KENOSHA COUNTY
Kenosha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2011

KENOSHA COUNTY

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Schenck SC
CPAs AND SO MUCH MORE.

INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS

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 the Kenosha County, Wisconsin ("the County") as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kenosha County, Wisconsin's management. Our responsibility is to express opinions on these basic 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 the County as of December 31, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the Human Services special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I.B, the County has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended December 31, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funded status on pages 3 through 19 and 89 be presented to supplement the basic financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The financial information listed in the table of contents as supplemental information, are presented for purposes of additional analysis and are not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Schenck SC

Certified Public Accountants
Green Bay, Wisconsin
June 21, 2012

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, 2011.

USING THIS ANNUAL REPORT

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

Reporting the County as a Whole

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

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

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

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

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

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

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

Governmental activities (continued):

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

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

Reporting the County's Most Significant Funds

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

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

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

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

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

Reporting the County's Most Significant Funds (continued)

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

The County as Trustee

The County is the trustee, or fiduciary, for the Culich/Schneider Memorial Fund and for the State of Wisconsin. The Culich/Schneider Memorial Fund is reported within the Brookside Fund 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 2010.

Net Assets may serve over time as a useful indicator of a government's financial position. In 2011 the County's assets exceeded liabilities by $56,540,891. The largest portion (115 percent) reflects the County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be use to liquidate these liabilities.

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

The remaining of the County's net assets (negative 18 percent) is the category of unrestricted net assets which are normally used to meet the County's ongoing obligations to citizens and creditors. In 2011 this category has a deficit of $10,386,115.

KENOSHA COUNTY
NET ASSETS

(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 96.07	$ 99.40	$ 9.70	$ 9.56	$ 105.77	$ 108.96
Capital assets	139.13	132.10	15.54	15.86	154.67	147.96
Total Assets	235.20	231.50	25.24	25.42	260.44	256.92
Long-term liabilities outstanding	106.13	101.32	7.13	8.07	113.26	109.39
Other liabilities	86.94	86.60	3.70	4.21	90.64	90.81
Total liabilities	193.07	187.92	10.83	12.28	203.90	200.20
Net assets:						
Invested in capital assets, net of related debt	61.42	52.58	13.16	12.61	65.38	60.78
Restricted	1.38	1.42	0.17	0.16	1.55	1.58
Unrestricted (deficit)	(20.67)	(10.42)	1.08	0.37	(10.39)	(5.64)
Total Net Assets	$ 42.13	$ 43.58	$ 14.41	$ 13.14	$ 56.54	$ 56.72

The County's total net assets decreased slightly by $180,000. Total assets for the County increased by $3.5 million and total liabilities increased by a similar amount of $3.7 million. The Governmental type liabilities show an increase in long-term liabilities. This increase occurs because business-type activities received bond proceeds to purchase fixed assets and the bonds will be the responsibility of the governmental activities. Therefore, the total liabilities show an increase in the governmental activities not in the business-type activities.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

KENOSHA COUNTY
CHANGES IN NET ASSETS
Year Ended December 31, 2011
(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$ 13.41	$ 14.11	$ 19.79	$ 18.17	$ 33.20	$ 32.28
Operating grants and contributions	57.76	57.87	3.55	3.35	61.31	61.22
Capital grants and contributions	1.24	1.52	0.58	0.49	1.82	2.01
General revenues:						
Property taxes	47.14	44.60	2.34	2.43	49.48	47.03
Other taxes	21.99	22.24	-	-	21.99	22.24
Grants and contributions not restricted to specific programs	4.10	4.10	-	-	4.10	4.10
Other	1.45	1.44	0.09	0.08	1.54	1.52
Total revenues	147.09	145.88	26.35	24.52	173.44	170.40
Expenses:						
General government	22.61	20.83	-	-	22.61	20.83
Health	17.10	17.10	-	-	17.10	17.10
Public works	1.99	2.48	-	-	1.99	2.48
Public safety	46.09	43.89	-	-	46.09	43.89
Social services	46.90	47.50	-	-	46.90	47.50
Education and recreation	4.33	4.26	-	-	4.33	4.26
Conservation and development	3.72	2.41	-	-	3.72	2.41
Interest on long-term debt	3.00	3.01	-	-	3.00	3.01
Nursing home	-	-	15.21	14.40	15.21	14.40
Highway	-	-	9.62	8.32	9.62	8.32
Golf Course	-	-	3.05	3.18	3.05	3.18
Total expenses	145.74	141.48	27.88	25.90	173.62	167.38
Increase (decrease) in net assets before transfers	1.35	4.40	(1.53)	(1.38)	(0.18)	3.02
Transfers	(2.80)	(5.17)	2.80	5.17	-	-
Increase (decrease) in net assets	(1.45)	(0.77)	1.27	3.79	(0.18)	3.02
Net assets beginning of year	43.58	44.35	13.14	9.35	56.72	53.70
Net assets end of year	$ 42.13	$ 43.58	$ 14.41	$ 13.14	$ 56.54	$ 56.72

Revenue for governmental activities increased by a net amount of $1.2 million when compared to 2010. Key elements of this net increase are as follows:

- Increased property tax of $2.6 million.
- Increase in state sales tax receipts of $0.3 million.
- Increase in W-2 Human Services grants of $1.1 million.
- Increase in CDBG grant for economic development of $0.5 million
- Increase in HUD grant for Health Department of $0.3 million.
- Increase in Aging and Disabilities MA Crisis and MA CSP grants of $0.2 million.
- Decrease in Human Services WIA funding of $1.1 million and CLTS funding of $1.2 million
- Decrease in federal inmate housing charges of $0.5 million.
- Decrease in development grants of FEMA and CDBG of $0.3 million.
- Decrease in donations related to Aging and Disabilities of $0.25 million.

Expenditures for governmental activities increased by $4.26 million when compared to 2010. Key elements of this increase are as follows:

- Increase in health insurance costs in all departments by $2.3 million.
- Increase in development grants passed through KABA to promote business in the amount of $1.5 million.
- Increase of $1.9 million in public safety costs due to the increase in personnel and health insurance costs.
- Increase in joint services costs of $0.3 million.
- Increase of $0.6 million in Human Services due to W-2 programs and benefits.
- Decrease of $0.9 million in Human Services direct aid payments.
- Decrease in fringe benefits cost due to increase in employee share $0.5 million.

Revenue for the Business-type activities increased by $1.8 million in 2011 when compared to 2010. Key elements of this decrease are as follows:

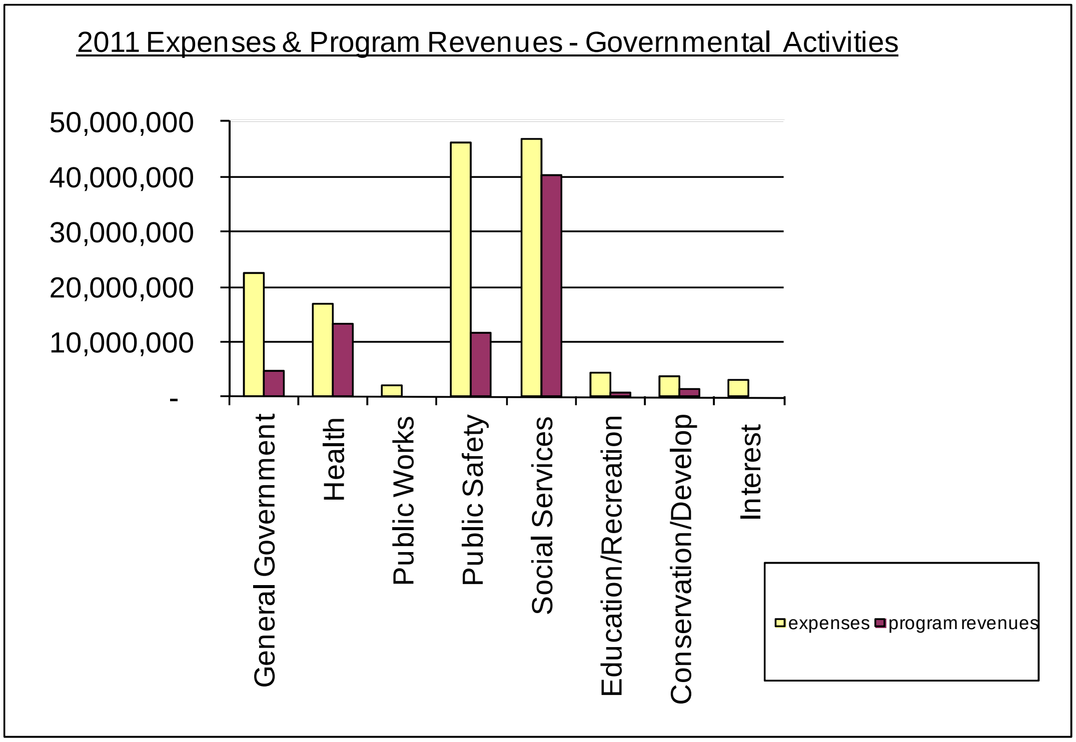
- Brookside operating revenue and grants increased by $1.3 million.
- Highway revenue increased by $0.7 million related to maintenance grants for State and local highways.
- Golf revenues decreased by $0.2 million.

Expenses for Business-type activities increased $2.0 million in 2011 when compared to 2010. Key elements of this increase are as follows:

- Increased of overall costs of $0.8 million for Brookside.
- Increase in golf course expenses of $0.1 million.

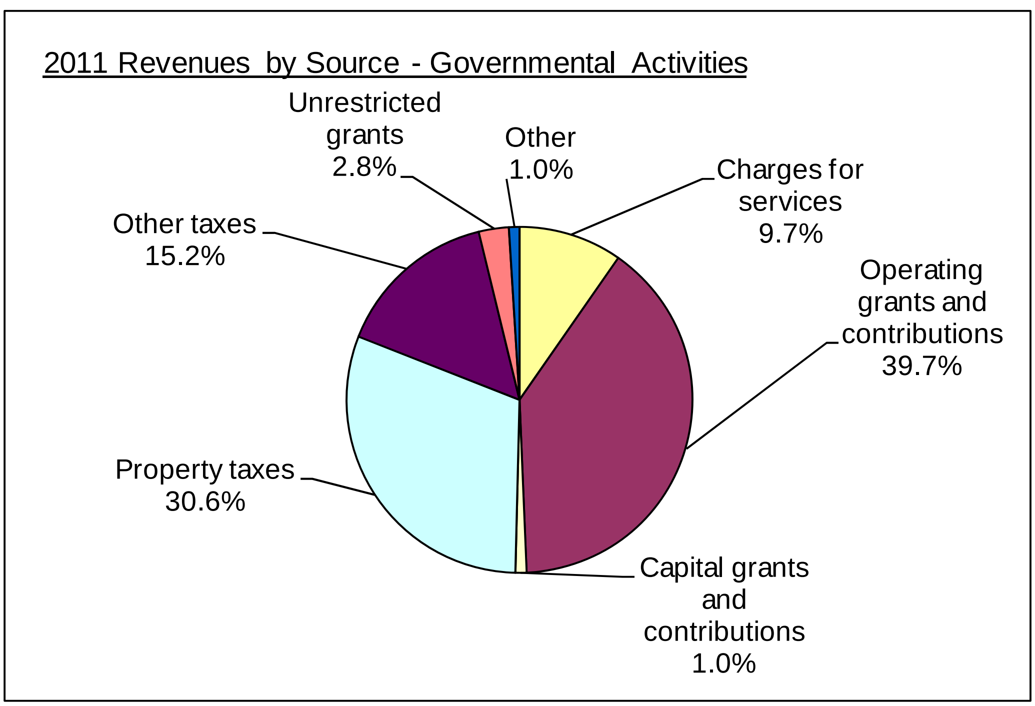
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for 2011.



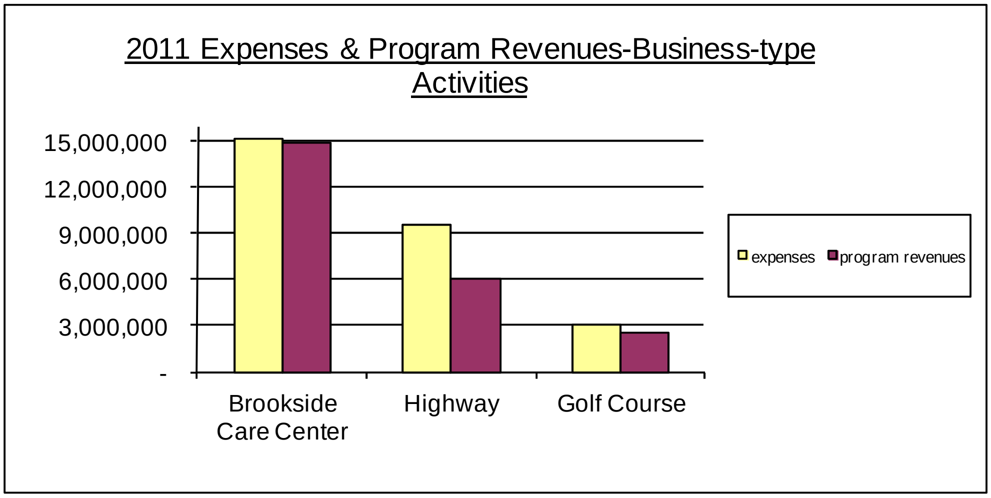
REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2011.



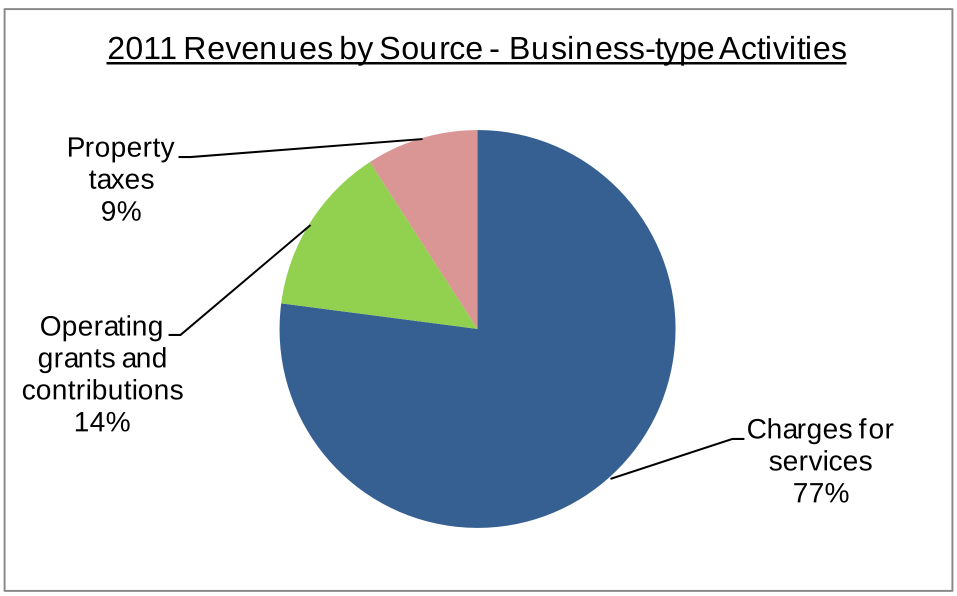
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2011.



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2011.



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

With the implementation of GASB 54, the County has changed the term "undesignated" to "unassigned" to refer to fund balance that is available for general use. The General Fund experienced an increase in the total unassigned fund balance with an increase in unassigned fund balance over the 2010 balance of $0.7 million. The unassigned fund balance increased to $8.0 million in 2011 compared to $7.385 million in 2010. In 2008, the General Fund was significantly affected by the housing market downturn. Tax delinquencies have leveled off since then with an increase of only $100,000 in 2011. In addition, sales tax revenues came in at $0.3 million more than expected. Net increases gained within the Sheriff's Department from federal inmate revenues and savings realized from employee contributions to benefits were offset by increases in health insurance claims. Other related deficits were experienced in large part from the continued downturn in the nation's economic conditions. These items are discussed below.

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

	2006	2007	2008	2009	2010	2011
General Fund	$ 9,772,776	$ 8,202,767	$ 8,396,379	$ 5,936,999	$ 7,385,156	$ 8,087,217
Health Insurance	1,500,000	1,500,000	1,500,000	1,500,000	1,500,001	1,500,001
Brookside	1,084,755	-	-	-	-	-
Total	$ 12,357,531	$ 9,702,767	$ 9,896,379	$ 7,436,999	$ 8,885,157	$ 9,587,218

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

In 2004, two reserve policies were adopted that continue to impact the General Fund:

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

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

THE COUNTY'S FUNDS (continued)

General Fund (continued)

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

- To maintain the fund balance of the General Fund at levels sufficient to protect the County's creditworthiness as well as its financial positions from unforeseeable emergencies.
- To ensure sufficient liquidity to provide for County obligations as they become due.
- To maintain the proper balance between maintaining a prudent level of reserves that is neither too low nor too high. The policy requires that the County maintain 17% of General Fund expenditures as unassigned fund balance in the General Fund. The County was below the 17% threshold by $3.3 million at year-end 2011. See the summary on page 14 for an analysis of this.

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

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

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

Items that increased the General Fund:

Human Services Placements Surplus – Placements in Human Services decreased for a savings of $675,574.

Sheriff Department – Federal Inmate Revenue – Increase in housing of federal inmates resulted in additional $785,277 of net revenue over expenditures.

Retirement costs - The State Budget Repair Bill resulted in a savings in retirement costs of $536,176.

Items that reduced the General Fund:

Health Insurance Internal Service Fund - Health Insurance had a deficit of $2,358,442 due to an increase in claims paid. This was charged back to the funds.

Brookside's Use of Human Services Surplus - In 2011, Brookside had a deficit in operations costs which was covered with a transfer of $318,586 from the Human Services Fund. See page 15 for more discussion pertaining to Brookside.

Circuit Court Revenue –Fines and fees were less by $0.3 million in 2011 than anticipated.

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Slight Increase in Tax Delinquencies
The economic downturn continues to affect the collection of delinquent taxes although the increase has leveled off considerably. The increase for delinquencies at year end was $111,464.

Golf Course Deficit – The 2011 cash deficit of $369,322 including carryovers was covered by other Public Works division's surpluses so it had no effect on the General Fund in 2011.

Vacancy Adjustment Deficit - Kenosha County reduces its total budgeted personnel costs using a vacancy adjustment. Historically, the County has an employee turnover rate in excess of 2%. Therefore, it is not necessary to fund 100% of all budgeted positions. In 2011, the budgeted County vacancy adjustment was $1,260,000. In 2011, the General Fund was affected with a deficit of $224,161 due to the vacancy adjustment.

The County has historically budgeted the majority of the vacancy adjustment in the General Fund. In 2011, $100,000 was budgeted separately in the Brookside fund. The majority of the vacancy adjustment is not allocated by department throughout the budget. Year-end lapses from the Human Services funds and the Highway fund and Brookside are required to fund the vacancy adjustment. Because of deficits in Brookside, and the Golf Course, no funds were available to lapse back to the General Fund in 2011 that otherwise would have been available to fund the vacancy adjustment.
Anticipating a similar effect in 2011, the County kept the vacancy rate less than 2.0% in the 2011 budget.

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Summary of 2011 Operations: Review of Major Elements Impacting the Unassigned Fund Balance in the General Fund

2010 Unassigned Reserves	$7,745,911
Items expected to increase the General fund	
Sheriff	785,277
Sales Tax Revenue	390,909
WRS - Budget Repair Bill	536,176
Human Services - Juvenile Placement, Dads (Residential) Placements & Health surplus	675,574
RTA Refund	306,675
Juvenile Intake - Juvenile Detention	276,319
Treasurer Revenue	238,987
Public Works Change in Vacation Accrual Rules	153,828
State Shared Revenue	29,960
Indirect Cost Revenue	44,424
Passport Fees	20,100
Various Department Surpluses	200,470
Total Increase to the General Fund	3,658,699
All other net reductions to Fund balance	
Reserves used to fund operations from 2011 budget	(50,000)
Total Planned Decrease to the General fund	(50,000)
Health Insurance	(2,358,442)
Register of Deeds/Land Information Revenue	(49,711)
Circuit Court Revenue Shortfall	(279,338)
Increase in Outstanding Tax Delinquencies	(111,464)
Profit Loss Tax Deed	(74,377)
Corporation Counsel Legal Fees/Trial Costs	(105,703)
Planning & Development Revenue	(64,197)
Vacancy Adjustment	(224,161)
Total all other net reductions to Fund Balance	(3,267,393)
2011 Year End Unassigned fund balance	**$ 8,087,217**
Less: County Board requirement of 17% of General Funds Expenditures	**11,389,847**
Amount under 17%	**$ 3,302,630**
Per County Board Resolution: 17% Goal for Unassigned Reserves	**2011**
2011 General Fund Expenditures	66,999,101
Reserves as percent of General Fund	12.07%
Percentage goal set by County Board	17.00%
Effect of Increased Tax Delinquencies on Reserves	
Historical level of delinquencies - 2005 Base Year (incl 60 days collected)	$ 3,246,221
Current delinquency balance (includes 60 days collected)	6,987,158
Current delinquency balance above average - impact on General Fund	$ 3,740,937
General Fund unassigned reserves if no Tax Delinquency increase	$ 11,828,154
Percentage of General Fund expenditures if no Tax Delinquency increase	17.65%

THE COUNTY'S FUNDS (continued)

Brookside Enterprise Fund
In 2011, the Brookside Fund had a loss of $221,312 before transfers. The mix of funding sources for beds did not occur as budgeted. In addition, Brookside was not budgeted to receive any levy in 2011 but kept the Intergovernmental Transfer amount as revenue in its own fund to offset the need for levy. Transfers into Brookside in the amount of $292,500 consisted of bonding approved in the 2011 adopted budget issued for Brookside purposes for capital outlay. This bond amount was not added to the debt of Brookside but will be paid for in the Debt Service Fund.

After the transfer for capital outlay, Brookside had a deficit of $318,586 including carryovers. The Human Services Fund transferred $318,586 to cover the remaining deficit. Even though the Enterprise Fund is now non-lapsing, in accordance with a policy adopted by the County Board in 2005, the County may lapse Brookside funds to the General Fund in the event that the General Fund drops below 17% of General Fund spending as occurred in 2011. There were no reserves available to be lapsed to the General Fund at year end.

User fees have historically financed over 80% of the Brookside operation. Not lapsing these funds permits the nursing home to utilize the user fee revenue for the purpose of funding its programs and operations, in accord with customary enterprise fund fiscal practices.

An amount not to exceed one-half of the available and expendable cash reserves may be used to fund Brookside operations.

Golf Course Fund
The golf course closed with a cash deficit of $369,322 from noncapital financing activities. This same amount was transferred from other Public Works divisions to the Golf Course fund to cover this deficit.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

- The fifth category is reprogrammed surplus funds re-budgeted for a new purpose using surplus funds identified as part of the year-end closeout. The County approved the reprogramming of $51,500 for Energy Reduction, and $440,000 for cell tower construction.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County continued the trend of growth in the General Fund in 2011 when the unassigned fund balance closed the year over $8 million. County unassigned fund balance now has increased for two consecutive years. This reflects a recovery from 2009, when the General Fund declined to $5.9 million..

While the General fund balance has continued to increase, policy benchmark of 17% of general fund expenditures has held steady at about 12%. This is partly because General Fund spending has increased due to health insurance expenditures and expenditures related to the inmate housing program. The County will review its policy of including the federal inmate housing program in the General Fund, as this distorts the benchmark calculation. A review of generally accepted accounting principles finds that it would be permissible to record expenditures for the inmate housing program in a special revenue fund. The County will consider this accounting change as part of the 2013 budget.

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

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

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

The recession continued into 2009. The General Fund declined by $2.5 million to $6.2 million. The primary reason for the decline in the General Fund has been the increase in property tax delinquencies. From the low point of $4 million in 2005, tax delinquencies have increased to $8 million in 2010. These delinquencies have reached a plateau. Had tax delinquencies remained stable, the unassigned General Fund balance would be at about 17% of the policy target.

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

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2011, the County had $154.67 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

The $13.3 million increase in buildings in the Governmental activities reflects the continuation of the public safety building addition that was completed in 2011. The $2.26 million increase in machinery and equipment primarily relates to the acquisition of computer equipment, vehicles and a variety of other equipment. See Notes to the Financial Statements page 63 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Construction in progress	$ 10.26	$ 16.27	$ -	$ 0.30	$ 10.26	$ 16.57
Land	19.51	19.21	0.34	0.34	19.85	19.55
Land improvements	18.31	18.22	5.05	4.49	23.36	22.71
Intangible assets	-	-	0.03	0.03	0.03	0.03
Buildings	93.82	80.80	16.30	16.03	110.12	96.83
Machinery & equipment	26.28	24.24	19.47	19.25	45.75	43.49
Infrastructure	39.06	37.07	-	-	39.06	37.07
Total capital assets	207.24	195.81	41.19	40.44	248.43	236.25
Less: accumulated depreciation	(68.11)	(63.71)	(25.65)	(24.58)	(93.76)	(88.29)
Total net capital assets	$ 139.13	$ 132.10	$ 15.54	$ 15.86	$ 154.67	$ 147.96

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt

At year-end, the County had $97,180,000 in outstanding general obligation debt.

Bonded debt outstanding at 12/31/10	$	95,765,000
Principal retired in 2011		(11,425,000)
Notes issued to fund 2011 capital projects		12,840,000
Debt outstanding at 12/31/11	$	97,180,000

New principal issued was $12,840,000. Total debt outstanding increased by $1,415,000 or 1.48%.

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

Since 1999, the County has experienced an overall decline in total debt outstanding despite the increase in total debt outstanding in 2011. County debt hit its highest level of $112.9 in 1999, including the County's unfunded actuarial pension liability. As of year end 2011, total County general obligation debt outstanding is $97.18 million compared to $112.9 million at year end 1999.

Kenosha County Total Long Term Obligations

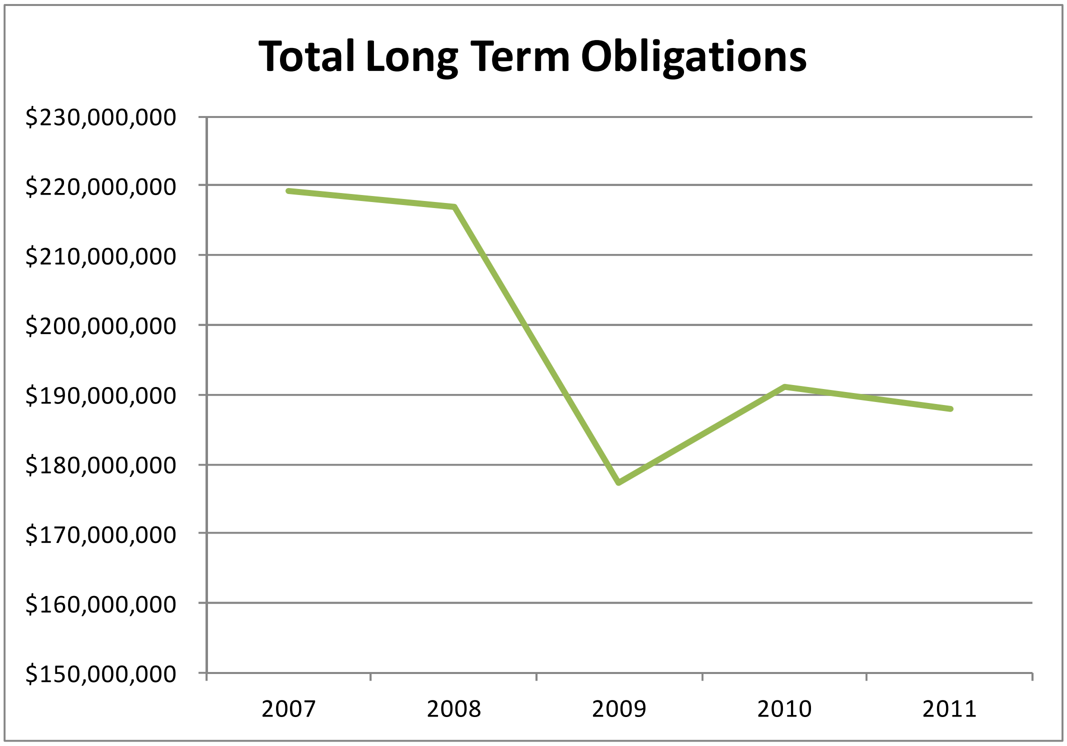
The chart below reflects the change in Kenosha County long term obligations since the implementation of GASB 45. GASB 45 required that Kenosha County account for its long term obligations relative to post retirement benefits for health insurance (OPEB). Because of changes made to the County OPEB program,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

TOTAL LONG TERM OBLIGATIONS

	2007	2008	2009	2010	2011
OPEB Debt	132,657,000	132,657,000	89,399,981	91,224,640	87,272,577
General Obligation Debt	82,629,932	80,144,831	83,790,000	95,765,000	97,180,000
Vacation/Casual Accrual	4,018,890	4,032,615	4,107,955	4,039,364	3,449,308
	$ 219,305,822	$ 216,834,446	$ 177,297,936	$191,029,004	$ 187,901,885

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

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



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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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

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KENOSHA COUNTY
STATEMENT OF NET ASSETS
As of December 31, 2011

ASSETS	Governmental Activities	Business-type Activities	Totals
Cash and temporary cash investments	$ 12,800,067	$ 3,860,513	$ 16,660,580
Receivables			
Property taxes	57,566,922	1,860,138	59,427,060
Delinquent taxes	11,197,856	-	11,197,856
Miscellaneous	2,261,085	2,534,482	4,795,567
Due from other governments	10,442,572	771,324	11,213,896
Prepaid items	128,957	750	129,707
Inventories	-	678,877	678,877
Deposit with Wisconsin Municipal Mutual Insurance Co.	1,668,509	-	1,668,509
Capital assets			
Land, improvements, and construction in progress	43,906,890	338,258	44,245,148
Other capital assets, net of depreciation	95,225,470	15,202,564	110,428,034
Total Capital Assets	139,132,360	15,540,822	154,673,182
Total Assets	235,198,328	25,246,906	260,445,234
LIABILITIES			
Accounts payable	9,790,559	502,200	10,292,759
Accrued compensation	2,868,017	-	2,868,017
Other current liabilities	734,587	32,692	767,279
Special deposits	26,641	-	26,641
Due to other governments	4,636,309	366,755	5,003,064
Unearned property tax revenue	57,566,922	1,860,137	59,427,059
Other unearned revenue	951,244	6,790	958,034
Long-term liabilities			
Due within one year	10,368,746	933,242	11,301,988
Due in more than one year	106,129,085	7,130,417	113,259,502
Total Liabilities	193,072,110	10,832,233	203,904,343
NET ASSETS			
Invested in capital assets, net of related debt	61,418,959	13,161,768	65,371,065
Restricted for:			
Specific purpose: grants and loans	1,381,751	-	1,381,751
Non-expendable fund use	-	174,190	174,190
Unrestricted (deficit)	(20,674,492)	1,078,715	(10,386,115)
Total Net Assets	$ 42,126,218	$ 14,414,673	$ 56,540,891

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	$ 22,610,158	$ 2,481,790	$ 2,068,227	$ -	$ (18,060,141)	$ -	$ (18,060,141)
Health	17,098,091	1,788,335	11,550,769	-	(3,758,987)	-	(3,758,987)
Public works	1,989,995	-	-	-	(1,989,995)	-	(1,989,995)
Public safety	46,086,379	8,553,692	3,213,081	-	(34,319,606)	-	(34,319,606)
Social services	46,898,461	177,814	39,946,345	54,382	(6,719,920)	-	(6,719,920)
Education and recreation	4,326,546	197,378	547,541	102,000	(3,479,627)	-	(3,479,627)
Conservation and development	3,712,183	215,327	429,449	1,079,831	(1,987,576)	-	(1,987,576)
Interest on long-term debt	3,001,211	-	-	-	(3,001,211)	-	(3,001,211)
Total Governmental Activities	145,723,024	13,414,336	57,755,412	1,236,213	(73,317,063)	-	(73,317,063)
Business-type activities:							
Brookside Care Center	15,214,739	13,955,668	985,750	-	-	(273,321)	(273,321)
Highway	9,623,437	3,339,154	2,559,466	510,431	-	(3,214,386)	(3,214,386)
Golf Course	3,051,498	2,497,391	-	94,774	-	(459,333)	(459,333)
Total Business-type Activities	27,889,674	19,792,213	3,545,216	605,205	-	(3,947,040)	(3,947,040)
Totals	$ 173,612,698	$ 33,206,549	$ 61,300,628	$ 1,841,418	(73,317,063)	(3,947,040)	(77,264,103)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					47,142,529	2,335,843	49,478,372
Property taxes, levied for debt service					11,549,511	-	11,549,511
Sales tax - County					10,435,993	-	10,435,993
Grants and contributions not restricted to specific programs					4,098,845	-	4,098,845
Unrestricted investment earnings					228,798	727	229,525
Miscellaneous					1,205,660	84,893	1,290,553
Transfers					(2,801,623)	2,801,623	-
Total general revenues and transfers					71,859,713	5,223,086	77,082,799
Change in net assets					(1,457,350)	1,276,046	(181,304)
Net assets-beginning					43,583,568	13,138,627	56,722,195
Net assets-ending					$ 42,126,218	$ 14,414,673	$ 56,540,891

See accompanying notes to the financial statements.

KENOSHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 5,482,454	$ 350,555	$ 516,848	$ 2,979,030	$ 9,328,887
Receivables					
Property taxes	29,908,369	11,158,396	12,643,596	2,345,315	56,055,676
Delinquent taxes	11,197,856	-	-	-	11,197,856
Miscellaneous	483,945	179,583	-	266,100	929,628
Due from other governments	3,879,636	4,933,625	-	1,629,310	10,442,571
Due from other funds	1,460,347	-	-	1,613,968	3,074,315
Prepaid items	91,122	-	-	-	91,122
Loans receivable	-	-	-	1,162,317	1,162,317
TOTAL ASSETS	$ 52,503,729	$ 16,622,159	$ 13,160,444	$ 9,996,040	$ 92,282,372
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 769,700	$ 2,261,609	$ -	$ 1,792,745	$ 4,824,054
Accrued compensation	2,868,017	-	-	-	2,868,017
Other liabilities	203	-	-	-	203
Special deposits	9,231	2,846	-	14,564	26,641
Due to other governments	2,536,817	1,810,869	-	288,623	4,636,309
Due to other funds	-	768,335	-	2,305,980	3,074,315
Deferred property tax revenue	29,908,369	11,158,396	12,643,596	2,345,315	56,055,676
Other deferred revenue	290,048	354,755	-	1,468,758	2,113,561
Total Liabilities	36,382,385	16,356,810	12,643,596	8,215,985	73,598,776
Fund Balances					
Nonspendable					
Prepaid items	91,122	-	-	-	91,122
Delinquent taxes	7,153,340	-	-	-	7,153,340
Committed					
Health Department city contribution share	-	-	-	230,524	230,524
Housing Authority revolving loan fund	-	-	-	219,434	219,434
Assigned					
Encumbrances	72,800	41,125	-	72,362	186,287
Sheriff special deposit	63,844	-	-	-	63,844
Subsequent year expenditures	653,021	224,224	516,848	3,771,492	5,165,585
Unassigned (deficit)	8,087,217	-	-	(2,513,757)	5,573,460
Total Fund Balances	16,121,344	265,349	516,848	1,780,055	18,683,596
TOTAL LIABILITIES AND FUND BALANCES	$ 52,503,729	$ 16,622,159	$ 13,160,444	$ 9,996,040	$ 92,282,372

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, 2011

Fund Balance - Total Governmental Funds	$ 18,683,596
This is the amount of net total capital assets ($139,132,360) less capital assets reported in internal service funds ($4,164,305).	134,968,055
Long-term liabilities ($116,497,831), including bonds payable are not due and payable in the current period and therefore are not reported in the funds, less long-term liabilities reported in internal service funds ($75,953). See Note II.A.	(116,421,878)
Interest expense is not accrued in the governmental funds	(718,080)
Proceeds of loans receivable collected are recorded as revenue in government-wide not as deferred revenue.	1,162,317
Internal service funds are classed as proprietary funds in the fund statements but are governmental type in the entity wide statements. See Note II.A.	4,452,208
Total Net Assets - Governmental Activities	$ 42,126,218

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, 2011

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 44,976,448	$ 10,205,122	$ 11,549,511	$ 2,396,868	$ 69,127,949
Licenses and permits	167,198	-	-	358,545	525,743
Intergovernmental revenues	9,232,621	47,177,449	449,816	5,608,053	62,467,939
Charges for services	10,031,282	30,240	-	2,102,711	12,164,233
Fines, forfeits and penalties	927,537	137,014	-	-	1,064,551
Investment income	202,870	-	-	5,366	208,236
Miscellaneous income	1,063,466	8,314	-	374,095	1,445,875
Total Revenues	66,601,422	57,558,139	11,999,327	10,845,638	147,004,526
EXPENDITURES					
Current					
General government	18,156,860	-	-	-	18,156,860
Health	-	10,308,655	-	6,732,844	17,041,499
Public safety	43,631,601	-	-	-	43,631,601
Social services	286,392	46,341,302	-	-	46,627,694
Education and recreation	2,030,202	-	-	1,938,900	3,969,102
Conservation and development	2,887,097	-	-	652,461	3,539,558
Capital Outlay	6,948	-	-	12,415,036	12,421,984
Debt Service					
Principal retirement	-	-	9,970,877	-	9,970,877
Interest, fiscal charges and debt issuance costs	-	-	2,763,154	278,491	3,041,645
Total Expenditures	66,999,100	56,649,957	12,734,031	22,017,732	158,400,820

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, 2011

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	(397,678)	908,182	(734,704)	(11,172,094)	(11,396,294)
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	-	-	12,840,000	12,840,000
Premium on issuance of debt	-	-	34,144	145,775	179,919
Transfers in	1,201,057	350,555	1,000,000	294,435	2,846,047
Transfers out	(1,427,325)	(1,280,806)	-	(5,479,371)	(8,187,502)
Total Other Financing Sources (Uses)	(226,268)	(930,251)	1,034,144	7,800,839	7,678,464
Net change in fund balance	(623,946)	(22,069)	299,440	(3,371,255)	(3,717,830)
FUND BALANCES					
Beginning of year (restated) See Note IV.I.	16,745,290	287,418	217,408	5,151,310	22,401,426
FUND BALANCES - END OF YEAR	$ 16,121,344	$ 265,349	$ 516,848	$ 1,780,055	$ 18,683,596

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, 2011

Net Change in Fund Balances - Total Governmental Funds	$	(3,717,830)
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 ($12,421,984), plus infrastructure contributed by business-type ($2,513,347), less capital outlay that falls below the threshold ($610,185) exceeds depreciation ($6,159,808) in the current period.		8,165,338
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase (decrease) net assets.		(528,196)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(71,909)
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.		(2,862,949)
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.		(2,218,081)
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, plus debt proceeds.		(223,723)
Change in net assets of governmental activities	$	(1,457,350)

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	44,278,462	44,917,906	$ 44,976,448	$ 58,542
Licenses and permits	201,010	201,010	167,198	(33,812)
Intergovernmental revenues	8,628,362	9,570,740	9,232,621	(338,119)
Charges for services	9,446,131	10,079,250	10,031,282	(47,968)
Fines, forfeits and penalties	1,219,359	1,219,359	927,537	(291,822)
Investment income	435,000	435,000	202,870	(232,130)
Miscellaneous income	688,723	704,908	1,063,466	358,558
Carryovers	130,643	327,925	-	(327,925)
Total Revenues	65,027,690	67,456,098	66,601,422	(854,676)
Expenditures				
Current				
General government	17,162,648	18,217,722	18,156,860	60,862
Public safety	42,535,699	44,217,100	43,631,601	585,499
Social services	284,709	292,183	286,392	5,791
Education/recreation	2,108,107	2,294,846	2,030,202	264,644
Conservation and development	2,936,527	3,970,200	2,887,097	1,083,103
Capital Outlay	-	8,000	6,948	1,052
Total Expenditures	65,027,690	69,000,051	66,999,100	2,000,951
Excess (deficiency) of revenues over expenditures	-	(1,543,953)	(397,678)	1,146,275
Other Financing Sources (Uses)				
Transfers in	-	1,201,057	1,201,057	-
Transfers out	-	(1,427,325)	(1,427,325)	-
Total Other Financing Sources (Uses)	-	(226,268)	(226,268)	-
Net change in fund balance	-	(1,770,221)	(623,946)	1,146,275
Fund balance - beginning (restated). See Note IV.I.	16,745,290	16,745,290	16,745,290	-
Fund balance - ending	$ 16,745,290	$ 14,975,069	$ 16,121,344	$ 1,146,275

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, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 10,205,122	$ 10,205,122	$ 10,205,122	$ -
Intergovernmental revenues	49,336,401	51,019,889	47,177,449	(3,842,440)
Charges for services	55,000	55,000	30,240	(24,760)
Fines, forfeits and penalties	175,000	175,000	137,014	(37,986)
Miscellaneous income	7,100	7,100	8,314	1,214
Carryovers	-	260,295	-	(260,295)
Total Revenues	59,778,623	61,722,406	57,558,139	(4,164,267)
Expenditures				
Current				
Health	10,386,133	10,893,902	10,308,655	585,247
Social services	49,392,490	50,794,565	46,341,302	4,453,263
Total Expenditures	59,778,623	61,688,467	56,649,957	5,038,510
Excess of revenues over expenditures	-	33,939	908,182	874,243
Other Financing Sources (Uses)				
Tranfers in	-	350,555	350,555	-
Transfers out	-	(1,280,806)	(1,280,806)	-
Total Other Financing Sources (Uses)	-	(930,251)	(930,251)	-
Net change in fund balance	-	(896,312)	(22,069)	874,243
Fund balance - beginning	287,418	287,418	287,418	-
Fund balance (deficit) - ending	$ 287,418	$ (608,894)	$ 265,349	$ 874,243

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2011

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
ASSETS					
Current assets					
Cash and cash equivalents	$ 174,190	$ 3,467,899	$ 218,424	$ 3,860,513	$ 3,471,181
Accounts receivable	2,488,717	45,765	-	2,534,482	169,141
Property taxes receivable	-	1,860,137	-	1,860,137	1,511,246
Due from other governments	-	732,968	38,356	771,324	-
Due from other funds	-	1,374,417	-	1,374,417	2,029,698
Inventories	38,711	607,580	32,587	678,878	-
Prepaid items	-	-	750	750	37,835
Total current assets	2,701,618	8,088,766	290,117	11,080,501	7,219,101
Noncurrent assets					
Restricted cash and investments	-	-	-	-	510,649
Deposit in WMMIC	-	-	-	-	1,157,860
Capital assets					
Land and construction in progress	203	60,409	277,646	338,258	682,623
Intangible assets	-	-	29,508	29,508	-
Buildings and improvements	5,610,681	8,292,370	7,452,646	21,355,697	7,297,246
Machinery and equipment	4,748,347	11,910,662	2,810,522	19,469,531	619,623
Accumulated depreciation/amortization	(6,383,418)	(13,690,802)	(5,577,952)	(25,652,172)	(4,435,187)
Total capital assets	3,975,813	6,572,639	4,992,370	15,540,822	4,164,305
Total noncurrent assets	3,975,813	6,572,639	4,992,370	15,540,822	5,832,814
Total Assets	6,677,431	14,661,405	5,282,487	26,621,323	13,051,915
LIABILITIES					
Current liabilities					
Accounts payable	208,610	243,872	49,719	502,201	710,664
Claims payable	-	-	-	-	4,255,844
Due to other funds	1,374,417	-	-	1,374,417	2,029,698
Due to other governments	-	366,755	-	366,755	-
Other current liabilities	32,692	-	-	32,692	16,302
Current portion of long-term debt payable	702,349	797	306,072	1,009,218	75,953
Current portion of unamortized (discount) premium on debt	(33,919)	-	(42,057)	(75,976)	-
Unearned property tax revenue	-	1,860,137	-	1,860,137	1,511,246
Other unearned revenue	-	2,993	3,797	6,790	-
Total current liabilities	2,284,149	2,474,554	317,531	5,076,234	8,599,707
Noncurrent liabilities					
Long-term obligations	4,077,137	2,006,838	1,206,411	7,290,386	-
Unamortized (discount) premium on debt	(33,920)	-	(126,050)	(159,970)	-
Total noncurrent liabilities	4,043,217	2,006,838	1,080,361	7,130,416	-
Total Liabilities	6,327,366	4,481,392	1,397,892	12,206,650	8,599,707
NET ASSETS					
Invested in capital assets, net of related debt	2,688,652	6,572,639	3,900,477	13,161,768	4,470,234
Restricted for non-expendable fund use	174,190	-	-	174,190	-
Unrestricted (deficit)	(2,512,777)	3,607,374	(15,882)	1,078,715	(18,026)
Total Net Assets (Deficit)	$ 350,065	$ 10,180,013	$ 3,884,595	$ 14,414,673	$ 4,452,208

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, 2011

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
OPERATING REVENUES					
Charges for services	$ 13,955,669	$ 3,339,154	$ 2,497,391	$ 19,792,214	$ 25,980,003
Total Operating Revenues	13,955,669	3,339,154	2,497,391	19,792,214	25,980,003
OPERATING EXPENSES					
Operations and maintenance	13,382,251	11,010,978	2,428,918	26,822,147	25,737,824
General and administrative	1,352,105	357,656	-	1,709,761	-
Depreciation and amortization	388,235	768,152	524,808	1,681,195	601,708
Total Operating Expenses	15,122,591	12,136,786	2,953,726	30,213,103	26,339,532
Operating Loss	(1,166,922)	(8,797,632)	(456,335)	(10,420,889)	(359,529)
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	-	2,335,843	-	2,335,843	-
Intergovernmental grants	985,750	3,069,897	94,774	4,150,421	-
Investment income	728	-	-	728	20,562
Miscellaneous Income	51,280	82	33,532	84,894	118,918
Amortization of debt discount and loss on refinancing	(33,919)	-	(41,857)	(75,776)	-
Interest and fiscal charges	(58,229)	-	(55,915)	(114,144)	(30,159)
Total Non-Operating Revenues (Expenses)	945,610	5,405,822	30,534	6,381,966	109,321
Income (Loss) Before Transfers	(221,312)	(3,391,810)	(425,801)	(4,038,923)	(250,208)
TRANSFERS					
Transfers in	611,085	4,229,642	951,542	5,792,269	33,000
Transfers out	-	(477,300)	-	(477,300)	(26,515)
Total Transfers	611,085	3,752,342	951,542	5,314,969	6,485
Change in net assets	389,773	360,532	525,741	1,276,046	(243,723)
Total net assets at the beginning of year (deficit)	(39,708)	9,819,481	3,358,854	13,138,627	4,695,931
Total net assets at end of year	$ 350,065	$ 10,180,013	$ 3,884,595	$ 14,414,673	$ 4,452,208

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, 2011

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	$ 13,221,362	$ 2,417,683	$ 2,463,325	$ 18,102,370	$ 26,352,725
Paid to suppliers and employees for goods and services	(13,566,942)	(11,281,909)	(2,458,639)	(27,307,490)	(25,020,461)
Cash Flows from Operating Activities	(345,580)	(8,864,226)	4,686	(9,205,120)	1,332,264
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	-	2,335,843	-	2,335,843	-
Intergovernmental grants	566,900	3,069,897	94,774	3,731,571	-
Miscellaneous income	51,280	82	33,532	84,894	118,918
Transfers	318,585	(477,300)	369,322	210,607	118,918
Cash Flows from Noncapital Financing Activities	936,765	4,928,522	497,628	6,362,915	237,836
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(655,000)	-	(290,000)	(945,000)	(509,123)
Interest paid	(65,323)	-	(55,915)	(121,238)	(30,159)
Miscellaneous income	-	-	-	-	-
Acquisition and construction of capital assets	(147,170)	(452,363)	(764,775)	(1,364,308)	-
Sale of capital assets	-	-	-	-	-
Transfers	292,500	4,229,642	582,220	5,104,362	-
Cash Flows from Capital and Related Financing Activities	(574,993)	3,777,279	(528,470)	2,673,816	(519,282)
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit to WMMIC restricted cash	-	-	-	-	8,524
Investment income	728	-	-	728	20,562
Cash Flows from Investing Activities	728	-	-	728	29,086
Net Change in Cash and Cash Equivalents	16,920	(158,425)	(26,156)	(167,661)	967,471
Cash and Cash Equivalents - Beginning of Year	157,270	3,626,324	244,580	4,028,174	2,503,710
Cash and Cash Equivalents - End of Year	$ 174,190	$ 3,467,899	$ 218,424	$ 3,860,513	$ 3,471,181

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Loss	$ (1,166,922)	$ (8,797,632)	$ (456,335)	$ (10,420,889)	$ (359,529)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:					
Depreciation expense and amortization	388,236	768,152	524,808	1,681,196	601,708
Changes in assets and liabilities:					
Accounts receivable	(734,307)	27	493	(733,787)	434,413
Due from other governments	-	18,438	(38,356)	(19,918)	-
Inventories	8,023	(31,928)	(5,350)	(29,255)	-
Due from other funds	-	(942,929)	-	(942,929)	(61,691)
Prepaid items	-	-	(750)	(750)	346,984
Accounts payable	44,257	83,382	11,601	139,240	(92,775)
Claims payable	-	-	-	-	401,463
Due to other governments	-	280,891	-	280,891	-
Due to other funds	942,929	-	-	942,929	61,691
Unearned revenue	-	2,993	3,797	6,790	-
OPEB payable	222,721	(33,616)	(34,416)	154,689	-
Accrued compensation	(53,385)	(212,004)	(806)	(266,195)	-
Other current liabilities	2,868	-	-	2,868	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (345,580)	$ (8,864,226)	$ 4,686	$ (9,205,120)	$ 1,332,264
Noncash investing, capital and financing activities:					
Infrastructure transferred to governmental activities	$ -	$ 2,513,347	$ -	$ 2,513,347	$ -

See accompanying notes to the financial statements.

KENOSHA COUNTY

STATEMENT OF ASSETS & LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
December 31, 2011

ASSETS		
Cash and temporary cash investments	$	3,268,496
Miscellaneous receivables		303,022
Total Assets	$	3,571,518
LIABILITIES		
Other accrued liabilities	$	3,571,518
Total Liabilities	$	3,571,518

See accompanying notes to the financial statements.

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS
December 31, 2011

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS (cont.)
December 31, 2011

NOTE Page

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In 2009, the GASB issued statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definition.* This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of the statement became effective for period beginning after June 15, 2010.

The County implemented this standard effective January 1, 2011.

Government-Wide Financial Statements

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

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

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

Government-Wide Financial Statements (cont.)

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

Fund Financial Statements (cont.)

The County reports the following major governmental funds:

- General – accounts for the County's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

The County reports the following major enterprise funds:

- Brookside Care Center – accounts for the operations of the County nursing home.

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

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

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

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

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

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

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

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

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

Fund Financial Statements (cont.)

In addition, the County reports the following fund types:

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

Human Services Building	Workers Compensation
Health Insurance	General Liability Insurance

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

  Clerk of Courts
  Child Support
  Social Services
  Other Agency Funds

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Fund Financial Statements (cont.)

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

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

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

All Financial Statements

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

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2011 the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

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

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

2. Receivables

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

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

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

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

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

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 – 2011 tax roll:

Lien date and levy date	December 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	July 31, 2012
Personal property taxes in full	January 31, 2012
Tax sale – 2011 delinquent real estate taxes	October 2014

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

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

2. Receivables (cont.)

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

The County has a 0.5% sales tax which is collected by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale related to it takes place. At December 31, 2011, the County has accrued three months of the subsequent year’s collections as receivable.

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

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

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

5. Capital Assets

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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.

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

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

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. Effective January 1, 2012, non-classified employees (employees previously in bargaining units that have had their contracts expire in 2010 or 2011) are subject to a PTO (paid time off) bank in which unused benefit time is not matured at resignation or retirement. Effective December 31, 2011 for these employees, the County recorded only 5/12 of the regular compensated balances liability as 7/12 of their benefit hours will not mature. Previously, these employees earned vacation and casual benefit days during the current year for the following year. For fiscal year 2012, four bargaining units will accrue a full year of compensated benefit time that can mature and one unit will accrue 7/12ths of a year. All other employees will have PTO banks and the benefit time will not be a liability to the County.

Accumulated liabilities at December 31, 2011 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

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

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

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

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

In September 2009, the County Board authorized issuance of conduit debt titled "Kenosha County, Wisconsin Community Facility Revenue Bond, Series 2009" whose principal may not exceed $8,300,000. The purpose of the bond is to assist a non profit community organization in the construction of a facility within the County. Final maturity of the bonds is September 2034. The bonds are secured by various assets of the borrower. The balance of the debt as of December 31, 2011 is $7,511,100.

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

9. Claims and Judgments

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

10. Equity Classifications

Government-Wide Financial Statements

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

a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – consist of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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

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

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

10. Equity Classifications
Government-Wide Financial Statements- (cont.)

	Governmental Activities	Business-type Activities	Adjustment	Total
Invested in capital assets, net of related debt	$ 61,418,959	$ 13,161,768	$ (9,209,662)	$ 65,371,065
Unrestricted (deficit)	(20,674,492)	1,078,715	9,209,662	(10,386,115)

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. GASB 54 requires the fund balance amounts to be reported in the following categories:

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

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

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

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

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

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

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

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

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

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

Bonds and notes payable(excluding internal service fund debt)	$ 94,489,047
Vacation/casual day accrual	2,815,356
Post retirement health insurance benefits	20,134,412
Unamortized debt discount and issue costs	(1,016,937)
Combined adjustment for long-term liabilities	$ 116,421,878

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	$ 2,952,206
Health Insurance	1,500,001
Workman's Compensation	1
Total	$ 4,452,208

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."

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

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

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 $2,862,949 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	$ (12,840,000)
Discounts, premium and issuance costs	98,572
Amortization expense	(92,398)
Principal repayments:	
General obligation debt	9,970,877
Net adjustment to decrease *net changes in fund balances – total* governmental funds to arrive at *changes in net assets of governmental activities*	$ (2,862,949)

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 $2,218,081 difference are as follows:

Vacation/casual day accrual	$ 397,063
Post retirement health insurance benefits	(2,499,644)
Accrued interest	(115,500)
Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (2,218,081)

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

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

General Fund	$ 653,021
Human Services	224,224
Debt Service	516,848
Federated Library System	1,013
Geographic Information Systems	12,795
Capital Projects Fund	3,757,684

B. GOVERNMENTAL FUNDS - EXCESS EXPENDITURES OVER APPROPRIATIONS

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

C. DEFICIT BALANCES

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

As of December 31, 2011 the following funds held a deficit balance:

Fund	Amount	Reason
Courthouse/Molinaro Building Exterior	$2,513,757	Completed project in 2011. Not all the expenses were covered by the bond. Issuing additional bond in 2012 to cover the remaining expenses.

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

D. Limitations on the County's Tax Levy Rate and Its Ability to Issue New Debt

As part of Wisconsin's Act 28 (2010), new legislation was passed that limits the County's future tax levy rates. Generally, the County is limited to its prior tax levy dollar amount increased by the greater of the percentage change in the County's equalized value due to new construction or three percent in 2011, based upon current legislation.

The County is in compliance with these requirements.

With the passage of the 2011-2013 biennial state budget, levy limits were made permanent and unused carry forward is very limited.

County mill rate cap (Tax rate limits for operations) was suspended. In 2012 and 2013, County will not be required to comply with tax rate limit for operations.

The allowable increase is the greater of 0% or net new construction for the County 2012 and 2013 budget. Beginning with the 2014 levy, the allowable increase would be the greater of 1.5% or net new construction.

The levy limit excludes but is not limited to the following: payment of any general obligation debt service on debt authorized on or after July 1, 2005, and secured by the full faith and credit of the county, Bridge and culvert construction and repair by the County, unreimbursed expenses related to a declared emergency, and for transfers or responsibility for providing service from one governmental unit to another.

If the County did not levy its full allowable amount in the prior year, it would be able to carry forward and apply the amount under the following conditions.

- The amount that could be applied would be the lesser or the actual unused levy amount or 0.5% of the prior year's actual levy.
- The carry forward must be approved by a ¾ vote of the governing body.
- Beginning with the 2013 budget, carryover can be approved by a simple majority vote of the governing body.
- If the County elects not to apply some or all of a prior year's unused levy capacity, that amount would continue to be carried forward for future use, but only up to an amount equal to 0.5% of the prior year's actual levy.

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for interest bearing accounts and unlimited coverage for noninterest bearing accounts. Deposits in credit unions are insured by the NCUA in the amount of $250,000 for all share draft accounts, and $250,000 for all share certificate and regular share accounts.

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

The County has an agreement with Johnson Bank for collateralization of its deposits and investments. The bank has pledged $7,067,970 of various governmental securities as collateralization for the County's deposits.

The County maintains a cash and investment pool that is available for use by all funds. The carrying amount of the various fund types on December 31, 2011 are as follows:

General	$	5,482,454
Special Revenue		650,574
Capital Projects		2,679,011
Debt Service		516,848
Enterprise		3,860,513
Internal Service		3,471,181
Agency		3,268,496
Total	$	19,929,077

The distribution of deposits and investments is as follows:

Petty Cash	$	9,260
Deposits		191,364
Investments		19,728,453
Total		$19,929,077

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

As of December 31, 2011, the carrying amount of the County's deposits was $191,364 and the bank balance was $1,121,733. This entire bank balance at year-end was covered by the Federal depository insurance and the bank has pledged $7,067,970 of governmental securities as collateralization for the County's deposits. In addition, the County maintains petty cash funds in the amount of $9,260.

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

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

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

Investment Risk Factors

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

Credit Risk

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

The credit risk profile for fixed income securities at December 31, 2011 is as follows:

U.S. Government Guaranteed		
Investment	Moody's Rating	Amount
AIM		
Government & Agency- Institutional	AAA	$ 1,905,770
Treasury - Institutional	AAA	250,688
DANA		
Federal Home Loan Mortgage Corp.	AAA	2,341,905
Federal National Mortgage Association	AAA	2,371,410
Government National Mortgage Association	AAA	34,834
Small Business Association	AAA	46,771
Treasury Bonds	AAA	2,646,218
Johnson Bank		
Repurchase Agreements	AAA	4,364,331
Total U.S. Government Guaranteed		13,961,927
Money Market Accounts		
Wisconsin Local Government		
Investment Pool	Unrated	5,630,804
DANA		
Money Market Account	AAA	135,722
Total Money Market Accounts		5,766,526
Grand Total		$ 19,728,453

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

A. *DEPOSITS AND INVESTMENTS* (cont.)

Custodial Credit Risk

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

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

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

Concentration of Credit Risk

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

Major issuers (over five percent of total investments) in the County's portfolio as of December 31, 2011 are as follows:

Issuer	Amount	Percentage
Federal National Mortgage Association	$ 2,371,410	12%
U.S.Treasury	9,167,007	46%
Federal Home Loan Mortgage Corp.	2,341,905	12%
Other issuers (none over 5%)	5,848,131	30%
	$ 19,728,453	100%

Interest Rate Risk

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

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

A. *DEPOSITS AND INVESTMENTS* (cont.)

Interest Rate Risk (continued)

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

In addition to using the assigned benchmarks to evaluate the performance of the portfolio management firms, the firms also manage interest rate risk by maintaining the effective duration of their portfolios consistent to the duration of the assigned benchmark. The duration of the County's overall investments at December 31, 2011 is as follows (total duration includes money market accounts, which are not listed in the table):

Investment Type		Amount	Effective Duration
Federal Home Loan Mortgage Corp.	$	2,341,905	Average 190 days
Federal National Mortgage Association		2,371,410	Average 179 days
Government National Mortgage Association		34,834	Average 310 days
Small Business Association		46,771	Average 26 days
US Treasury		2,646,218	Average 230 days
Repurchase agreements		4,364,331	Overnight
	$	11,805,469	

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, 2011 is as follows:

Fund Name		Amount	Weighted Average Maturity
Wisconsin Local Government Investment Pool	$	5,630,804	97 days
AIM Short Term Government & Agency		1,905,770	31.32 days
AIM Short Term Treasury		250,688	34.54 days
JP Morgan Chase Money Market Fund		135,722	49 days
	$	7,922,984	

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

B. RECEIVABLES

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

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

The City of Kenosha and Kenosha County agreed to each pay half of the unfunded pension liability for Joint Services. In 2008, the County paid the entire amount of $540,856. The City of Kenosha will be paying its share of $270,428 to the County over a five year period with interest of five percent. The current balance due to the County is $54,084 and is shown in the "Miscellaneous receivables" line in the General Fund.

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

	Unavailable	Unearned
Property taxes receivable	$ -	59,427,059
Housing Authority loans receivable	1,162,317	-
Other unearned revenue	-	213,230
Grant drawdowns prior to meeting all eligibility requirements	-	744,804
Total Deferred/Unearned Revenue for Governmental funds	$ 1,162,317	$ 60,385,093

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

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

B. RECEIVABLES (cont.)

For the year ended December 31, 2011, collections in the first sixty days aggregated $1,260,426. Therefore, the delinquent property tax nonspendable fund balance is $8,484,050 less $1,330,710 collected in the first sixty days of 2011 or $7,153,340.

Accounting Change

The County has changed how the delinquent property taxes are accounted for by reporting the entire amount of delinquencies net of the first sixty days of collection as nonspendable. In prior years, a portion of the delinquencies was shown as deferred revenue to reflect the County's portion of the delinquency. To reflect this change, the 2011 adjustment in the amount of $1,260,426 was made directly to nonspendable fund balance instead of being reported as a liability. In 2010, the amount of nonspendable fund balance would have been reported as $7,102,782 instead of $5,785,716. See Note IV.I. for more information.

At December 31, 2011, delinquent property taxes by year levied consists of the following:

	Total	County Levied	County Purchased
Tax Certificates			
2010	$ 5,074,160	751,287	4,322,873
2009	2,343,347	346,959	1,996,388
2008	781,807	115,755	666,052
2007	144,525	21,399	123,126
2006	41,104	6,086	35,018
2005 and prior	99,107	14,674	84,433
Total Tax Certificates	8,484,050	$ 1,256,160	$ 7,227,890
Delinquent Special Assessments	1,141,143		
Tax Deeds held by County	1,563,469		
Other taxes	9,194		
Total Delinquent Property Taxes Receivable	$ 11,197,856		

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, 2011, the County has not exceeded its maximum retention cap. If it does, a liability to the state will be recorded.

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

C. CAPITAL ASSETS

The County defines their capital assets as assets with an initial cost of more than $5,000. The addition column represents the new assets in 2011 including new infrastructure assets. The deletion column represents the assets that were discarded in 2011.

Capital asset valuation and activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets not being depreciated:				
Construction in Progress	$ 16,267,953	$ 6,404,423	$ (12,407,373)	$ 10,265,003
Land Improvements	14,134,979	-	-	14,134,979
Land	19,212,210	294,698	-	19,506,908
Total Capital Assets not being depreciated	49,615,142	6,699,121	(12,407,373)	43,906,890
Other Capital Assets:				
Land Improvements	4,086,318	90,852	-	4,177,170
Buildings	80,799,735	14,363,173	(1,341,342)	93,821,566
Machinery & Equipment	24,238,323	3,066,026	(1,024,973)	26,279,376
Infrastructure	37,070,815	2,513,347	(519,600)	39,064,562
Total Other Capital Assets at Historical Cost	146,195,191	20,033,398	(2,885,915)	163,342,674
Less: Accumulated Depreciation				
Land Improvements	(2,427,452)	(227,760)	-	(2,655,212)
Buildings	(29,238,212)	(2,179,788)	1,290,475	(30,127,525)
Machinery & Equipment	(16,001,643)	(2,435,038)	614,444	(17,822,237)
Infrastructure	(16,046,100)	(1,918,930)	452,800	(17,512,230)
Total Accumulated Depreciation	(63,713,407)	(6,761,516)	2,357,719	(68,117,204)
Net Total Other Capital Assets	82,481,784	13,271,882	(528,196)	95,225,470
Net Total Government Activities Capital Assets	$ 132,096,926	$ 19,971,003	$ (12,935,569)	$ 139,132,360

Depreciation expense was charged to functions as follows:

Depreciation expense was charged to functions as follows:	
General Government	$ 3,954,453
Public Safety	469,361
Public Works	1,918,930
Social Services	15,858
Education & Recreation	274,881
Health	46,090
Conservation & Development	81,943
Total Governmental Activities- Depreciation Expense	$ 6,761,516

Total depreciation includes $601,708 recorded to the internal service fund Human Services Building.

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

C. CAPITAL ASSETS (cont.)

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

Infrastructure Category	Beginning Balance	Additions	Deletions	Ending Balance
Roadways	$ 28,611,163	$ 2,513,347	$ (519,600)	$ 30,604,910
Bridges	4,538,052	-	-	4,538,052
Traffic signals	3,302,600	-	-	3,302,600
Sewer drainage	384,000	-	-	384,000
Culverts	235,000	-	-	235,000
Infrastructure	37,070,815	2,513,347	(519,600)	39,064,562
Less Accumulated Depreciation				
Roadways	(12,832,600)	(1,684,930)	452,800	(14,064,730)
Bridges	(1,508,800)	(89,500)	-	(1,598,300)
Traffic signals	(1,463,200)	(132,000)	-	(1,595,200)
Sewer drainage	(207,200)	(7,800)	-	(215,000)
Culverts	(34,300)	(4,700)	-	(39,000)
Total Accumulated Depreciation	(16,046,100)	(1,918,930)	452,800	(17,512,230)
Net Infrastructure	$ 21,024,715	$ 594,417	$ (66,800)	$ 21,552,332

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

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business - type Activities				
Capital Assets not being depreciated/amortized:				
Construction in Progress	$ 298,634	$ -	$ (298,634)	$ -
Land	338,258	-	-	338,258
Total Capital Assets not being depreciated/amortized	636,892	-	(298,634)	338,258
Other Capital Assets:				
Intangible Assets	29,508	-	-	29,508
Land Improvements	4,488,629	562,253	-	5,050,882
Buildings	16,026,736	278,078	-	16,304,814
Machinery & Equipment	19,253,707	914,524	(698,699)	19,469,532
Total Other Capital Assets at Historical Cost	39,798,580	1,754,855	(698,699)	40,854,736
Less: Accumulated Depreciation/Amortization				
Intangible Assets	(2,951)	(5,902)	-	(8,853)
Land Improvements	(2,561,585)	(188,294)	-	(2,749,879)
Buildings	(9,947,786)	(555,908)	-	(10,503,694)
Machinery & Equipment	(12,065,440)	(931,091)	606,785	(12,389,746)
Total Accumulated Depreciation/Amortization	(24,577,762)	(1,681,195)	606,785	(25,652,172)
Net Total Other Capital Assets	15,220,818	73,660	(91,914)	15,202,564
Net Total Business - type Activities Capital Assets	$ 15,857,710	$ 73,660	$ (390,548)	$ 15,540,822

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Brookside Care Center	$ 388,235
Highway	768,152
Golf Courses	524,808
Total Business-type Activities - Depreciation/ Amortization Expense	$ 1,681,195

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

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

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
General Fund		$ 1,460,347
	Health Department	(638,221)
	Social Services	(768,335)
	Housing Authority	(44,626)
	Geographic Information Systems	(9,165)
Health Insurance		2,029,698
	Human Services Building	(1,061,852)
	General Liability Insurance	(967,846)
Capital Projects-General		1,613,968
	Capital Projects - Addition to Public Safety Building	(14,419)
	Capital Projects - Wireless 911	(8,777)
	Capital Projects - Courthouse/Molinaro Building Exterior	(1,590,772)
Highway		1,374,417
	Brookside Care Center	(1,374,417)

All of these balances will be repaid within the year.

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

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

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount		Principal Purpose
General Fund		829,402		To record lapsing funds
Brookside Care Center		318,586		at year end.
Golf Course Division		369,322		
	General Fund		45,850	
	Human Services		922,251	
	Highway		477,300	
	Health Department		71,909	
HVAC System Replacement		135,000		To record bond proceeds.
Brookside Care Center		292,500		
Golf Course		582,220		
Highway		4,229,642		
Job Center Building		20,000		
	Other Capital Projects		5,259,362	
General Fund		8,000		Per Resolution #137, transfer carryover
	Human Services		8,000	funds as approved for repurposing of use.
Debt Service		1,000,000		
	General Fund		1,000,000	
General Fund		13,100		
	Other Capital Projects		13,100	
Energy Reduction Technology		26,515		
	Job Center Building		26,515	
Energy Reduction Technology		39,000		
	Courthouse/Molinaro Building Restoration		39,000	
Job Center Building		33,000		
	Other Capital Projects		33,000	
Other Capital Projects		8,499		Transfer budget authority for overages
	General Fund		8,499	within Human Services between funds.
Other Capital Projects		22,421		Transfer federal inmate revenue to make
	General Fund		22,421	capital improvements at jail facility.
Parking Structure		35,000		Transfer bond surplus to parking structure
	Other Capital Projects		35,000	to cover match and additional costs.
Other Capital Projects		28,000		Per Resolution #23, transfer surplus park
	Parkland Development		28,000	improvement funds for Pike River dam removal.

The Highway enterprise fund transferred infrastructure to the governmental activities in 2011 totaling $2,513,347. These costs are reported as highway expenses in the fund statement and as transfers in the government-wide statements.

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

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

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	$ 92,205,000	$ 12,840,000	10,480,000	$ 94,565,000	$ 10,350,000
Add/(Subtract) Deferred Amounts For:					
Refundings - Gains/(Losses)	(500,712)	-	(41,726)	(458,986)	(41,726)
(Discounts)/Premiums	(510,051)	(98,572)	(50,672)	(557,951)	(47,229)
Total Bonds And Notes Payable	91,194,237	12,741,428	10,387,602	93,548,063	10,261,045
Other Liabilities:					
Post Retirement Benefits	17,634,768	4,616,727	2,117,083	20,134,412	-
Vested Vacation and Casual Days	3,212,419	305,615	702,678	2,815,356	107,701
Total Other Liabilities	20,847,187	4,922,342	2,819,761	22,949,768	107,701
Total Governmental Activities-Long-Term Obligations	$ 112,041,424	$ 17,663,770	$ 13,207,363	$ 116,497,831	$ 10,368,746

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable:					
General Obligation Debt	$ 3,560,000	$ -	$ 945,000	$ 2,615,000	$ 995,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	(311,722)	-	(75,777)	(235,945)	(75,976)
Total Bonds And Notes Payable	3,248,278	-	869,223	2,379,055	919,024
Other Liabilities:					
Post Retirement Benefits	4,895,963	969,219	814,530	5,050,652	-
Vested Vacation and Casual Days	826,945	56,006	248,999	633,952	14,218
Total Other Liabilities	5,722,908	1,025,225	1,063,529	5,684,604	14,218
Total Business-type Activities-Long-Term Obligations	$ 8,971,186	$ 1,025,225	$ 1,932,752	$ 8,063,659	$ 933,242

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed five percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2011, was $685,858,580. Total general obligation debt outstanding at year end was $97,180,000.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2011
Governmental Activities - General Obligation Debt					
Refunding Bonds	2003	2013	1.50%-3.35%	8,140,000	1,135,000
Refunding Bonds	2003	2022	3.25%-5.50%	9,285,000	445,000
Promissory Notes	2004	2012	2.00%-3.60%	3,100,000	575,000
Refunding Bonds	2004	2017	2.00%-4.00%	10,630,000	5,245,000
Promissory Notes	2005	2013	3.50%	2,700,000	850,000
Promissory Notes	2006	2014	3.875%	2,150,000	810,000
Promissory Notes	2007	2017	3.25%-3.65%	4,050,000	2,270,000
Refunding Bonds	2008	2013	3.25%	4,350,000	420,000
Promissory Notes	2008	2018	4.00%	8,235,000	6,625,000
Refunding Bonds	2009	2017	1.50% - 3.25%	2,735,000	2,040,000
Recovery Zone Economic Development Bonds	2009	2029	1.60% - 5.65%	4,910,000	4,835,000
Build America Bonds	2009	2019	1.60% - 4.20%	9,645,000	9,495,000
Refunding Bonds	2010	2017	2.00% - 3.00%	20,250,000	17,530,000
Build America Bonds	2010	2030	0.75% - 5.1%	10,435,000	10,260,000
Build America Bonds	2010	2020	0.65% - 3.60%	12,325,000	12,025,000
Refunding Bonds	2010	2022	0.50% - 3.75%	7,305,000	7,165,000
Promissory Notes	2011	2021	2.00% - 3.00%	10,030,000	10,030,000
Building Bonds	2011	2031	2.00% - 4.25%	2,810,000	2,810,000
Total Governmental Activities - General Obligation Debt					$ 94,565,000

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2011
Business-type Activities - General Obligation Debt					
Refunding Bonds	2004	2015	2.00-3.90%	3,080,000	1,260,000
Refunding Bonds	2008	2013	3.25%	3,295,000	1,355,000
Total Business-type Activities - General Obligation Debt					$ 2,615,000
Total Debt					$ 97,180,000

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
Years	Principal	Interest	Principal	Interest
2012	10,350,000	2,916,699	995,000	90,673
2013	9,700,000	2,649,787	990,000	57,573
2014	9,905,000	2,406,637	315,000	24,098
2015	10,235,000	2,145,229	315,000	12,285
2016	10,475,000	1,856,895	-	-
2016-2021	32,140,000	5,306,251	-	-
2022-2026	6,595,000	2,106,200	-	-
2027-2031	5,165,000	641,212	-	-
Totals	$ 94,565,000	$ 20,028,910	$ 2,615,000	$ 184,629

Other Debt Information

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

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

Prior-Year Defeasance of Debt

In 2010, the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2011, the call date of the bond held in escrow and amounts of bonds outstanding and considered defeased are as follows:

Call Date	Balance at 12/31/11
03/01/2012	6,695,000

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

F. RESTRICTED ASSETS

The County has restricted assets which consist of a deposit in Wisconsin Municipal Mutual Insurance Company (WMMIC) in the amount of $1,157,860. This deposit is the County's original capitalization investment. In addition, cash in the amount of $510,649 is restricted for liability insurance at WMMIC.

G. LEASE DISCLOSURES

Lessor – Operating Leases

The County leases a portion (44%) of the Public Safety Building facility to the City of Kenosha and the Kenosha City-Joint Services Board under operating leases that are renewed on a year to year basis. The 2011 revenues of $821,088 related to these leases were recorded in the General Fund. The provisions of the lease agreement allow for an annual adjustment of the lease amount based on the actual costs to the County of maintaining the facility. The book value of the entire building is $27,055,720 with a net book value of $18,916,606.

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, 2011 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land, land improvements and construction in progress	$ 43,906,890
Other capital assets, net of accumulated depreciation	95,225,470
Less: capital related long-term debt outstanding (net of unspent proceeds of debt)	(77,713,401)
Total Invested in Capital Assets, Net of Related Debt	$ 61,418,959

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

Total Invested in Capital Assets, Net of Related Debt	$ 61,418,959
Restricted	
Specific purpose – grants and loans for Housing Authority	1,381,751
Unrestricted (deficit)	(20,674,492)
Total Governmental Activities Net Assets	$ 42,126,218

Governmental fund balances reported on the fund financial statements at December 31, 2011 include the following:

Nonspendable	
Major Funds	
General Fund	
Prepaid items	$ 91,122
Delinquent taxes	7,153,340
Total Nonspendable funds	$ 7,244,462
Committed	
Non-major funds	
Special Revenue – Housing Authority – revolving loan funding	$ 219,434
Special Revenue - Health Department – city contribution share	230,524
Total Special Revenue Committed funds	$ 449,958
Assigned	
Major Funds:	
General Fund	
Encumbrances	$ 72,800
Sheriff special deposit	63,844
Subsequent year expenditures	653,021
Total Assigned funds – General Fund	$ 449,958
Human Services Fund	
Encumbrances	$ 41,125
Subsequent year expenditures	224,224
Total Assigned funds – Human Services Fund	$ 265,349
Debt Service Fund	
Subsequent year expenditures	$ 516,848
Total Assigned funds – Debt Service Fund	$ 516,848

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

Assigned	
Non-major Funds	
Encumbrances	
Other Capital Projects Fund	$ 72,362
Total Non-major encumbrances	$ 72,362
Subsequent year expenditures	
Special Revenue Funds	
Federated Library System	$ 1,013
Geographic Information System	12,795
Total Special Revenue subsequent year expenditures	$ 13,808
Capital Projects Funds	
Parkland Development	$ 647,067
Parking Structure	21,159
Jail Expansion	8,564
Bike Trail	7,717
Public Safety Building Addition	142,450
Western County Communication	40,000
Courthouse Renovation	70,335
Energy Reduction Technology	313,483
Broadband/Public Safety Building	392,280
HVAC System Replacement	229,825
Other Capital Projects	1,884,804
Total Capital Projects subsequent year expenditures	$ 3,757,684
Unassigned	
Major Funds	
General Fund	$ 8,087,217
Total Unassigned Major Funds	$ 8,087,217
Non-major Funds	
Molinaro Building Exterior	$ (2,531,757)
Total Unassigned Non-major Funds (deficit)	$ (2,513,757)

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

I. RESTATEMENT OF FUND BALANCE

The County reviewed its accounting policy related to revenue recognition for the county portion of delinquent property taxes purchased each August if not previously collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

The accounting policy followed in prior years recognized an asset for the full amount of the purchased delinquent taxes, including purchased equities of state and other local governments. However, the county portion was recognized as equity only to the extent that the county portion of delinquent taxes was received within 60 days of year-end. This resulted in an offsetting “non-spendable” equity balance for a majority of the delinquent taxes (other government equities portion) receivable balance and the remainder as a “deferred revenue” (county portion). Both portions are owned and collected in the same manner following state statutes by the County.

GAAP does place a limitation on the availability period that may be used for purposes of property tax revenue recognition. The County intends to follow that rule in the same manner for both portions of tax certificates obtained through the statutory tax collection process. The remaining amount of delinquent taxes will be reported as “non-spendable” equity at year end. This change in accounting principle will be applied consistently over time. These assets are expected to convert to cash in the ordinary course of operations.

This alternative accounting principle is permitted by GAAP because it believes that this principle is preferable to the one previously employed. The cumulative adjustment has been treated as a direct adjustment to beginning fund balance.

General Fund Balance	
December 31, 2010 (as reported)	$ 15,426,543
Plus:	
Change in accounting	1,318,747
General Fund Balance	
January 1, 2011 (as restated)	$ 16,745,290

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible County employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees hired prior to July 1, 2011 are expected to work at least 600 hours a year are eligible to participate in the System. All permanent employees initially hired after July 1, 2011 are expected to work at least 1,200 hours a year to be eligible to participate in the System. Payrolls prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. For payrolls after June 29, 2011, covered employees in the General category were required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security) to the plan. Employers generally have made these contributions to the plan on behalf of employees however for payrolls after June 29, 2011, the employer by statute is not allowed to make these contributions for general and County Board Elected Officials. The County is paying the employee share for the other Elected Officials until the conclusion of their current term and then the employee will be responsible for the employee share. Employers will continue to make the contributions for Protective class employees hired prior to July 1, 2011 and if hired after this date, the employees will be responsible for the employee share. In addition, 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, 2011 was $52,176,603; the employer's total payroll was $53,613,079. The total required contribution for the year ended December 31, 2011 was $6,594,101 or 12.63 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, 2010 and 2009 were $5,842,823 and $5,562,953, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings are the average of the employee's three highest years earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit.

For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and between April 24, 1998 and July 1, 2011 are immediately vested. Participants employed after July 1, 2011 have a five year vesting requirement.

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

As of December 31, 2011, there was no pension-related debt for the county.

B. RISK MANAGEMENT

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

Public Entity Risk Pool

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 $10,000,000 per occurrence and $30,000,000 annual aggregate on an excess basis above members per occurrence and annual aggregate self-insured retentions. The County's self-insured retention limit is $200,000 for each occurrence and $900,000 for the annual aggregate. WMMIC's exposure in its layer of insurance is limited to $1,000,000 per occurrence in that the company purchases $4,000,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage. The amount of reinsurance may vary from year to year as determined by the WMMIC Board of Directors.

WMMIC is governed by one entity-one vote. Member entities include Kenosha County and the counties of Brown, Chippewa, Dane, Dodge, Eau Claire, Jefferson, LaCrosse, Manitowoc, Marathon, Outagamie, Rock, Walworth, St. Croix and Waukesha, and the cities of Eau Claire and Madison. All member entities participate in the governing of the company. Its Board of Directors is made up of at least five representatives of the participating entities and the company's charter allows for the appointment of two at-large members to the Board of Directors.

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

The board members are elected at the annual meeting by the participants. The board has the authority to adopt its own budget, set policy matters and control the financial affairs of the company.

The actuary for WMMIC determines the insurance premiums for each member based upon the relevant rating exposure bases as well as the historical loss experience by member. WMMIC's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each participant based on equity interest in the company.
The participant's share in the operation of WMMIC as of December 31, 2011 is as follows:

	Percentage
Brown County	7.02
Chippewa County	3.30
Dane County	9.26
Dodge County	3.69
City of Eau Claire	3.41
Eau Claire County	3.78
Jefferson County	2.47
Kenosha County	6.00
Lacrosse County	3.63
City of Madison	16.30
Manitowoc County	5.76
Marathon County	5.98
Outagamie County	6.34
St. Croix County	3.82
Waukesha County	10.36
Rock County	4.16
Walworth County	4.72
Total	100.00

The County's investment in WMMIC is reported on the General Liability Insurance Fund balance sheet as a deposit. The amount reported is the original capitalization of $1,157,860. For 2011, 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 2011, 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, 2011 is $2,092,495. The financial statements can be obtained from WMMIC at their address of 4785 Hayes Road, Madison, Wisconsin, 53704-7364.

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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

Claims Liability- WMMIC	2011	2010
Unpaid claims, including IBNR – beginning of year	$ 676,667	$ 816,534
Current year claims and changes in estimates	337,108	17,886
Claim payments	(281,985)	(157,753)
Unpaid claims – end of year	$ 731,790	$ 676,667

Self-Insurance – Workers Compensation

The County has also established a Risk Management program for workers compensation. All funds of the County participate in this program. The workers compensation internal service fund is maintained to provide for self-insured workers compensation insurance coverage and employee safety and loss control programs. The County contracts with a third party claims administrator for the purpose of adjusting workers compensation claims. An excess insurance policy covers individual claims in excess of the County's $400,000 self-insured retention up to statutory requirements (unlimited) per claim. Settled claims have not exceeded the commercial coverage in any of the past three years. Costs associated with the workers compensation program are billed to other County departments based on exposure and historical loss experience and include amounts necessary to fund current year claims to be paid in the current year and in the future. At December 31, 2011, the County has established a future claims insurance reserve in the amount of $2,211,054 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	2011	2010
Unpaid claims, including IBNR – beginning of year	$ 1,982,501	$ 1,757,285
Current year claims and changes in estimates	1,004,082	1,302,604
Claim payments	(775,529)	(1,077,388)
Unpaid Claims – end of year	$ 2,211,054	$ 1,982,501

NOTE V – Other Information (cont.)

B. Risk Management (cont.)

Self-Insurance – Health Insurance

In the Health Insurance internal service fund, revenues from County departments totaled $20,282,338. Expenditures in the same fund totaled $22,316,471. A deficit of $2,034,133 was allocated in the form of a chargeback to the County departments.

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

Claims Liability	2011	2010
Unpaid claims, including IBNR – beginning of year	$ 1,206,000	$ 1,633,000
Current year claims and changes in estimates	17,958,223	14,442,541
Claim payments	(17,851,223)	(14,869,541)
Unpaid Claims – end of year	$ 1,313,000	$ 1,206,000

C. Commitments and Contingencies

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

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

During 2011, the County borrowed $12,840,000, for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the various Capital Project and Proprietary funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Open purchase orders for the General Fund, Capital Projects-Other Fund, and Human Services Fund totaled $186,287 at year end and is included in Assigned Fund Balance for encumbrances.

NOTE V – Other Information (cont.)

C. Commitments and Contingencies (cont.)

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

D. Joint Venture

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

The Board consists of three members appointed by the County, three by the City of Kenosha and one independent member confirmed by both. County representatives are the County Executive, the County Board Chairman and the chairman of the County Judiciary Committee or their designees. The Board has the authority to adopt its own budget and control the financial affairs of the organization. The County made payments totaling $4,329,056 to the Board for 2011. A new intergovernmental agreement was negotiated and agreed upon by Kenosha County and the City of Kenosha effective January 1, 2010.

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

The County accounts for its share of the operation in the general fund. Financial information of the Board as of December 31, 2011 is available directly from the Board's office.

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS

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

Deputy Sheriffs

Eligibility Any employee who has attained age 50.

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

All Others

Eligibility Any employee who has attained age 60 and has completed 15 years of employment with the County. Or, any employee who has attained age 57 and has completed 30 years of employment with the County.

Benefits Before age 60, the retiree pays 50% of the premium. Between the ages of 60 and Medicare eligible age, the County pays 100% of the premium for single or family coverage. After Medicare eligible age, the retiree may continue in the plan, paying 100% of the premium.

All employees hired after December 31, 2011 are not eligible for post-employment retiree health insurance benefits.

Employees who retire after January 1, 2012 must discontinue enrollment in the Kenosha County self-funded employee health benefit when they reach Medicare eligibility. Medicare eligible employees may enroll in the County-sponsored Medicare supplement or purchase their own supplement plan.

Classified employees who retire as a result of a disability are permitted to continue health coverage through the employee health benefit until Medicare eligible at the employee's expense (retiree pays self-supporting rate).

In the event a retired classified employee dies before reaching Medicare eligibility his/her surviving spouse is permitted to continue coverage, if covered by a family plan, under a single plan at the County budgeted rate until the surviving spouse reaches Medicare eligibility at the surviving spouse's own expense.

The County is under no obligation to continue full payment of health insurance coverage in case a plan of national health insurance should be established, or payment for such coverage made by the County is reduced in proportion to benefits which may be provided by the government under any plan, and if the plan eventually provides for full coverage, the County obligation to pay for such coverage shall cease when the government program becomes effective.

NOTE V – Other Information (cont.)

E. Other Postemployment Benefits (cont.)

All Others (continued)

Benefits (continued)

If the retiring County employee is not eligible for retiree health benefits through years of service, disability, or surviving spouse, the County employee may continue the health insurance coverage paying the cost of the coverage (retiree pays self-supporting rate).

One Over/One Under Medicare Age Eligibility - If the retired employee reaches Medicare eligibility but their spouse has not, the County incentivizes the Medicare eligible employee to move off the County insurance into the County sponsored Medicare supplemental plan by allowing remaining spouse to stay in County plan at the actuarial calculated self-supporting rate (for over 65 year olds) for that specific coverage type. If the employee's spouse reaches Medicare eligibility age first, the Family plan is continued however, Medicare is primary for that over 65 age spouse.

Jump Off Jump In Option- Employees that have sufficient number of years of County service but are not yet age 57 (with 30 years' service) or age 60 (with 15 years of service) may leave the County's health insurance at retirement and with proof of continuing coverage from another source may return to the County's coverage at age 57 (at 50%) or age 60 (County paid). This option is also applicable to Sworn Non-Reps and Deputies at age 50 and they can return to County health insurance at age 53.

Consolidation of Years of Service- An employee who is re-employed by the County within three years of his/her resignation may request a bridge in service from the Director of Personnel Services if that employee had a minimum of 10 years of previous service with the County and had resigned in good standing. The request must be made after the employee has been re-employed for a period of 24 months. The bridge in service applies only to County length of service for the purposes of benefits (including post-retirement benefit of health insurance continuation).

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

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

NOTE V – Other Information (cont.)

E. Other Postemployment Benefits (cont.)

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

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

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

Annual required contribution (ARC) and annual OPEB cost	$ 5,585,946
Actuarial estimated employer contribution (PAYGO amount)	(2,580,000)
Adjustment for interest	901,229
Adjustment for ARC adjustment	(1,252,842)
Increase in net OPEB obligation	2,654,333
Net OPEB obligation—beginning of year	22,530,731
Net OPEB obligation—end of year	$ 25,185,064

NOTE V – Other Information (cont.)

E. Other Postemployment Benefits (cont.)

The increase in the net OPEB obligation of $2,654,333 was allocated to the County's functions as follows:

General Government	$ 395,412
Public Safety	1,794,882
Social Services	182,211
Health	40,177
Education & Recreation	24,154
Conservation & Development	62,808
Brookside Care Center	222,721
Golf	(34,416)
Highway	(33,615)
	$ 2,654,333

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 through 2011 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	$ 5,679,576	30%	$ 18,441,576
12/31/2010	$ 5,922,155	31%	$ 22,530,731
12/31/2011	$ 5,234,333	49%	$ 25,185,064

NOTE V – Other Information (cont.)

E. *OTHER POSTEMPLOYMENT BENEFITS* (cont.)

The funded status of the plan as of January 1, 2011, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 53,005,725
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 53,005,725
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	$ 50,972,618
UAAL as a percentage of covered payroll	104%

Funded Status and Funding Progress. Using a January 1, 2011 valuation date, the present value of the County's retiree medical plan actuarial accrued liability for benefits was $87.273 million. This liability is comprised of the actuarial accrued liability for past service component of $50.96 million, current service component (normal cost) of $2.64 million, and future service component of $33.673 million. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used because this method allocates costs based on each employee's length of service.

NOTE V – Other Information (cont.)

E. Other Postemployment Benefits (cont.)

The County has not established a separate, irrevocable trust to fund the annual OPEB cost. As a result, actuarial assumptions included a 4.0 percent interest discount rate compounded annually based on the County's long term expectations of returns on its own investments, and an annual healthcare cost trend rate of 8.1 percent per annum for 2012 grading down to an ultimate rate of 4.6 percent over a 71 year period. In addition, the actuarial valuation calculated the liability estimates using actuarial assumptions related to claim costs, premium rates, annual trends in the utilization and cost of medical care, eligibility of Medicare, participation rates, termination rates, retirement rates, disability rates, and mortality based on information provided by the County, Wisconsin Retirement System (WRS) rates, and the actuarial firm's judgment.

F. Subsequent Events

Management evaluated subsequent events through June 21, 2012. Events or transactions occurring after December 31, 2011, but prior to June 21, 2012 that provided additional evidence about conditions that existed at December 31, 2011, have been recognized in the financial statements for the year ended December 31, 2011. Events or transactions that provided evidence about conditions that did not exist at December 31, 2011 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2011. There were two borrowings approved by the County Board but not issued until July 11, 2012: general obligation building bonds in the amount of $2,805,000 maturing in 2032 at average coupon rate of 3.24% and general obligation promissory notes in the amount of $15,750,000 maturing in 2022 at an average coupon rate of 2.47%. The latter notes include a refunding of $3,350,000 notes that were originally issued in 2008.

G. Effect of new accounting standards on current-period financial statements

The following Governmental Accounting Standards Board (GASB) statements became effective in the current fiscal year.

> The GASB issued Statement No 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in February 2009. The requirements of the related Statement became effective for financial statements for periods beginning after June 15, 2010.
>
> The GASB issued Statement No. 59, *Financial Instruments Omnibus* in June 2010. The requirements of the related Statement are effective for financial statements for periods beginning after June 15, 2010. There was no effect on the accompanying financial statements.

NOTE V – Other Information (cont.)

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

The Governmental Accounting Standards Board (GASB) recently approved the following statements which were not implemented for these financial statements.

The GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* in December 2009. This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employer's for Postemployment Benefits Other Than Pensions*. Provisions related to the use and reporting of the alternative measurement method are effective for actuarial valuations first used to report funded status information on OPEB plan financial statements for period beginning after June 15, 2011.

The GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* in November 2010. The requirements of the related Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

The GASB issued Statement No. 61, *The Financial Reporting Equity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* in November 2010. The requirements of the related Statement are effective for financial statements for periods beginning after June 15, 2012.

The effect these standards may have on future financial statements is not determinable at this time.

REQUIRED SUPPLEMENTARY INFORMATION

KENOSHA COUNTY

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDED STATUS

For the Year Ended December 31, 2011

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Frozen Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2006	$ -	$ 88,242,000	$ 88,242,000	0%	$ 48,948,227	180%
1/1/2010	$ -	$ 54,685,077	$ 54,685,077	0%	$ 51,529,625	106%
1/1/2012	$ -	$ 53,005,725	$ 53,005,725	0%	$ 50,972,618	104%

SUPPLEMENTAL INFORMATION

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2011

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	$ 300,019	$ 2,679,011	$ 2,979,030
Receivables			
Property taxes	2,288,080	57,235	2,345,315
Miscellaneous	264,885	1,215	266,100
Due from other governments	1,395,533	233,777	1,629,310
Due from other funds	-	1,613,968	1,613,968
Loans receivable	1,162,317	-	1,162,317
TOTAL ASSETS	$ 5,410,834	$ 4,585,206	$ 9,996,040
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 195,031	$ 1,597,714	$ 1,792,745
Special deposits	14,564	-	14,564
Due to other governments	288,623	-	288,623
Due to other funds	692,012	1,613,968	2,305,980
Deferred property tax revenue	2,288,080	57,235	2,345,315
Other deferred revenue	1,468,758	-	1,468,758
Total Liabilities	4,947,068	3,268,917	8,215,985
Fund Balance			
Committed			
Health Department city contribution share	230,524	-	230,524
Housing Authority revolving loan fund	219,434	-	219,434
Assigned			
Encumbrances	-	72,362	72,362
Subsequent year expenditures	13,808	3,757,684	3,771,492
Unassigned (deficit)	-	(2,513,757)	(2,513,757)
Total Fund Balances	463,766	1,316,289	1,780,055
TOTAL LIABILITIES AND FUND BALANCES	$ 5,410,834	$ 4,585,206	$ 9,996,040

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2011

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and investments	$ -	$ -	$ 300,019	$ -	$ 300,019
Receivables					
Property taxes	-	894,943	1,393,137	-	2,288,080
Miscellaneous	-	264,885	-	-	264,885
Due from other governments	264,414	1,109,159	-	21,960	1,395,533
Loans receivable	1,162,317	-	-	-	1,162,317
TOTAL ASSETS	$ 1,426,731	$ 2,268,987	$ 1,693,156	$ 21,960	$ 5,410,834
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 354	$ 194,677	$ -	$ -	$ 195,031
Special deposits	-	14,564	-	-	14,564
Due to other governments	-	288,623	-	-	288,623
Due to other funds	44,626	638,221	-	9,165	692,012
Deferred property tax revenue	-	894,943	1,393,137	-	2,288,080
Other deferred revenue	1,162,317	7,435	299,006	-	1,468,758
Total Liabilities	1,207,297	2,038,463	1,692,143	9,165	4,947,068
Fund Balance					
Committed					
Health Department city contribution share	-	230,524	-	-	230,524
Housing Authority revolving loan fund	219,434	-	-	-	219,434
Assigned					
Subsequent year expenditures	-	-	1,013	12,795	13,808
Total Fund Balances	219,434	230,524	1,013	12,795	463,766
TOTAL LIABILITIES AND FUND BALANCES	$ 1,426,731	$ 2,268,987	$ 1,693,156	$ 21,960	$ 5,410,834

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
December 31, 2011

	Parkland Development	Parking Structure	Jail Expansion	Wireless 911	Bike Trail
ASSETS					
Cash and investments	$ 659,682	$ 21,218	$ 8,564	$ -	$ 7,717
Property taxes receivable	-	-	-	-	-
Miscellaneous receivable	-	-	-	-	-
Due from other governments	-	-	-	8,777	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	$ 659,682	$ 21,218	$ 8,564	$ 8,777	$ 7,717
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 12,615	$ 59	$ -	$ -	$ -
Due to other funds	-	-	-	8,777	-
Deferred property tax revenue	-	-	-	-	-
Total Liabilities	12,615	59	-	8,777	-
Fund Balance					
Assigned					
Encumbrances	-	-	-	-	-
Subsequent year expenditures	647,067	21,159	8,564	-	7,717
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances (deficit)	647,067	21,159	8,564	-	7,717
TOTAL LIABILITIES AND FUND BALANCES	$ 659,682	$ 21,218	$ 8,564	$ 8,777	$ 7,717

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
December 31, 2011

	Public Safety Building Addition	Western County Communication	Courthouse Renovation	Energy Reduction Technology	Broadband/ Public Safety Building
ASSETS					
Cash and investments	$ -	$ 40,000	$ 70,335	$ 313,483	$ 480,280
Property taxes receivable	-	-	-	-	-
Miscellaneous receivable	-	-	-	-	-
Due from other governments	225,000	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	$ 225,000	$ 40,000	$ 70,335	$ 313,483	$ 480,280
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 68,131	$ -	$ -	$ -	$ 88,000
Due to other funds	14,419	-	-	-	-
Deferred property tax revenue	-	-	-	-	-
Total Liabilities	82,550	-	-	-	88,000
Fund Balance					
Assigned					
Encumbrances	-	-	-	-	-
Subsequent year expenditures	142,450	40,000	70,335	313,483	392,280
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances (deficit)	142,450	40,000	70,335	313,483	392,280
TOTAL LIABILITIES AND FUND BALANCES	$ 225,000	$ 40,000	$ 70,335	$ 313,483	$ 480,280

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
December 31, 2011

	HVAC System Replacement	Courthouse/ Molinaro Building Exterior	Other Capital Projects	Total Nonmajor Capital Projects Funds
ASSETS				
Cash and investments	$ 231,669	$ -	$ 846,063	$ 2,679,011
Property taxes receivable	-	-	57,235	57,235
Miscellaneous receivable	-	-	1,215	1,215
Due from other governments	-	-	-	233,777
Due from other funds	-	-	1,613,968	1,613,968
TOTAL ASSETS	$ 231,669	$ -	$ 2,518,481	$ 4,585,206
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 1,844	$ 922,985	$ 504,080	$ 1,597,714
Due to other funds	-	1,590,772	-	1,613,968
Deferred property tax revenue	-	-	57,235	57,235
Total Liabilities	1,844	2,513,757	561,315	3,268,917
Fund Balance				
Assigned				
Encumbrances	-	-	72,362	72,362
Subsequent year expenditures	229,825	-	1,884,804	3,757,684
Unassigned (deficit)	-	(2,513,757)	-	(2,513,757)
Total Fund Balances (deficit)	229,825	(2,513,757)	1,957,166	1,316,289
TOTAL LIABILITIES AND FUND BALANCES	$ 231,669	$ -	$ 2,518,481	$ 4,585,206

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	$ 2,340,993	$ 55,875	$ 2,396,868
Licenses and permits	358,545	-	358,545
Intergovernmental revenues	5,102,290	505,763	5,608,053
Charges for services	2,051,185	51,526	2,102,711
Investment income	1,496	3,870	5,366
Miscellaneous income	124,095	250,000	374,095
Total Revenues	9,978,604	867,034	10,845,638
EXPENDITURES			
Current			
Health	6,732,844	-	6,732,844
Education and recreation	1,934,770	4,130	1,938,900
Conservation and development	643,078	9,383	652,461
Capital Outlay	474,958	11,940,078	12,415,036
Debt Service			
Interest, fiscal charges and debt issuance costs	-	278,491	278,491
Total Expenditures	9,785,650	12,232,082	22,017,732
Excess (deficiency) of revenues over expenditures	192,954	(11,365,048)	(11,172,094)
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	12,840,000	12,840,000
Premium on issuance of debt	-	145,775	145,775
Transfers in	-	294,435	294,435
Transfers out	(71,909)	(5,407,462)	(5,479,371)
Total Other Financing Sources (Uses)	(71,909)	7,872,748	7,800,839
Net change in fund balance	121,045	(3,492,300)	(3,371,255)
FUND BALANCES			
Beginning of year	342,721	4,808,589	5,151,310
FUND BALANCES - END OF YEAR	$ 463,766	$ 1,316,289	$ 1,780,055

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2011

	Housing Authority	Health Department	Economic Development	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
REVENUES						
Taxes	$ -	$ 929,039	$ -	$ 1,411,954	$ -	$ 2,340,993
Licenses and permits	-	358,545	-	-	-	358,545
Intergovernmental revenues	398,831	3,634,731	506,000	522,816	39,912	5,102,290
Charges for services	-	2,050,692	-	-	493	2,051,185
Investment income	1,496	-	-	-	-	1,496
Miscellaneous income	89,675	34,420	-	-	-	124,095
Total Revenues	490,002	7,007,427	506,000	1,934,770	40,405	9,978,604
EXPENDITURES						
Current						
Health	-	6,732,844	-	-	-	6,732,844
Education and recreation	-	-	-	1,934,770	-	1,934,770
Conservation and development	96,673	-	506,000	-	40,405	643,078
Capital Outlay	355,435	119,523	-	-	-	474,958
Total Expenditures	452,108	6,852,367	506,000	1,934,770	40,405	9,785,650
Excess (deficiency) of revenues over expenditures	37,894	155,060	-	-	-	192,954
OTHER FINANCING USES						
Transfers out	-	(71,909)	-	-	-	(71,909)
Net change in fund balance	37,894	83,151	-	-	-	121,045
FUND BALANCES						
Beginning of year	181,540	147,373	-	1,013	12,795	342,721
FUND BALANCES - END OF YEAR	$ 219,434	$ 230,524	$ -	$ 1,013	$ 12,795	$ 463,766

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2011

	Parkland Development	Parking Structure	Jail Expansion	Bike Trail
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental revenues	-	-	-	-
Charges for services	1,550	-	-	-
Investment income	-	-	-	-
Miscellaneous income	250,000	-	-	-
Total Revenues	251,550	-	-	-
EXPENDITURES				
Current				
Conservation and development	-	-	-	-
Education and recreation	-	-	-	4,130
Capital Outlay	106,403	209	-	-
Debt Service				
Interest, fiscal charges and debt issuance costs	-	-	-	-
Total Expenditures	106,403	209	-	4,130
Excess (deficiency) of revenues over expenditures	145,147	(209)	-	(4,130)
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	-	-	-
Premium on issuance of debt	-	-	-	-
Transfers in	-	35,000	-	-
Transfers out	(28,000)	-	-	-
Total Other Financing Sources (Uses)	(28,000)	35,000	-	-
Net change in fund balance	117,147	34,791	-	(4,130)
FUND BALANCES				
Beginning of year	529,920	(13,632)	8,564	11,847
FUND BALANCES - (DEFICIT) END OF YEAR	$ 647,067	$ 21,159	$ 8,564	$ 7,717

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2011

	Public Safety Building Addition	Western County Communication	Courthouse Renovation	Energy Reduction Technology	Broadband/ Public Safety Building
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental revenues	225,000	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous income	-	-	-	-	-
Total Revenues	225,000	-	-	-	-
EXPENDITURES					
Current					
Conservation and development	-	-	-	-	-
Education and recreation	-	-	-	-	-
Capital Outlay	1,548,347	-	7,650	7,032	720,450
Debt Service					
Interest, fiscal charges and debt issuance costs	-	-	-	-	-
Total Expenditures	1,548,347	-	7,650	7,032	720,450
Excess (deficiency) of revenues over expenditures	(1,323,347)	-	(7,650)	(7,032)	(720,450)
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-
Transfers in	-	-	-	65,515	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	65,515	-
Net change in fund balance	(1,323,347)	-	(7,650)	58,483	(720,450)
FUND BALANCES					
Beginning of year	1,465,797	40,000	77,985	255,000	1,112,730
FUND BALANCES - (DEFICIT) END OF YEAR	$ 142,450	$ 40,000	$ 70,335	$ 313,483	$ 392,280

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2011

	HVAC System Replacement	Courthouse/ Molinaro Building Restoration	Courthouse/ Molinaro Building Exterior	Other Capital Projects	Total Nonmajor Capital Projects Funds
REVENUES					
Taxes	$ -	$ -	$ -	$ 55,875	$ 55,875
Intergovernmental revenues	-	-	-	280,763	505,763
Charges for services	-	-	-	49,976	51,526
Investment income	-	-	-	3,870	3,870
Miscellaneous income	-	-	-	-	250,000
Total Revenues	-	-	-	390,484	867,034
EXPENDITURES					
Current					
Conservation and development	-	-	-	9,383	9,383
Education and recreation	-	-	-	-	4,130
Capital Outlay	10,531	-	5,260,751	4,278,705	11,940,078
Debt Service					
Interest, fiscal charges and debt issuance costs	-	-	109,070	169,421	278,491
Total Expenditures	10,531	-	5,369,821	4,457,509	12,232,082
Excess (deficiency) of revenues over expenditures	(10,531)	-	(5,369,821)	(4,067,025)	(11,365,048)
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	-	2,810,000	10,030,000	12,840,000
Premium on issuance of debt	-	-	46,064	99,711	145,775
Transfers in	135,000	-	-	58,920	294,435
Transfers out	-	(39,000)	-	(5,340,462)	(5,407,462)
Total Other Financing Sources (Uses)	135,000	(39,000)	2,856,064	4,848,169	7,872,748
Net change in fund balance	124,469	(39,000)	(2,513,757)	781,144	(3,492,300)
FUND BALANCES					
Beginning of year	105,356	39,000	-	1,176,022	4,808,589
FUND BALANCES - (DEFICIT) END OF YEAR	$ 229,825	$ -	$ (2,513,757)	$ 1,957,166	$ 1,316,289

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KENOSHA COUNTY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2011

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
ASSETS					
Current assets					
Cash and cash equivalents	$ -	$ 1,260,126	$ 2,211,055	$ -	$ 3,471,181
Accounts receivable	-	50,223	-	118,918	169,141
Property taxes receivable	-	1,511,246	-	-	1,511,246
Due from other funds	-	2,029,698	-	-	2,029,698
Prepaid items	-	37,835	-	-	37,835
Total current assets	-	4,889,128	2,211,055	118,918	7,219,101
Noncurrent assets					
Restricted cash and investments	-	-	-	510,649	510,649
Deposit in WMMIC	-	-	-	1,157,860	1,157,860
Capital assets					
Land	682,623	-	-	-	682,623
Buildings and improvements	7,297,246	-	-	-	7,297,246
Machinery and equipment	619,623	-	-	-	619,623
Accumulated depreciation	(4,435,187)	-	-	-	(4,435,187)
Total capital assets	4,164,305	-	-	-	4,164,305
Total noncurrent assets	4,164,305	-	-	1,668,509	5,832,814
Total Assets	4,164,305	4,889,128	2,211,055	1,787,427	13,051,915
LIABILITIES					
Current liabilities					
Accounts payable	$ 74,294	$ 548,579	$ -	$ 87,791	$ 710,664
Claims payable	-	1,313,000	2,211,054	731,790	4,255,844
Due to other funds	1,061,852	-	-	967,846	2,029,698
Other current liabilities	-	16,302	-	-	16,302
Current portion of long-term debt payable	75,953	-	-	-	75,953
Other unearned revenue		-			-
Deferred property tax revenue		1,511,246			1,511,246
Total current liabilities	1,212,099	3,389,127	2,211,054	1,787,427	8,599,707
Total Liabilities	1,212,099	3,389,127	2,211,054	1,787,427	8,599,707
NET ASSETS					
Invested in capital assets, net of related debt	4,470,234	-	-	-	4,470,234
Unrestricted (deficit)	(1,518,028)	1,500,001	1	-	(18,026)
Total Net Assets	$ 2,952,206	$ 1,500,001	$ 1	$ -	$ 4,452,208

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
OPERATING REVENUES					
Charges for services	$ 2,045,382	$ 22,316,471	$ 1,126,344	$ 491,806	$ 25,980,003
Total Operating Revenues	2,045,382	22,316,471	1,126,344	491,806	25,980,003
OPERATING EXPENSES					
Operations and maintenance	1,592,244	22,316,471	1,133,918	695,191	25,737,824
Depreciation and amortization	601,708	-	-	-	601,708
Total Operating Expenses	2,193,952	22,316,471	1,133,918	695,191	26,339,532
Operating Income (loss)	(148,570)	-	(7,574)	(203,385)	(359,529)
NON-OPERATING REVENUES (EXPENSES)					
Investment income	-	-	7,575	12,987	20,562
Miscellaneous Income	-	-	-	118,918	118,918
Interest and fiscal charges	(30,159)	-	-	-	(30,159)
Total Non-operating Revenues (Expenses)	(30,159)	-	7,575	131,905	109,321
Income (Loss) Before Transfers	(178,729)	-	1	(71,480)	(250,208)
TRANSFERS					
Transfers in	33,000	-	-	-	33,000
Transfers out	(26,515)	-	-	-	(26,515)
	6,485	-	-	-	6,485
Change in net assets	(172,244)	-	1	(71,480)	(243,723)
Total net assets at the beginning of year	3,124,450	1,500,001	-	71,480	4,695,931
Total net assets at end of year	$ 2,952,206	$ 1,500,001	$ 1	$ -	$ 4,452,208

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	$ 2,045,382	$ 22,683,953	$ 1,126,344	$ 497,046	$ 26,352,725
Paid to suppliers for goods and services	(1,532,585)	(21,944,492)	(905,909)	(637,475)	(25,020,461)
Cash Flows from Operating Activities	512,797	739,461	220,435	(140,429)	1,332,264
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Miscellaneous income	-	-	-	118,918	118,918
Transfers	6,485	-	-	-	6,485
Cash Flows from Noncapital Financing Activities	6,485	-	-	118,918	125,403
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(509,123)	-	-	-	(509,123)
Interest paid	(30,159)	-	-	-	(30,159)
Debt issued	20,000	-	-	-	20,000
Cash Flows from Capital and Related Financing Activities	(519,282)	-	-	-	(519,282)
CASH FLOWS FROM INVESTING ACTIVITIES					
Withdrawal from WMMIC restricted cash	-	-	-	8,524	8,524
Investment income	-	-	7,575	12,987	20,562
Cash Flows from Investing Activities	-	-	7,575	21,511	29,086
Net Change in Cash and Cash Equivalents	-	739,461	228,010	-	967,471
Cash and Cash Equivalents - Beginning of Year	-	520,665	1,983,045	-	2,503,710
Cash and Cash Equivalents - End of Year	$ -	$ 1,260,126	$ 2,211,055	$ -	$ 3,471,181

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Loss	$ (148,570)	$ -	$ (7,574)	$ (203,385)	$ (359,529)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:					
Non-cash items included in operating income:					
Depreciation expense	601,708	-	-	-	601,708
Changes in assets and liabilities:					
Accounts receivable	-	429,173	-	5,240	434,413
Due from other funds	-	(61,691)	-	-	(61,691)
Prepaid items	-	346,984	-	-	346,984
Accounts payable	(56,405)	(92,792)	(544)	56,966	(92,775)
Claims payable	-	117,787	228,553	55,123	401,463
Due to other funds	116,064	-	-	(54,373)	61,691
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 512,797	$ 739,461	$ 220,435	$ (140,429)	$ 1,332,264

Noncash investing, capital and financing activities:
None

KENOSHA COUNTY
COMBINING BALANCE SHEET - AGENCY FUNDS
December 31, 2011

	Agency				
	Clerk of Courts	Child Support	Social Services	Other Agency Funds	Totals
ASSETS					
Cash and temporary cash investments	$ 2,073,974	$ 140,354	$ 44,005	$ 1,010,163	$ 3,268,496
Miscellaneous receivables	303,022	-	-	-	303,022
Total Assets	$ 2,376,996	$ 140,354	$ 44,005	$ 1,010,163	$ 3,571,518
LIABILITIES					
Other accrued liabilities	$ 2,376,996	$ 140,354	$ 44,005	$ 1,010,163	$ 3,571,518
Total Liabilities	$ 2,376,996	$ 140,354	$ 44,005	$ 1,010,163	$ 3,571,518

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

For the Year Ended December 31, 2011

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
Clerk of Courts				
Assets:				
Cash and temporary cash investments	$ 2,016,381	$ 10,843,775	$ 10,786,182	$ 2,073,974
Miscellaneous receivables	15,837	303,022	15,837	303,022
Total Assets	$ 2,032,218	$ 11,146,797	$ 10,802,019	$ 2,376,996
Liabilities:				
Other accrued liabilities	$ 2,032,218	$ 11,146,797	$ 10,802,019	$ 2,376,996
Total Liabilities	$ 2,032,218	$ 11,146,797	$ 10,802,019	$ 2,376,996
Child Support				
Assets:				
Cash and temporary cash investments	$ 140,354	$ -	$ -	$ 140,354
Total Assets	$ 140,354	$ -	$ -	$ 140,354
Liabilities:				
Other accrued liabilities	$ 140,354	$ -	$ -	$ 140,354
Total Liabilities	$ 140,354	$ -	$ -	$ 140,354
Social Services				
Assets:				
Cash and temporary cash investments	$ 27,960	$ 16,045	$ -	$ 44,005
Total Assets	$ 27,960	$ 16,045	$ -	$ 44,005
Liabilities:				
Other accrued liabilities	$ 27,960	$ 16,045	$ -	$ 44,005
Total Liabilities	$ 27,960	$ 16,045	$ -	$ 44,005
Other				
Assets:				
Cash and temporary cash investments	$ 1,026,037	$ 1,778,098	$ 1,793,972	$ 1,010,163
Total Assets	$ 1,026,037	$ 1,778,098	$ 1,793,972	$ 1,010,163
Liabilities:				
Other accrued liabilities	$ 1,026,037	$ 1,778,098	$ 1,793,972	$ 1,010,163
Total Liabilities	$ 1,026,037	$ 1,778,098	$ 1,793,972	$ 1,010,163
Total				
Assets:				
Cash and temporary cash investments	$ 3,210,732	$ 12,637,918	$ 12,580,154	$ 3,268,496
Miscellaneous receivables	15,837	303,022	15,837	303,022
Total Assets	$ 3,226,569	$ 12,940,940	$ 12,595,991	$ 3,571,518
Liabilities:				
Other accrued liabilities	$ 3,226,569	$ 12,940,940	$ 12,595,991	$ 3,571,518
Total Liabilities	$ 3,226,569	$ 12,940,940	$ 12,595,991	$ 3,571,518

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CPAs AND SO MUCH MORE.

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

To the County Board of Supervisors
Kenosha County
Kenosha, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin, as of and for the year ended December 31, 2011, which collectively comprise Kenosha County, Wisconsin's financial statements and have issued our report thereon dated June 21, 2012. 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.

Internal Control Over Financial Reporting

Management of Kenosha County, Wisconsin is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Kenosha County, Wisconsin's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of Kenosha County, Wisconsin's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Kenosha County, Wisconsin's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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We noted certain matters that we reported to management of Kenosha County, Wisconsin in a separate letter dated June 21, 2012.

This report is intended solely for the information and use of the County Board, management, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Schenck SC

Certified Public Accountants
Green Bay, Wisconsin
June 21, 2012