economic Development	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>						
Cash and investments	\$ 303,347	\$ -	\$ -	\$ 318,140	\$ 118,946	\$ 740,433
Receivables						
Property taxes receivables	-	946,283	-	1,289,385	-	2,235,668
Miscellaneous	-	255,433	-	-	-	255,433
Due from other governments	13,854	465,278	-	-	53,048	532,180
Loans receivable	1,335,818	-	-	-	-	1,335,818
<b>TOTAL ASSETS</b>	<b>\$ 1,653,019</b>	<b>\$ 1,666,994</b>	<b>\$ -</b>	<b>\$ 1,607,525</b>	<b>\$ 171,994</b>	<b>\$ 5,099,532</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ -	\$ 143,500	\$ -	\$ -	\$ 2,141	\$ 145,641
Due to other governments	1,299	35,340	-	-	-	36,639
Due to other funds	-	447,482	-	-	-	447,482
Deferred property tax revenue	-	946,283	-	1,289,385	-	2,235,668
Deferred revenue	1,335,818	94,389	-	309,127	-	1,739,334
Total Liabilities	1,337,117	1,666,994	-	1,598,512	2,141	4,604,764
Fund Balance						
Unreserved						
Designated	315,902	-	-	8,000	169,853	493,755
Undesignated	-	-	-	1,013	-	1,013
Total Fund Balances	315,902	-	-	9,013	169,853	494,768
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,653,019</b>	<b>\$ 1,666,994</b>	<b>\$ -</b>	<b>\$ 1,607,525</b>	<b>\$ 171,994</b>	<b>\$ 5,099,532</b>

**KENOSHA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**  
**December 31, 2006**

	County Detention Center	Parkland Development	Parking Structure	Jail Expansion	Courthouse Security	Safety Building Remodeling	Wireless 911	Medical Examiner Remodeling	Bike Trail	Other Capital Projects	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>											
Cash and investments	\$ 1,497,899	\$ 526,701	\$ -	\$ 8,564	\$ 82,945	\$ 1,098,644	\$ 7,144	\$ 384,546	\$ 117,185	\$ 1,390,770	\$ 5,114,398
Property taxes receivable	-	-	-	-	-	-	-	-	-	41,625	41,625
Miscellaneous receivable	-	1,500	4,279	-	-	-	-	-	-	-	5,779
Due from other governments	-	-	3,063,539	-	-	-	-	-	-	-	3,063,539
<b>TOTAL ASSETS</b>	<b>\$ 1,497,899</b>	<b>\$ 528,201</b>	<b>\$ 3,067,818</b>	<b>\$ 8,564</b>	<b>\$ 82,945</b>	<b>\$ 1,098,644</b>	<b>\$ 7,144</b>	<b>\$ 384,546</b>	<b>\$ 117,185</b>	<b>\$ 1,432,395</b>	<b>\$ 8,225,341</b>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities											
Accounts payable	\$ -	\$ 69,179	\$ 765,347	\$ -	\$ 3,171	\$ 22,490	\$ -	\$ -	\$ -	\$ 65,406	\$ 925,593
Due to other governments	-	-	12,863	-	-	-	-	-	-	-	12,863
Due to other funds	-	-	2,259,214	-	-	-	-	-	-	-	2,259,214
Deferred property tax	-	-	-	-	-	-	-	-	-	41,625	41,625
Deferred revenue	-	250,000	-	-	-	-	-	-	-	-	250,000
Total Liabilities	-	319,179	3,037,424	-	3,171	22,490	-	-	-	107,031	3,489,295
Fund Balance											
Reserved for encumbrances	-	-	-	-	-	-	-	-	-	19,400	19,400
Unreserved											
Designated	1,497,899	209,022	30,394	8,564	79,774	1,076,154	7,144	384,546	117,185	1,288,376	4,699,058
Undesignated	-	-	-	-	-	-	-	-	-	17,588	17,588
Total Fund Balances	1,497,899	209,022	30,394	8,564	79,774	1,076,154	7,144	384,546	117,185	1,325,364	4,736,046
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,497,899</b>	<b>\$ 528,201</b>	<b>\$ 3,067,818</b>	<b>\$ 8,564</b>	<b>\$ 82,945</b>	<b>\$ 1,098,644</b>	<b>\$ 7,144</b>	<b>\$ 384,546</b>	<b>\$ 117,185</b>	<b>\$ 1,432,395</b>	<b>\$ 8,225,341</b>



**KENOSHA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2006**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 2,095,275	\$ 41,625	\$ 2,136,900
Licenses and permits	313,536	-	313,536
Intergovernmental revenues	2,756,630	3,159,359	5,915,989
Charges for services	1,915,704	41,399	1,957,103
Investment income	10,036	101,335	111,371
Miscellaneous income	169,388	75,000	244,388
<b>Total Revenues</b>	<u>7,260,569</u>	<u>3,418,718</u>	<u>10,679,287</u>
<b>EXPENDITURES</b>			
Current			
Health	4,405,978	-	4,405,978
Education and recreation	1,716,757	-	1,716,757
Conservation and development	589,387	12,751	602,138
Capital Outlay	541,250	5,126,232	5,667,482
Debt Service			
Interest, fiscal charges and debt issuance costs	-	36,537	36,537
<b>Total Expenditures</b>	<u>7,253,372</u>	<u>5,175,520</u>	<u>12,428,892</u>
Excess (deficiency) of revenues over expenditures	7,197	(1,756,802)	(1,749,605)
<b>OTHER FINANCING SOURCES (USES)</b>			
General obligation debt issued	-	2,150,000	2,150,000
Premium on issuance of debt	-	23,308	23,308
Transfers from other funds	24,833	1,743,101	1,767,934
Transfers to other funds	-	(1,704,000)	(1,704,000)
<b>Total Other Financing Sources (Uses)</b>	<u>24,833</u>	<u>2,212,409</u>	<u>2,237,242</u>
<b>Net change in fund balance</b>	32,030	455,607	487,637
<b>FUND BALANCES</b>			
Beginning of year	<u>462,738</u>	<u>4,280,439</u>	<u>4,743,177</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 494,768</u></u>	<u><u>\$ 4,736,046</u></u>	<u><u>\$ 5,230,814</u></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, 2006**

	Housing Authority	Health Department	Economic Development	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>						
Taxes	\$ -	\$ 858,045	\$ -	\$ 1,237,230	\$ -	\$ 2,095,275
Licenses and permits	-	313,536	-	-	-	313,536
Intergovernmental revenues	517,836	1,546,710	118,000	479,459	94,625	2,756,630
Charges for services	-	1,681,618	-	-	234,086	1,915,704
Investment income	10,036	-	-	-	-	10,036
Miscellaneous income	152,262	17,126	-	-	-	169,388
Total Revenues	<u>680,134</u>	<u>4,417,035</u>	<u>118,000</u>	<u>1,716,689</u>	<u>328,711</u>	<u>7,260,569</u>
<b>EXPENDITURES</b>						
Current						
Health	-	4,405,978	-	-	-	4,405,978
Education and recreation	-	-	-	1,716,757	-	1,716,757
Conservation and development	210,376	-	118,000	-	261,011	589,387
Capital Outlay	<u>499,478</u>	<u>35,892</u>	<u>-</u>	<u>-</u>	<u>5,880</u>	<u>541,250</u>
Total Expenditures	<u>709,854</u>	<u>4,441,870</u>	<u>118,000</u>	<u>1,716,757</u>	<u>266,891</u>	<u>7,253,372</u>
Excess (deficiency) of revenues over expenditures	(29,720)	(24,835)	-	(68)	61,820	7,197
<b>OTHER FINANCING SOURCES</b>						
Transfers from other funds	<u>-</u>	<u>24,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,833</u>
Total Other Financing Sources	<u>-</u>	<u>24,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,833</u>
<b>Net change in fund balance</b>	(29,720)	(2)	-	(68)	61,820	32,030
<b>FUND BALANCES</b>						
Beginning of year	<u>345,622</u>	<u>2</u>	<u>-</u>	<u>9,081</u>	<u>108,033</u>	<u>462,738</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 315,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,013</u>	<u>\$ 169,853</u>	<u>\$ 494,768</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, 2006**

	County Detention Center	Parkland Development	Parking Structure	Jail Expansion	Courthouse Security	Safety Building Remodeling	Wireless 911	Medical Examiner Remodeling	Bike Trail	Other Capital Projects	Total Nonmajor Capital Projects Funds
<b>REVENUES</b>											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,625	\$ 41,625
Intergovernmental revenues	-	-	3,115,995	-	-	-	-	-	-	43,364	3,159,359
Charges for services	-	750	-	-	-	-	-	-	-	40,649	41,399
Investment income	74,578	-	-	-	-	-	-	-	-	26,757	101,335
Miscellaneous income	-	-	-	-	-	-	-	-	-	75,000	75,000
Total Revenues	74,578	750	3,115,995	-	-	-	-	-	-	227,395	3,418,718
<b>EXPENDITURES</b>											
Current											
Conservation and development	-	-	-	-	-	-	-	-	-	12,751	12,751
Capital Outlay	4,968	408,357	3,451,450	-	61,571	46,935	-	15,454	2,815	1,134,682	5,126,232
Debt Service											
Interest, fiscal charges and debt issuance costs	-	-	-	-	-	-	-	-	-	36,537	36,537
Total Expenditures	4,968	408,357	3,451,450	-	61,571	46,935	-	15,454	2,815	1,183,970	5,175,520
Excess (deficiency) of revenues over expenditures	69,610	(407,607)	(335,455)	-	(61,571)	(46,935)	-	(15,454)	(2,815)	(956,575)	(1,756,802)
<b>OTHER FINANCING SOURCES (USES)</b>											
General obligation debt issued	-	-	-	-	-	-	-	-	-	2,150,000	2,150,000
Premium on issuance of debt	-	-	-	-	-	-	-	-	-	23,308	23,308
Transfers from other funds	-	-	-	-	-	-	7,144	400,000	120,000	1,215,957	1,743,101
Transfers to other funds	-	-	-	-	-	-	-	-	-	(1,704,000)	(1,704,000)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	7,144	400,000	120,000	1,685,265	2,212,409
<b>Net change in fund balance</b>	69,610	(407,607)	(335,455)	-	(61,571)	(46,935)	7,144	384,546	117,185	728,690	455,607
<b>FUND BALANCES</b>											
Beginning of year	1,428,289	616,629	365,849	8,564	141,345	1,123,089	-	-	-	596,674	4,280,439
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,497,899</u>	<u>\$ 209,022</u>	<u>\$ 30,394</u>	<u>\$ 8,564</u>	<u>\$ 79,774</u>	<u>\$ 1,076,154</u>	<u>\$ 7,144</u>	<u>\$ 384,546</u>	<u>\$ 117,185</u>	<u>\$ 1,325,364</u>	<u>\$ 4,736,046</u>

**KENOSHA COUNTY**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2006**

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 17,508	\$ 2,920,038	\$ 1,679,378	\$ -	\$ 4,616,924
Accounts receivable	69	149,551	-	107,704	257,324
Due from other governments	4,738	11,466	-	-	16,204
Prepaid items	-	36,794	-	-	36,794
Restricted cash and investments	-	-	-	523,998	523,998
Deposit in WMMIC	-	-	-	1,157,860	1,157,860
Land	682,623	-	-	-	682,623
Buildings and improvements	7,223,005	-	-	-	7,223,005
Machinery and equipment	353,838	-	-	-	353,838
Accumulated depreciation	(1,898,814)	-	-	-	(1,898,814)
Total Assets	<u>\$ 6,382,967</u>	<u>\$ 3,117,849</u>	<u>\$ 1,679,378</u>	<u>\$ 1,789,562</u>	<u>\$ 12,969,756</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 100,479	\$ 525,446	\$ 51,919	\$ 26,002	\$ 703,846
Claims payable	-	1,061,400	1,485,372	665,333	3,212,105
Due to other funds	608,783	-	-	519,420	1,128,203
Other liabilities	-	31,002	-	-	31,002
Current portion of long-term debt payable	457,732	-	-	110,606	568,338
General obligation debt payable	2,999,741	-	-	184,932	3,184,673
Total Liabilities	<u>4,166,735</u>	<u>1,617,848</u>	<u>1,537,291</u>	<u>1,506,293</u>	<u>8,828,167</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	2,903,179	-	-	-	2,903,179
Unrestricted (deficit)	(686,947)	1,500,001	142,087	283,269	1,238,410
Total Net Assets	<u>\$ 2,216,232</u>	<u>\$ 1,500,001</u>	<u>\$ 142,087</u>	<u>\$ 283,269</u>	<u>\$ 4,141,589</u>

**KENOSHA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2006**

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,067,997	\$ 15,142,184	\$ 686,737	\$ 456,207	\$ 18,353,125
Total Operating Revenues	<u>2,067,997</u>	<u>15,142,184</u>	<u>686,737</u>	<u>456,207</u>	<u>18,353,125</u>
<b>OPERATING EXPENSES</b>					
Operations and maintenance	1,570,009	15,142,184	768,896	291,709	17,772,798
Depreciation and amortization	<u>468,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>468,570</u>
Total Operating Expenses	<u>2,038,579</u>	<u>15,142,184</u>	<u>768,896</u>	<u>291,709</u>	<u>18,241,368</u>
Operating Income (loss)	29,418	-	(82,159)	164,498	111,757
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment income	-	-	97,081	125,397	222,478
Interest and fiscal charges	<u>(126,065)</u>	<u>-</u>	<u>-</u>	<u>(20,873)</u>	<u>(146,938)</u>
Total Non-operating Revenues (Expenses)	<u>(126,065)</u>	<u>-</u>	<u>97,081</u>	<u>104,524</u>	<u>75,540</u>
Income Before Transfers	(96,647)	-	14,922	269,022	187,297
<b>TRANSFERS</b>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Change in net assets	103,353	-	14,922	269,022	387,297
Total net assets at the beginning of year	<u>2,112,879</u>	<u>1,500,001</u>	<u>127,165</u>	<u>14,247</u>	<u>3,754,292</u>
Total net assets at end of year	<u>\$ 2,216,232</u>	<u>\$ 1,500,001</u>	<u>\$ 142,087</u>	<u>\$ 283,269</u>	<u>\$ 4,141,589</u>

**KENOSHA COUNTY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2006**

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 2,072,667	\$ 15,027,771	\$ 686,737	\$ 446,829	\$ 18,234,004
Paid to suppliers for goods and services	(1,479,085)	(14,946,686)	(725,916)	(185,023)	(17,336,710)
Cash Flows from Operating Activities	<u>593,582</u>	<u>81,085</u>	<u>(39,179)</u>	<u>261,806</u>	<u>897,294</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers	200,000	-	-	-	200,000
Cash Flows from Noncapital Financing Activities	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>					
Debt retired	(451,062)	-	-	(106,336)	(557,398)
Interest paid	(126,065)	-	-	(20,873)	(146,938)
Acquisition and construction of capital assets	(198,947)	-	-	-	(198,947)
Cash Flows from Capital and Financing Activities	<u>(776,074)</u>	<u>-</u>	<u>-</u>	<u>(127,209)</u>	<u>(903,283)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Deposit in WMMIC restricted cash	-	-	-	(259,994)	(259,994)
Investment income	-	-	97,081	125,397	222,478
Cash Flows from Investing Activities	<u>-</u>	<u>-</u>	<u>97,081</u>	<u>(134,597)</u>	<u>(37,516)</u>
Net Change in Cash and Cash Equivalents	17,508	81,085	57,902	-	156,495
Cash and Cash Equivalents - Beginning of Year	<u>-</u>	<u>2,838,953</u>	<u>1,621,476</u>	<u>-</u>	<u>4,460,429</u>
Cash and Cash Equivalents - End of Year	<u>\$ 17,508</u>	<u>\$ 2,920,038</u>	<u>\$ 1,679,378</u>	<u>\$ -</u>	<u>\$ 4,616,924</u>

**KENOSHA COUNTY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2006**

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
<b>RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 29,418	\$ -	\$ (82,159)	\$ 164,498	111,757
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Non-cash items included in operating income:					
Depreciation expense	468,570	-	-	-	468,570
Changes in assets and liabilities:					
Accounts receivable	4,669	(114,413)	-	(9,376)	(119,120)
Prepaid items	-	586	-	-	586
Accounts payable	19,199	194,912	42,980	(50,998)	206,093
Due to other funds	71,726	-	-	157,682	229,408
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><u>\$ 593,582</u></u>	<u><u>\$ 81,085</u></u>	<u><u>\$ (39,179)</u></u>	<u><u>\$ 261,806</u></u>	<u><u>\$ 897,294</u></u>
Noncash investing, capital and financing activities:					
None					

**KENOSHA COUNTY**  
**AGENCY FUNDS - COMBINING BALANCE SHEET**  
**December 31, 2006**

	Agency				
	Clerk of Courts	Child Support	Social Services	Other Agency Funds	Totals
<b>ASSETS</b>					
Cash and temporary cash investments	\$ 3,048,770	\$ 140,354	\$ 20,022	\$ 742,865	\$ 3,952,011
Miscellaneous receivables	212,625	-	-	-	212,625
Total Assets	<u>\$ 3,261,395</u>	<u>\$ 140,354</u>	<u>\$ 20,022</u>	<u>\$ 742,865</u>	<u>\$ 4,164,636</u>
 <b>LIABILITIES AND FUND BALANCE</b>					
Liabilities	<u>\$ 3,261,395</u>	<u>\$ 140,354</u>	<u>\$ 20,022</u>	<u>\$ 742,865</u>	<u>\$ 4,164,636</u>
Total Liabilities	<u>\$ 3,261,395</u>	<u>\$ 140,354</u>	<u>\$ 20,022</u>	<u>\$ 742,865</u>	<u>\$ 4,164,636</u>



**KENOSHA COUNTY**

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

**For the Year Ended December 31, 2006**

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
<u>Clerk of Courts</u>				
Assets:				
Cash and temporary cash investments	\$ 3,310,258	\$ 11,806,511	\$ 12,067,999	\$ 3,048,770
Miscellaneous receivables	226,418	212,625	226,418	212,625
Total Assets	<u>3,536,676</u>	<u>12,019,136</u>	<u>12,294,417</u>	<u>3,261,395</u>
Liabilities:				
Other accrued liabilities	3,536,676	12,019,136	12,294,417	3,261,395
Total Liabilities	<u>3,536,676</u>	<u>12,019,136</u>	<u>12,294,417</u>	<u>3,261,395</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	15,504	4,518	-	20,022
Total Assets	<u>15,504</u>	<u>4,518</u>	<u>-</u>	<u>20,022</u>
Liabilities:				
Other accrued liabilities	15,504	4,518	-	20,022
Total Liabilities	<u>15,504</u>	<u>4,518</u>	<u>-</u>	<u>20,022</u>
<u>Other</u>				
Assets:				
Cash and temporary cash investments	857,062	6,254,450	6,368,647	742,865
Total Assets	<u>857,062</u>	<u>6,254,450</u>	<u>6,368,647</u>	<u>742,865</u>
Liabilities:				
Other accrued liabilities	857,062	6,254,450	6,368,647	742,865
Total Liabilities	<u>857,062</u>	<u>6,254,450</u>	<u>6,368,647</u>	<u>742,865</u>
<u>Total</u>				
Assets:				
Cash and temporary cash investments	4,323,178	18,065,479	18,436,646	3,952,011
Miscellaneous receivables	226,418	212,625	226,418	212,625
Total Assets	<u>4,549,596</u>	<u>18,278,104</u>	<u>18,663,064</u>	<u>4,164,636</u>
Liabilities:				
Other accrued liabilities	4,549,596	18,278,104	18,663,064	4,164,636
Total Liabilities	<u>\$ 4,549,596</u>	<u>\$ 18,278,104</u>	<u>\$ 18,663,064</u>	<u>\$ 4,164,636</u>