

KENOSHA COUNTY

Kenosha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2012

KENOSHA COUNTY

TABLE OF CONTENTS December 31, 2012

Independent Auditors' Report	1
Management's Discussion and Analysis	3
<i>Basic Financial Statements</i>	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	21
Statement of Activities	22
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	23
Reconciliation of the Governmental Fund Balance Sheet and the Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	29
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Human Services Fund	30
Statement of Net Position – Proprietary Funds	31
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	34
Statement of Assets and Liabilities – Fiduciary Funds – Agency Funds	36
<i>Notes to the Financial Statements</i>	37
<i>Required Supplementary Information – Other Postemployment Benefits Plan - Schedule of Funding Status</i>	91

KENOSHA COUNTY

TABLE OF CONTENTS (cont.) December 31, 2012

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds	93
Combining Balance Sheet – Nonmajor Governmental Funds - Special Revenue Funds	94
Combining Balance Sheet – Nonmajor Governmental Funds - Capital Project Funds	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds - Special Revenue Funds	99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds - Capital Projects Funds	100
Combining Statement of Net Position – Internal Service Funds	104
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	105
Combining Statement of Cash Flows - Internal Service Funds	106
<i>Combining Balance Sheet – Agency Funds</i>	108
Combining Statements of Changes in Assets and Liabilities - All Agency Funds	109
<i>Additional Independent Auditors Report For Financial Statements</i> 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	110
Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance	112
Schedule of Expenditures of Federal and State Awards	114
Notes to the Schedule of Expenditures of Federal and State Awards	125
Schedule of Findings and Questioned Costs	127

INDEPENDENT AUDITORS' REPORT

To the County Board of Supervisors
Kenosha County
Kenosha, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin ("the County") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the human services special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note I.B, the County has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended December 31, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funded status on pages 3 through 19 and 91 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplementary information and the schedule of expenditures of federal awards and schedule of state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Report Issued in Accordance with Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
July 8, 2013

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Our discussion and analysis of Kenosha County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2012.

USING THIS ANNUAL REPORT

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

Reporting the County as a Whole

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

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

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and 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 Position and the Statement of Activities, we divide the County into two kinds of activities:

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

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

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

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Governmental activities (continued):

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

Business-type activities: 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 Position and the Statement of Activities) and governmental funds in reconciliations following the respective governmental funds' statements.

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

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

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

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Reporting the County's Most Significant Funds (continued)

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

The County as Trustee

The County is the trustee, or fiduciary, for the Culich/Schneider Memorial Fund and for the State of Wisconsin. The Culich/Schneider Memorial Fund is reported within the Brookside Fund because it is a 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 position of the County and changes in net position. These statements are presented with comparisons to 2011.

Net position may serve over time as a useful indicator of a government's financial position. In 2012 the County's assets exceeded liabilities by \$54,096,663. The largest portion (108 percent) reflects the County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position, which are subject to external restrictions on how they may be used, comprise 2 percent of the net position.

The remainder of the County's net position total (negative 10 percent) is the category of unrestricted net position which is normally used to meet the County's ongoing obligations to citizens and creditors. In 2012, this category has a deficit of \$5,992,871.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY AS A WHOLE (continued)

KENOSHA COUNTY
NET POSITION

(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 99.94	\$ 96.07	\$ 9.03	\$ 9.70	\$ 108.97	\$ 105.77
Capital assets	141.84	139.13	15.06	15.54	156.90	154.67
Total Assets	241.78	235.20	24.09	25.24	265.87	260.44
Long-term liabilities outstanding	113.68	106.13	6.06	7.13	119.74	113.26
Other liabilities	29.45	29.37	3.16	1.84	32.61	31.21
Total liabilities	143.13	135.50	9.22	8.97	152.35	144.47
Deferred inflows of resources	57.23	57.57	2.20	1.86	59.43	59.43
Net position:						
Invested in capital assets, net of related debt	61.13	61.42	13.60	13.16	58.58	65.38
Restricted	1.35	1.38	0.16	0.17	1.51	1.55
Unrestricted (deficit)	(21.06)	(20.67)	(1.09)	1.08	(5.99)	(10.39)
Total Net Position	\$ 41.42	\$ 42.13	\$ 12.67	\$ 14.41	\$ 54.09	\$ 56.54

The County's total net position decreased by \$2.4 million. Total assets for the County increased by \$5.4 million and total liabilities increased by a greater amount of \$8.0 million. The Governmental type liabilities show most of the 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. The new category reported as "Deferred inflows of resources" reflects the tax levy that will be recorded as revenue in 2013. This amount remained relatively the same as in 2011.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY AS A WHOLE (continued)

KENOSHA COUNTY
CHANGES IN NET POSITION
Year Ended December 31, 2012
(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 12.62	\$ 13.41	\$ 20.41	\$ 19.79	\$ 33.03	\$ 33.20
Operating grants and contributions	55.62	57.76	3.79	3.55	59.41	61.31
Capital grants and contributions	0.58	1.24	2.62	0.58	3.20	1.82
General revenues:						
Property taxes	58.87	58.69	2.05	2.34	60.92	61.03
Other taxes	10.69	10.44	-	-	10.69	10.44
Grants and contributions not restricted to specific programs	3.81	4.10	-	-	3.81	4.10
Other	1.66	1.45	0.03	0.09	1.69	1.54
Total revenues	<u>143.85</u>	<u>147.09</u>	<u>28.90</u>	<u>26.35</u>	<u>172.75</u>	<u>173.44</u>
Expenses:						
General government	24.40	22.61	-	-	24.40	22.61
Health	17.96	17.10	-	-	17.96	17.10
Public works	1.99	1.99	-	-	1.99	1.99
Public safety	42.52	46.09	-	-	42.52	46.09
Social services	46.07	46.90	-	-	46.07	46.90
Education and recreation	4.18	4.33	-	-	4.18	4.33
Conservation and development	1.74	3.72	-	-	1.74	3.72
Interest on long-term debt	3.32	3.00	-	-	3.32	3.00
Nursing home	-	-	14.85	15.21	14.85	15.21
Highway	-	-	14.04	9.62	14.04	9.62
Golf Course	-	-	3.07	3.05	3.07	3.05
Total expenses	<u>142.18</u>	<u>145.74</u>	<u>31.96</u>	<u>27.88</u>	<u>174.14</u>	<u>173.62</u>
Increase (decrease) in net position before transfers	1.67	1.35	(3.06)	(1.53)	(1.39)	(0.18)
Transfers	(1.32)	(2.80)	1.32	2.80	-	-
Increase (decrease) in net position	<u>0.35</u>	<u>(1.45)</u>	<u>(1.74)</u>	<u>1.27</u>	<u>(1.39)</u>	<u>(0.18)</u>
Net position beginning of year (restated)	41.07	43.58	14.41	13.14	55.48	56.72
Net position end of year	<u>\$ 41.42</u>	<u>\$ 42.13</u>	<u>\$ 12.67</u>	<u>\$ 14.41</u>	<u>\$ 54.09</u>	<u>\$ 56.54</u>

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY AS A WHOLE (continued)

Revenue for governmental activities decreased by a net amount of \$3.2 million when compared to 2011. Key elements of this net decrease are as follows:

- Increase in state sales tax receipts of \$0.4 million.
- Increase in grants for Health Department from HUD and Tobacco Coalition of \$1.2 million.
- Increase in Public Safety grants of \$0.3 million.
- Decreased property tax of \$1.0 million.
- Decrease in state shared revenues of \$0.3 million.
- Decrease in Human Services CLTS funding of \$1.1 million, income maintenance of \$1.5 million, and youth aids of \$0.5 million.
- Decrease in federal inmate housing charges of \$0.9 million.
- Decrease in development grants of FEMA and CDBG of \$0.3 million.

Expenditures for governmental activities decreased by \$3.6 million when compared to 2011. Key elements of this decrease are as follows:

- Increase of \$0.9 million net in Human Services due to State changes in W-2 programs and benefits and income maintenance changes.
- Increase of \$0.4 million in Health due to new grants for AHEC and HUD.
- Decrease in insurance costs in all departments by \$0.7 million.
- Decrease in one-time development grants passed through KABA to promote business in the amount of \$1.0 million.
- Decrease in joint services costs of \$0.4 million.
- Decrease in public safety expenses by \$2.6 million due to a decrease in federal inmate population and savings in health insurance costs.

Revenue for the Business-type activities increased by \$2.6 million in 2012 when compared to 2011. Key elements of this increase are as follows:

- Brookside operating revenue and grants were very similar to the prior year.
- Highway revenue increased by \$2.1 million related to capital grants for State and local highways.
- Golf revenues increased by \$0.3 million.

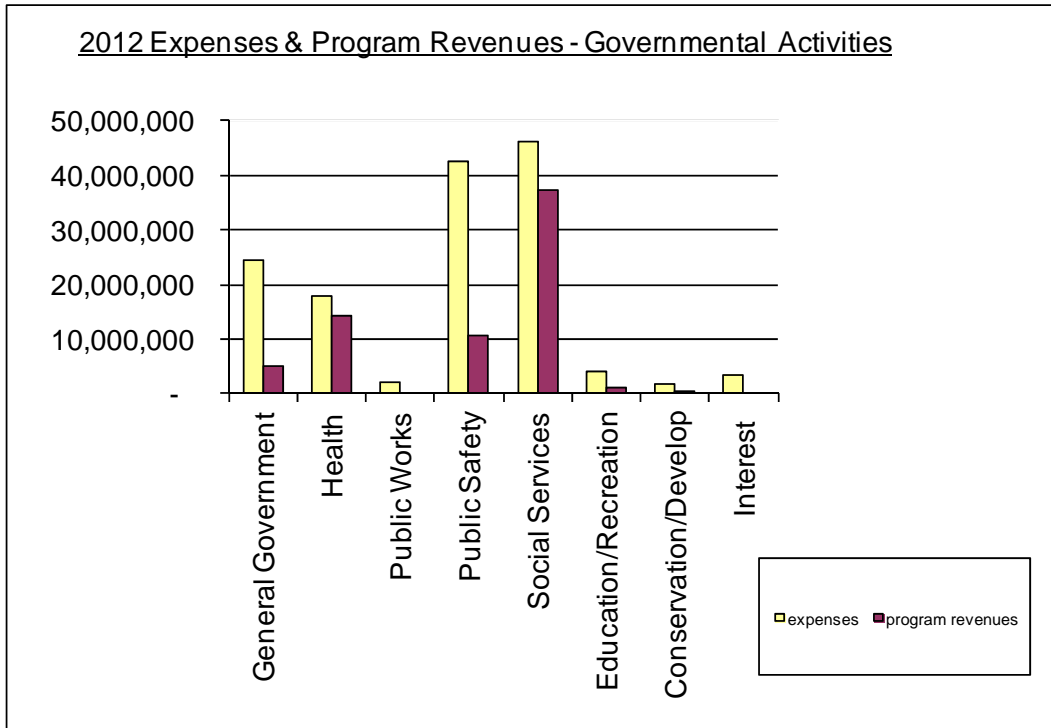
Expenses for Business-type activities increased \$4.0 million in 2012 when compared to 2011. Key elements of this increase are as follows:

- Decrease of overall costs of \$0.4 million for Brookside.
- Increase in highway expenses of \$3.6 million due to additional work completed for State and local highways.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

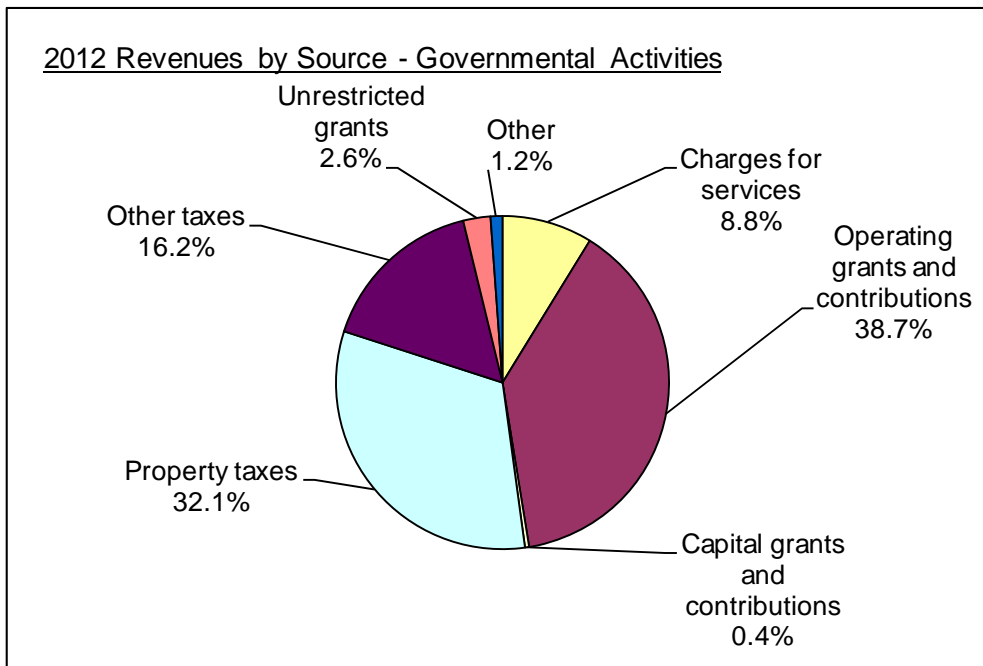
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for 2012.



REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

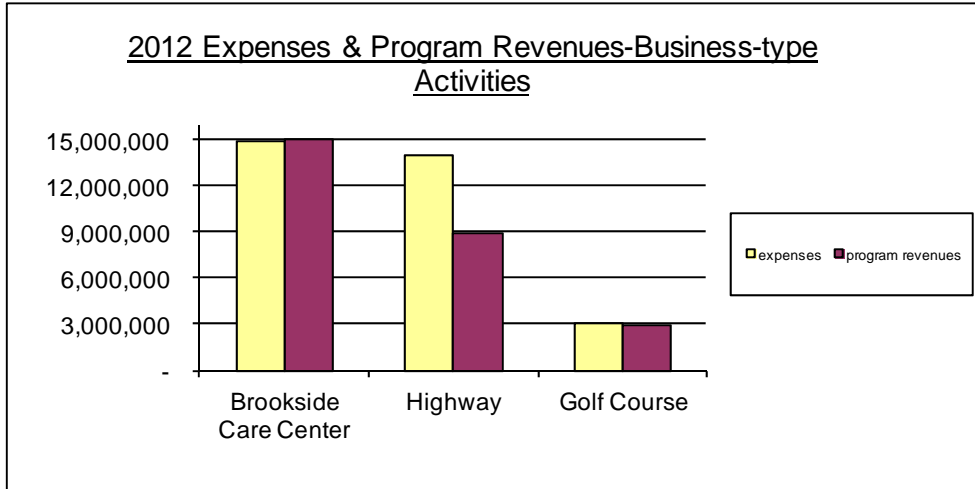
This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2012.



KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

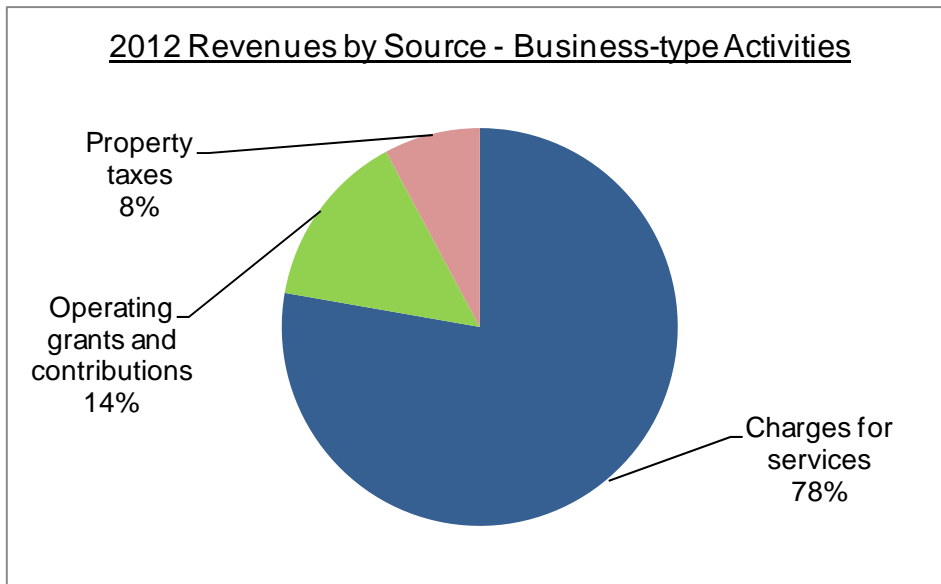
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2012.



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2012.



KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS

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

General Fund

With the implementation of GASB 54 in 2011, the County has changed the term "undesignated" to "unassigned" to refer to fund balance that is available for general use. The General Fund experienced a material increase in the total unassigned fund balance with an increase in unassigned fund balance over the 2011 balance of \$2.1 million. The unassigned fund balance increased to \$10.2 million in 2012 compared to \$8.1 million in 2011. 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 \$135,000 in 2012. In addition, sales tax revenues came in at \$0.4 million more than expected. Decreases of \$0.7 within the Sheriff's Department from federal inmate revenues were offset by savings in health insurance claims of \$0.5 million and sales tax collections over budget by \$0.4 million. Other items impacting the General Fund are discussed below.

Because of the approval of the Health Insurance internal service reserve policy, funds that otherwise would have lapsed to the General Fund remain in the Health Insurance internal service fund for a maximum of \$1.5 million as approved by County Board. When reserves drop below the 17% policy amount, cash reserves in the Brookside fund lapse to the General Fund when there are reserves available. Because the unassigned reserves were greater than 17%, no funds were lapsed from Brookside in 2012. The following chart shows total reserve balances when the Health Insurance and Brookside funds are included:

	2007	2008	2009	2010	2011	2012
General Fund	\$ 8,202,767	\$ 8,396,379	\$ 5,936,999	\$ 7,385,156	\$ 8,087,217	\$ 10,229,584
Health Insurance	1,500,000	1,500,000	1,500,000	1,500,001	1,500,001	1,500,001
Brookside	-	-	-	-	-	-
Total	<u>\$ 9,702,767</u>	<u>\$ 9,896,379</u>	<u>\$ 7,436,999</u>	<u>\$ 8,885,157</u>	<u>\$ 9,587,218</u>	<u>\$ 11,729,585</u>

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.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

General Fund (continued)

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

- To maintain the fund balance of the General Fund at levels sufficient to protect the County's creditworthiness as well as its financial positions from unforeseeable emergencies.
- To ensure sufficient liquidity to provide for County obligations as they become due.
- To maintain the proper balance between maintaining a prudent level of reserves that is neither too low nor too high. The policy requires that the County maintain 17% of General Fund expenditures as unassigned fund balance in the General Fund. The County surpassed the 17% threshold by \$442,373 at year-end 2012. 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 2012 audit, \$100,000 of funds from the General Fund was designated to fund a one-time expense for the 2013 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:

Health Insurance Internal Service Fund - Health Insurance had a surplus of \$501,413 due to a decrease in claims paid and employee paid premiums. This was credited back to the funds.

Other Insurances – In 2012, there were decreases in claims for both liability insurances and worker's compensation resulting in an increase in the General Fund of \$269,968 and \$286,354 respectively.

Sales Tax - Sales tax revenue were collected higher than expected by \$437,072.

Indirect Cost Revenue – Indirect cost revenue related to Brookside operations but budgeted in the General Fund was \$331,462 greater than budgeted.

Vacancy Adjustment Surplus - Kenosha County reduces its total budgeted personnel costs using a vacancy adjustment. Historically, the County has an employee turnover rate in excess of 2%. Therefore, it is not necessary to fund 100% of all budgeted positions. In 2012, the budgeted County vacancy adjustment was \$1,210,000. In 2012, the General Fund was affected with a positive effect of \$299,200 due to the vacancy adjustment.

DPW – Facilities – The facilities costs such as utilities, telecommunication, and building maintenance experienced cost savings of \$339,000 under budget.

Items that reduced the General Fund:

Sheriff Department – Federal Inmate Revenue – Decrease in housing of federal inmates resulted in deficit of \$682,280 of net revenue over expenditures

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Slight Increase in Tax Delinquencies

The economic recovery has continued to stabilize the status of County tax delinquencies. The amount of delinquencies at yearend 2012 was \$7.3 million compared to year end 2011 delinquencies of \$7.2 million or an increase of \$134,705.

Vacancy Adjustment Deficit

The County has historically budgeted the majority of the vacancy adjustment in the General Fund. The majority of the vacancy adjustment is not allocated by department throughout the budget. Year-end lapses from the Human Services funds and the Highway fund and Brookside are required to fund the vacancy adjustment. The Highway fund was able to lapse back surplus to the General Fund in 2012 that funded the vacancy adjustment. Anticipating a similar effect in 2013, the County kept the vacancy rate less than 2.0% in the 2013 budget.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Summary of 2012 Operations: Review of Major Elements Impacting the Unassigned Fund Balance in the General Fund

2011 Unassigned Reserves	\$8,087,217
Items causing an increase to the General fund	
Health Insurance	501,413
Sales Tax Revenue	437,072
DPW - Facilities -Utilities,Telecommunication & Building Maintenance	339,000
Indirect Cost Revenue	331,462
Vacancy Adjustment	299,200
Worker's Compensation	286,354
Liability Insurance	269,968
Treasurer - Revenue	180,530
Vacation Accrual	145,661
Circuit Court - Juror's Fee/Attorney Fees	130,359
County Ordinance Fines (Sheriff, DA & Circuit Court)	122,120
Juvenile Intake - Placements	98,867
Register of Deeds - Revenue	63,505
Safety Building - Jail Traffic Fines	61,838
Health Dept Overhead from Grant Revenue	50,000
Various Department Surpluses	197,873
Total Increase to the General Fund	3,515,222
All other net reductions to Fund balance	
Reserves used to fund operations from 2012 budget	(100,000)
Total Planned Decrease to the General fund	(100,000)
Sheriff Federal Inmate Revenue	(682,280)
Human Services - Medical Examiner Autopsies	(73,634)
Human Services - Mental Health Residential	(211,735)
Health Department Settlement	(170,501)
Tax Delinquencies	(134,705)
Total all other net reductions to Fund Balance	(1,272,855)
2012 Year End Unassigned fund balance	\$ 10,229,584
Less: County Board requirement of 17% of General Funds Expenditures	9,827,162
Amount over 17%	\$ 402,422
Per County Board Resolution: 17% Goal for Unassigned Reserves	2012
2012 General Fund Expenditures	57,806,838
Reserves as percent of General Fund	17.70%
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)	7,288,045
Current delinquency balance above average - impact on General Fund	\$ 4,041,824
General Fund unassigned reserves if no Tax Delinquency increase	\$ 14,271,408
Percentage of General Fund expenditures if no Tax Delinquency increase	24.69%

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

Brookside Enterprise Fund

In 2012, the Brookside Fund had a surplus of \$273,968 from noncapital financing activities. The mix of funding sources for beds in this year resulted in this surplus revenue. Also affecting the results, Brookside was budgeted to receive levy in 2012 of \$190,772 and kept the Intergovernmental Transfer amount as revenue in its own fund to offset the need for additional levy. Transfers into Brookside in the amount of \$154,965 consisted of bonding approved in the 2012 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.

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. The General Fund ended above the 17% threshold therefore no reserves were 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 surplus of \$18,911 from noncapital financing activities. This surplus remained in the Golf Course fund to cover future outlays. This is the first year in a number of years in which this fund did not experience a deficit.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The first category includes amendments for carryover funds from the prior year. The carryover of these funds allows the County to complete projects previously authorized by the Board.
- The second category includes budget amendments done to reflect changes in intergovernmental aids and grants.
- The third category includes transfers the Board approved for use between appropriations to prevent budget overruns. All of the transfers in this category were done within the total budget.
- The fourth category includes transfers from the General Fund approved by the County Board.
- The fifth category is reprogrammed surplus funds re-budgeted for a new purpose using surplus funds identified as part of the year-end closeout. The County approved the reprogramming of \$40,000 for IT projects, \$6,433 for Courthouse improvements and \$7,717 for Bike Trails.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County continued the trend of growth in the General Fund in 2012 when the unassigned fund balance closed the year at \$10.2 million. County unassigned fund balance now has increased for three consecutive years. This reflects a material recovery from 2009, when the General Fund declined to \$5.9 million..

The County reached a milestone in 2012 when its General Fund unassigned balance exceeded 17% of general fund expenditures, climbing above the policy benchmark for the first time in 6 years. Many factors contributed to this event, as explained in this report. When the County Board established the reserve policy, it did not take into account the significant impact the housing of federal inmates would have upon General Fund spending. While this program has been successful, including the expenditures in the General Fund caused the reserve policy to be more difficult to achieve, in a manner not contemplated when the policy was established. In 2012, the County established a separate fund for the federal inmate housing program, effectively moving expenditures for this program out of the general fund. While this was a factor in helping the County achieve the reserve policy goal, the reclassification was beneficial in at least two respects: first, it permits users of the County financial statements to understand the profitability of the inmate housing program; secondly, it eliminates the distortion to General Fund spending caused by the inmate housing program that was not contemplated when the reserve policy benchmark was established.

Now, as a result of many factors as reflected on page 14, the County exceeds its reserve policy benchmark. Also, if delinquencies had not increased from \$3 million to \$7 million during the great recession, the reserve benchmark would be at 24%, or 7% above the policy benchmark. It is worth noting that the County was able to return back to reserve policy compliance without a significant decrease in property tax delinquencies. As the economy continues to improve, a decline in delinquencies has the potential to significantly increase reserves above the policy benchmark.

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

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

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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

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

The recession continued into 2009. The General Fund declined by \$2.5 million to \$6.2 million. The primary reason for the decline in the General Fund has been the increase in property tax delinquencies. From the low point of \$4 million in 2005, tax delinquencies have increased to \$7 million in 2011. These delinquencies have reached a plateau. Had tax delinquencies remained stable, the unassigned General Fund balance would be at about 24% or 7% above the policy benchmark.

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

In 2012, as noted above in this section, the County has emerged from the great recession, and now exceeds the reserve policy amount of 17%. The elements impacting this are detailed on page 14.

State and National events have had and will continue to have a significant impact upon the County. The State adopted legislation known as "Act 10" 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.

The State governor's proposed 2013 – 2015 biennial budget maintains most of the provisions of levy limits with some modifications. The budget proposal did include the elimination of the mill rate freeze.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2012, the County had \$156.9 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

The \$7.0 million increase in buildings in the Governmental activities reflects the reclassification of the public safety building addition and other building improvements that were completed in 2012. There were additions of \$4.0 million in machinery and equipment which primarily relates to the acquisition of computer equipment, vehicles and a variety of other equipment. This was offset by the disposal and updating of the equipment list that caused a net decrease of \$0.6 million. See Notes to the Financial Statements page 64 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Construction in progress	\$ 3.92	\$ 10.26	\$ -	\$ -	\$ 3.92	\$ 10.26
Land	20.38	19.51	0.34	0.34	20.72	19.85
Land improvements	18.03	18.31	5.79	5.05	23.82	23.36
Intangible assets	-	-	0.03	0.03	0.03	0.03
Buildings	101.54	93.82	16.33	16.30	117.87	110.12
Machinery & equipment	25.26	26.28	19.84	19.47	45.10	45.75
Infrastructure	42.82	39.06	-	-	42.82	39.06
Total capital assets	211.95	207.24	42.33	41.19	254.28	248.43
Less: accumulated depreciation	(70.11)	(68.11)	(27.27)	(25.65)	(97.38)	(93.76)
Total net capital assets	\$ 141.84	\$ 139.13	\$ 15.06	\$ 15.54	\$ 156.90	\$ 154.67

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt

At year-end, the County had \$101,325,000 in outstanding general obligation debt.

Bonded debt outstanding at 12/31/11	\$ 97,180,000
Principal retired in 2012	(14,410,000)
Refunding Bonds	3,145,000
Notes issued to fund 2012 capital projects	15,410,000
Debt outstanding at 12/31/12	<u>\$ 101,325,000</u>

New principal issued was \$15,410,000 and a refunding issue of \$3,145,000. Total debt outstanding increased by \$4,145,000 or 4.27%.

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 2012. County debt hit its highest level of \$112.9 in 1999, including the County's unfunded actuarial pension liability. As of year end 2012, total County general obligation debt outstanding is \$101.325 million compared to \$112.9 million at year end 1999.

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

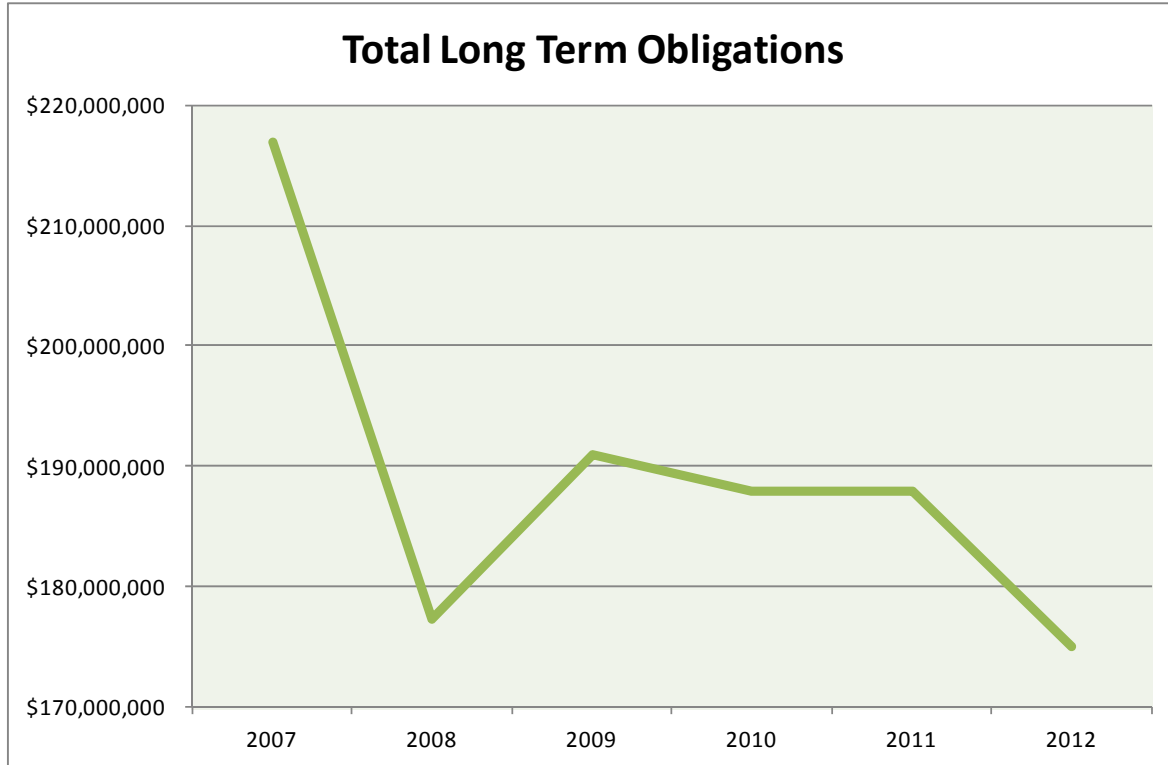
TOTAL LONG TERM OBLIGATIONS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Obligation Debt	\$ 80,144,831	\$ 83,790,000	\$ 95,765,000	\$ 97,180,000	\$101,325,000
OPEB Protective Debt	\$ 41,513,500	\$ 34,308,744	\$ 35,048,490	\$ 33,726,650	\$ 29,700,000
OPEB Nonprotective Debt	\$ 91,143,500	\$ 55,091,237	\$ 56,176,150	\$ 53,545,927	\$ 40,600,000
Vacation/Casual Accrual	\$ 4,032,615	\$ 4,107,955	\$ 4,039,364	\$ 3,449,308	\$ 3,435,000
	<u>\$ 216,834,446</u>	<u>\$ 177,297,936</u>	<u>\$ 191,029,004</u>	<u>\$187,901,885</u>	<u>\$175,060,000</u>

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

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



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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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

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KENOSHA COUNTY
STATEMENT OF NET POSITION
As of December 31, 2012

ASSETS	Governmental Activities	Business-type Activities	Totals
Cash and temporary cash investments	\$ 19,615,632	\$ 1,927,629	\$ 21,543,261
Receivables			
Property taxes	57,229,978	2,200,661	59,430,639
Delinquent taxes	10,730,246	-	10,730,246
Miscellaneous	1,919,879	3,017,618	4,937,497
Due from other governments	8,666,124	1,218,770	9,884,894
Prepaid items	83,756	1,100	84,856
Inventories	-	662,832	662,832
Deposit with Wisconsin Municipal Mutual Insurance Co.	1,691,627	-	1,691,627
Capital assets			
Land, improvements, and construction in progress	38,251,893	338,258	38,590,151
Other capital assets, net of depreciation	103,592,645	14,726,408	118,319,053
Total Capital Assets	<u>141,844,538</u>	<u>15,064,666</u>	<u>156,909,204</u>
Total Assets	<u>241,781,780</u>	<u>24,093,276</u>	<u>265,875,056</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
LIABILITIES			
Accounts payable	9,916,073	1,328,191	11,244,264
Accrued compensation	3,065,419	-	3,065,419
Other current liabilities	836,753	26,415	863,168
Special deposits	26,338	-	26,338
Due to other governments	4,281,694	868,822	5,150,516
Unearned revenue	502,765	5,026	507,791
Long-term liabilities			
Due within one year	10,822,923	933,930	11,756,853
Due in more than one year	113,676,376	6,057,029	119,733,405
Total Liabilities	<u>143,128,341</u>	<u>9,219,413</u>	<u>152,347,754</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax levy	57,229,978	2,200,661	59,430,639
Total Deferred Inflows of Resources	<u>57,229,978</u>	<u>2,200,661</u>	<u>59,430,639</u>
NET POSITION			
Net investment in capital assets	61,136,363	13,604,634	58,577,129
Restricted for:			
Specific purpose: grants and loans	1,350,058	-	1,350,058
Non-expendable fund use	-	162,347	162,347
Unrestricted (deficit)	(21,062,960)	(1,093,779)	(5,992,871)
Total Net Position	<u>\$ 41,423,461</u>	<u>\$ 12,673,202</u>	<u>\$ 54,096,663</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Governmental activities:							
General government	\$ 24,400,059	\$ 2,846,683	\$ 2,052,819	\$ 114,322	\$ (19,386,235)	\$ -	\$ (19,386,235)
Health	17,958,739	1,394,783	12,816,506	-	(3,747,450)	-	(3,747,450)
Public works	1,990,310	-	-	-	(1,990,310)	-	(1,990,310)
Public safety	42,521,737	7,731,349	2,917,204	-	(31,873,184)	-	(31,873,184)
Social services	46,072,324	171,737	37,126,650	52,670	(8,721,267)	-	(8,721,267)
Education and recreation	4,178,243	180,671	516,700	394,246	(3,086,626)	-	(3,086,626)
Conservation and development	1,742,980	298,302	195,043	18,891	(1,230,744)	-	(1,230,744)
Interest on long-term debt	3,324,194	-	-	-	(3,324,194)	-	(3,324,194)
Total Governmental Activities	142,188,586	12,623,525	55,624,922	580,129	(73,360,010)	-	(73,360,010)
Business-type activities:							
Brookside Care Center	14,843,371	13,867,301	1,219,995	-	-	243,925	243,925
Highway	14,041,161	3,665,696	2,568,499	2,621,383	-	(5,185,583)	(5,185,583)
Golf Course	3,070,521	2,873,179	-	-	-	(197,342)	(197,342)
Total Business-type Activities	31,955,053	20,406,176	3,788,494	2,621,383	-	(5,139,000)	(5,139,000)
Totals	<u>\$ 174,143,639</u>	<u>\$ 33,029,701</u>	<u>\$ 59,413,416</u>	<u>\$ 3,201,512</u>	(73,360,010)	(5,139,000)	(78,499,010)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					46,230,606	2,050,909	48,281,515
Property taxes, levied for debt service					12,643,596	-	12,643,596
Sales tax - County					10,687,139	-	10,687,139
Grants and contributions not restricted to specific programs					3,813,073	-	3,813,073
Unrestricted investment earnings					257,385	1,877	259,262
Miscellaneous					1,406,602	24,282	1,430,884
Transfers					(1,320,461)	1,320,461	-
Total general revenues and transfers					73,717,940	3,397,529	77,115,469
Change in net position					357,930	(1,741,471)	(1,383,541)
Net position-beginning (restated, see note IV.I.)					41,725,192	14,414,673	56,139,865
Cumulative effect of change in accounting principle					(659,661)	-	(659,661)
Net position-ending					<u>\$ 41,423,461</u>	<u>\$ 12,673,202</u>	<u>\$ 54,096,663</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012**

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 10,861,126	\$ 752,786	\$ 773,591	\$ 4,217,874	\$ 16,605,377
Receivables					
Property taxes	28,690,867	11,585,270	13,086,164	2,250,652	55,612,953
Delinquent taxes	10,730,246	-	-	-	10,730,246
Miscellaneous	292,810	102,323	-	219,917	615,050
Due from other governments	3,011,639	3,920,383	-	1,734,103	8,666,125
Due from other funds	-	350,956	-	210,516	561,472
Prepaid items	73,119	-	-	-	73,119
Loans receivable	-	-	-	1,124,543	1,124,543
TOTAL ASSETS	\$ 53,659,807	\$ 16,711,718	\$ 13,859,755	\$ 9,757,605	\$ 93,988,885
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 701,373	\$ 3,798,445	\$ -	\$ 1,069,721	\$ 5,569,539
Accrued compensation	3,065,419	-	-	-	3,065,419
Other liabilities	78	-	-	-	78
Special deposits	1,854	2,846	-	21,638	26,338
Due to other governments	2,714,129	1,110,106	-	457,460	4,281,695
Due to other funds	-	-	-	561,472	561,472
Other unearned revenue	170,715	3,182	-	328,868	502,765
Total Liabilities	<u>6,653,568</u>	<u>4,914,579</u>	<u>-</u>	<u>2,439,159</u>	<u>14,007,306</u>
Deferred Inflows of Resources					
Deferred property tax levy	28,690,867	11,585,270	13,086,164	2,250,652	55,612,953
Revolving loan fund outstanding loans	-	-	-	1,124,543	1,124,543
Total deferred inflows of resources	<u>28,690,867</u>	<u>11,585,270</u>	<u>13,086,164</u>	<u>3,375,195</u>	<u>56,737,496</u>
Fund Balances					
<i>Nonspendable</i>					
Prepaid items	73,119	-	-	-	73,119
Delinquent taxes	7,288,045	-	-	-	7,288,045
<i>Committed</i>					
Health Department city contribution share	-	-	-	168,061	168,061
Housing Authority revolving loan fund	-	-	-	225,516	225,516
<i>Assigned</i>					
Encumbrances	17,144	-	-	22,902	40,046
Sheriff special deposit	59,909	-	-	-	59,909
Subsequent year expenditures	647,571	211,869	773,591	3,526,772	5,159,803
<i>Unassigned (deficit)</i>	<u>10,229,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,229,584</u>
Total Fund Balances	<u>18,315,372</u>	<u>211,869</u>	<u>773,591</u>	<u>3,943,251</u>	<u>23,244,083</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 53,659,807	\$ 16,711,718	\$ 13,859,755	\$ 9,757,605	\$ 93,988,885

See accompanying notes to the financial statements.

KENOSHA COUNTY
Reconciliation of the Governmental Fund Balance Sheet
and the Statement of Net Position
As of December 31, 2012

Fund Balance - Total Governmental Funds	\$ 23,244,083
This is the amount of net total capital assets (\$141,844,538) less capital assets reported in internal service funds (\$3,707,026).	138,137,512
Long-term liabilities (\$124,499,299), 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 (\$13,706). See Note II.A.	(124,485,593)
Interest expense is not accrued in the governmental funds	(829,880)
Proceeds of loans receivable collected are recorded as revenue in government-wide not as deferred inflow.	1,124,543
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.	<div style="border-top: 1px solid black;">4,232,796</div>
Total Net Position - Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 41,423,461</div>

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, 2012

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 43,390,041	\$ 11,158,396	\$ 12,643,596	\$ 2,369,241	\$ 69,561,274
Licenses and permits	214,059	-	-	374,654	588,713
Intergovernmental revenues	8,561,939	44,595,365	467,111	11,867,979	65,492,394
Charges for services	3,069,439	35,042	-	1,748,700	4,853,181
Fines, forfeits and penalties	1,303,189	129,846	-	-	1,433,035
Investment income	228,779	-	-	1,067	229,846
Miscellaneous income	870,490	5,678	-	758,892	1,635,060
Total Revenues	<u>57,637,936</u>	<u>55,924,327</u>	<u>13,110,707</u>	<u>17,120,533</u>	<u>143,793,503</u>
EXPENDITURES					
Current					
General government	17,719,687	-	-	-	17,719,687
Health	-	10,705,734	-	7,172,979	17,878,713
Public safety	36,214,285	-	-	4,383,825	40,598,110
Social services	272,561	45,424,591	-	-	45,697,152
Education and recreation	1,914,311	-	-	1,879,612	3,793,923
Conservation and development	1,450,987	-	-	142,216	1,593,203
Capital Outlay	90,355	-	-	7,292,973	7,383,328
Debt Service					
Principal retirement	-	-	10,238,753	-	10,238,753
Interest, fiscal charges and debt issuance costs	-	-	3,155,715	83,879	3,239,594
Total Expenditures	<u>57,662,186</u>	<u>56,130,325</u>	<u>13,394,468</u>	<u>20,955,484</u>	<u>148,142,463</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	<u>(24,250)</u>	<u>(205,998)</u>	<u>(283,761)</u>	<u>(3,834,951)</u>	<u>(4,348,960)</u>
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	-	-	15,219,000	15,219,000
Refunding debt issued	-	-	3,336,000	-	3,336,000
Payment to escrow agent	-	-	(3,287,288)	-	(3,287,288)
Premium on issuance of debt	-	-	521,792	26,775	548,567
Transfers in	2,340,624	323,018	-	472,408	3,136,050
Transfers out	<u>(122,346)</u>	<u>(170,500)</u>	<u>(30,000)</u>	<u>(9,319,012)</u>	<u>(9,641,858)</u>
Total Other Financing Sources (Uses)	<u>2,218,278</u>	<u>152,518</u>	<u>540,504</u>	<u>6,399,171</u>	<u>9,310,471</u>
Net change in fund balance	2,194,028	(53,480)	256,743	2,564,220	4,961,511
FUND BALANCES					
Beginning of year (restated) See Note IV.I.	<u>16,121,344</u>	<u>265,349</u>	<u>516,848</u>	<u>1,379,031</u>	<u>18,282,572</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 18,315,372</u></u>	<u><u>\$ 211,869</u></u>	<u><u>\$ 773,591</u></u>	<u><u>\$ 3,943,251</u></u>	<u><u>\$ 23,244,083</u></u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Net Change in Fund Balances - Total Governmental Funds	\$	4,961,511
--	----	-----------

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 (\$7,292,973), plus infrastructure contributed by business-type (\$5,138,988), less capital outlay that falls below the threshold (\$237,320) exceeds depreciation (\$6,743,925) in the current period.

5,450,716

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

(2,281,259)

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

(37,769)

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

(5,536,570)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. See Note II.B.

(1,979,287)

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.

(219,412)

Change in net position of governmental activities	\$	<u><u>357,930</u></u>
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KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 42,733,369	\$ 42,733,369	\$ 43,390,041	\$ 656,672
Licenses and permits	189,670	189,670	214,059	24,389
Intergovernmental revenues	8,044,669	8,551,955	8,561,939	9,984
Charges for services	9,905,562	3,760,561	3,069,439	(691,122)
Fines, forfeits and penalties	1,158,589	1,158,589	1,303,189	144,600
Investment income	295,000	295,000	228,779	(66,221)
Miscellaneous income	693,710	768,710	870,490	101,780
Carryovers	149,296	441,828	-	(441,828)
Bonding	24,750	24,750	-	(24,750)
Total Revenues	<u>63,194,615</u>	<u>57,924,432</u>	<u>57,637,936</u>	<u>(286,496)</u>
Expenditures				
Current				
General government	17,722,073	18,308,879	17,719,687	589,192
Public safety	41,502,075	37,486,773	36,214,285	1,272,488
Social services	275,450	280,155	272,561	7,594
Education/recreation	2,118,489	2,229,714	1,914,311	315,403
Conservation and development	1,576,528	1,597,387	1,450,987	146,400
Capital Outlay	-	101,415	90,355	11,060
Total Expenditures	<u>63,194,615</u>	<u>60,004,323</u>	<u>57,662,186</u>	<u>2,342,137</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(2,079,891)</u>	<u>(24,250)</u>	<u>2,055,641</u>
Other Financing Sources (Uses)				
Transfers in	-	2,340,624	2,340,624	-
Transfers out	-	(122,346)	(122,346)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,218,278</u>	<u>2,218,278</u>	<u>-</u>
Net change in fund balance	-	138,387	2,194,028	2,055,641
Fund balance - beginning	<u>16,121,344</u>	<u>16,121,344</u>	<u>16,121,344</u>	<u>-</u>
Fund balance - ending	<u>\$ 16,121,344</u>	<u>\$ 16,259,731</u>	<u>\$ 18,315,372</u>	<u>\$ 2,055,641</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - HUMAN SERVICES FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 11,158,396	\$ 11,158,396	\$ 11,158,396	\$ -
Intergovernmental revenues	42,694,757	46,544,802	44,595,365	(1,949,437)
Charges for services	55,000	55,000	35,042	(19,958)
Fines, forfeits and penalties	175,000	175,000	129,846	(45,154)
Miscellaneous income	7,100	7,100	5,678	(1,422)
Carryovers	-	224,854	-	(224,854)
Total Revenues	<u>54,090,253</u>	<u>58,165,152</u>	<u>55,924,327</u>	<u>(2,240,825)</u>
Expenditures				
Current				
Health	10,055,699	10,705,734	10,705,734	-
Social services	44,034,554	47,386,533	45,424,591	1,961,942
Total Expenditures	<u>54,090,253</u>	<u>58,092,267</u>	<u>56,130,325</u>	<u>1,961,942</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>72,885</u>	<u>(205,998)</u>	<u>(278,883)</u>
Other Financing Sources (Uses)				
Tranfers in	-	323,018	323,018	-
Transfers out	-	(170,500)	(170,500)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>152,518</u>	<u>152,518</u>	<u>-</u>
Net change in fund balance	-	225,403	(53,480)	(278,883)
Fund balance - beginning	<u>265,349</u>	<u>265,349</u>	<u>265,349</u>	<u>-</u>
Fund balance - ending	<u>\$ 265,349</u>	<u>\$ 490,752</u>	<u>\$ 211,869</u>	<u>\$ (278,883)</u>

See accompanying notes to the financial statements.

**KENOSHA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2012**

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
ASSETS					
Current assets					
Cash and cash equivalents	\$ 162,348	\$ 1,526,532	\$ 238,749	\$ 1,927,629	\$ 3,010,255
Accounts receivable	2,953,260	59,353	5,005	3,017,618	180,286
Property taxes receivable	-	2,200,661	-	2,200,661	1,617,025
Due from other governments	-	1,218,770	-	1,218,770	-
Due from other funds	-	1,484,053	-	1,484,053	2,118,240
Inventories	42,132	589,734	30,966	662,832	-
Prepaid items	-	-	1,100	1,100	10,637
Total current assets	<u>3,157,740</u>	<u>7,079,103</u>	<u>275,820</u>	<u>10,512,663</u>	<u>6,936,443</u>
Noncurrent assets					
Restricted cash and investments	-	-	-	-	533,767
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	5,650,241	8,292,370	8,178,516	22,121,127	7,328,236
Machinery and equipment	4,920,754	11,881,913	3,037,785	19,840,452	619,623
Accumulated depreciation/amortization	<u>(6,779,366)</u>	<u>(14,344,309)</u>	<u>(6,141,004)</u>	<u>(27,264,679)</u>	<u>(4,923,456)</u>
Total capital assets	<u>3,791,832</u>	<u>5,890,383</u>	<u>5,382,451</u>	<u>15,064,666</u>	<u>3,707,026</u>
Total Assets	<u>6,949,572</u>	<u>12,969,486</u>	<u>5,658,271</u>	<u>25,577,329</u>	<u>12,335,096</u>
LIABILITIES					
Current liabilities					
Accounts payable	306,932	988,791	32,468	1,328,191	427,347
Claims payable	-	-	-	-	3,919,188
Due to other funds	1,484,053	-	-	1,484,053	2,118,240
Due to other governments	41,404	827,418	-	868,822	-
Other current liabilities	26,415	-	-	26,415	6,794
Current portion of long-term debt payable	684,906	-	325,000	1,009,906	13,706
Current portion of unamortized (discount) premium on debt	(33,919)	-	(42,057)	(75,976)	-
Other unearned revenue	-	-	5,026	5,026	-
Total current liabilities	<u>2,509,791</u>	<u>1,816,209</u>	<u>320,437</u>	<u>4,646,437</u>	<u>6,485,275</u>
Noncurrent liabilities					
Long-term obligations	3,496,416	1,808,053	836,553	6,141,022	-
Unamortized (discount) premium on debt	-	-	(83,993)	(83,993)	-
Total noncurrent liabilities	<u>3,496,416</u>	<u>1,808,053</u>	<u>752,560</u>	<u>6,057,029</u>	<u>-</u>
Total Liabilities	<u>6,006,207</u>	<u>3,624,262</u>	<u>1,072,997</u>	<u>10,703,466</u>	<u>6,485,275</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax levy	-	2,200,661	-	2,200,661	1,617,025
Total deferred inflows of resources	<u>-</u>	<u>2,200,661</u>	<u>-</u>	<u>2,200,661</u>	<u>1,617,025</u>
NET POSITION					
Net investment in capital assets	3,160,750	5,890,383	4,553,501	13,604,634	3,662,330
Restricted for non-expendable fund use	162,347	-	-	162,347	-
Unrestricted (deficit)	<u>(2,379,732)</u>	<u>1,254,180</u>	<u>31,773</u>	<u>(1,093,779)</u>	<u>570,466</u>
Total Net Position	<u>\$ 943,365</u>	<u>\$ 7,144,563</u>	<u>\$ 4,585,274</u>	<u>\$ 12,673,202</u>	<u>\$ 4,232,796</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
OPERATING REVENUES					
Charges for services	\$ 13,867,301	\$ 3,665,696	\$ 2,873,179	\$ 20,406,176	\$ 23,961,179
Total Operating Revenues	<u>13,867,301</u>	<u>3,665,696</u>	<u>2,873,179</u>	<u>20,406,176</u>	<u>23,961,179</u>
OPERATING EXPENSES					
Operations and maintenance	12,834,530	18,026,645	2,418,775	33,279,950	24,982,440
General and administrative	1,557,793	395,228	-	1,953,021	-
Depreciation and amortization	<u>395,946</u>	<u>758,276</u>	<u>563,054</u>	<u>1,717,276</u>	<u>488,269</u>
Total Operating Expenses	<u>14,788,269</u>	<u>19,180,149</u>	<u>2,981,829</u>	<u>36,950,247</u>	<u>25,470,709</u>
Operating Loss	(920,968)	(15,514,453)	(108,650)	(16,544,071)	(1,509,530)
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	190,772	1,860,137	-	2,050,909	1,096,548
Intergovernmental grants	1,219,995	5,189,882	-	6,409,877	-
Investment income	1,877	-	-	1,877	27,538
Miscellaneous Income	17,141	-	22,521	39,662	133,431
Amortization of debt discount and loss on refinancing	(33,919)	-	(42,057)	(75,976)	-
Interest and fiscal charges	<u>(36,563)</u>	<u>-</u>	<u>(46,635)</u>	<u>(83,198)</u>	<u>(13,758)</u>
Total Non-Operating Revenues (Expenses)	<u>1,359,303</u>	<u>7,050,019</u>	<u>(66,171)</u>	<u>8,343,151</u>	<u>1,243,759</u>
Income (Loss) Before Transfers	438,335	(8,464,434)	(174,821)	(8,200,920)	(265,771)
TRANSFERS					
Transfers in	154,965	6,165,458	875,500	7,195,923	49,000
Transfers out	<u>-</u>	<u>(736,474)</u>	<u>-</u>	<u>(736,474)</u>	<u>(2,641)</u>
Total Transfers	<u>154,965</u>	<u>5,428,984</u>	<u>875,500</u>	<u>6,459,449</u>	<u>46,359</u>
Change in net position	593,300	(3,035,450)	700,679	(1,741,471)	(219,412)
Total net position at the beginning of year	<u>350,065</u>	<u>10,180,013</u>	<u>3,884,595</u>	<u>14,414,673</u>	<u>4,452,208</u>
Total net position at end of year	<u>\$ 943,365</u>	<u>\$ 7,144,563</u>	<u>\$ 4,585,274</u>	<u>\$ 12,673,202</u>	<u>\$ 4,232,796</u>

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, 2012

	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	\$ 13,402,758	\$ 3,053,677	\$ 2,906,530	\$ 19,362,965	\$ 23,861,491
Paid to suppliers and employees for goods and services	(14,053,346)	(17,398,026)	(2,479,457)	(33,930,829)	(25,496,180)
Cash Flows from Operating Activities	(650,588)	(14,344,349)	427,073	(14,567,864)	(1,634,689)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	190,772	1,860,137	-	2,050,909	1,096,548
Intergovernmental grants	1,219,995	5,189,882	-	6,409,877	-
Miscellaneous income	17,142	-	22,521	39,663	133,431
Transfers	-	(736,474)	-	(736,474)	(2,641)
Cash Flows from Noncapital Financing Activities	1,427,909	6,313,545	22,521	7,763,975	1,227,338
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(690,000)	-	(305,000)	(995,000)	(62,247)
Interest paid	(44,038)	-	(46,635)	(90,673)	(13,758)
Acquisition and construction of capital assets	(211,967)	(76,021)	(953,134)	(1,241,122)	(30,990)
Transfers	154,965	6,165,458	875,500	7,195,923	49,000
Cash Flows from Capital and Related Financing Activities	(791,040)	6,089,437	(429,269)	4,869,128	(57,995)
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit to WMMIC restricted cash	-	-	-	-	(23,118)
Investment income	1,877	-	-	1,877	27,538
Cash Flows from Investing Activities	1,877	-	-	1,877	4,420
Net Change in Cash and Cash Equivalents	(11,842)	(1,941,367)	20,325	(1,932,884)	(460,926)
Cash and Cash Equivalents - Beginning of Year	174,190	3,467,899	218,424	3,860,513	3,471,181
Cash and Cash Equivalents - End of Year	\$ 162,348	\$ 1,526,532	\$ 238,749	\$ 1,927,629	\$ 3,010,255

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	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	\$ (920,968)	\$ (15,514,453)	\$ (108,650)	\$ (16,544,071)	\$ (1,509,530)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:					
Depreciation expense and amortization	395,946	758,276	563,054	1,717,276	488,269
Changes in assets and liabilities:					
Accounts receivable	(464,543)	(13,588)	(5,005)	(483,136)	(11,145)
Due from other governments	-	(485,802)	38,356	(447,446)	-
Inventories	(3,421)	17,846	1,621	16,046	-
Due from other funds	-	(109,636)	-	(109,636)	(88,542)
Prepaid items	-	-	(350)	(350)	27,199
Accounts payable	98,326	915,006	(17,252)	996,080	(283,317)
Claims payable	-	-	-	-	(346,165)
Due to other governments	41,404	290,577	-	331,981	-
Due to other funds	109,636	-	-	109,636	88,542
Unearned revenue	-	(2,993)	1,230	(1,763)	-
OPEB payable	95,438	(53,052)	(35,480)	6,906	-
Accrued compensation	(3,601)	(146,530)	(10,451)	(160,582)	-
Other current liabilities	1,195	-	-	1,195	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ (650,588)</u></u>	<u><u>\$ (14,344,349)</u></u>	<u><u>\$ 427,073</u></u>	<u><u>\$ (14,567,864)</u></u>	<u><u>\$ (1,634,689)</u></u>
Noncash investing, capital and financing activities:					
Infrastructure transferred to governmental activities	<u><u>\$ -</u></u>	<u><u>\$ 5,138,988</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,138,988</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

KENOSHA COUNTY

**STATEMENT OF ASSETS & LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS**

December 31, 2012

ASSETS

Cash and temporary cash investments	\$ 3,450,075
Miscellaneous receivables	<u>268,996</u>
Total Assets	<u>\$ 3,719,071</u>

LIABILITIES

Other accrued liabilities	<u>\$ 3,719,071</u>
Total Liabilities	<u>\$ 3,719,071</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2012

NOTE	<u>Page</u>
I. Summary of Significant Accounting Policies	39
A. Reporting Entity	39
B. Government-Wide and Fund Financial Statements	39
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	43
D. Assets, Liabilities, and Net Position or Equity	45
1. Deposits and Investments	45
2. Receivables	46
3. Inventories and Prepaid Items	48
4. Restricted Assets	48
5. Capital Assets	48
6. Other Assets	49
7. Compensated Absences	49
8. Long-Term Obligations/Conduit Debt	50
9. Claims and Judgments	51
10. Equity Classifications	51
II. Reconciliation of Government-Wide and Fund Financial Statements	52
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	52
B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities	53
III. Stewardship, Compliance, and Accountability	55
A. Budgetary Information	55
B. Governmental Funds - Excess Expenditures Over Appropriations	55
C. Deficit Balances	55
D. Limitations on the County's Tax Levy, Rate and its Ability to Issue New Debt	56
IV. Detailed Notes on All Funds	57
A. Deposits and Investments	57
B. Receivables	63
C. Capital Assets	65
D. Interfund Receivables/Payables and Transfers	68
E. Long-Term Obligations	70
F. Restricted Assets	73
G. Lease Disclosures	73
H. Governmental Activities Net Position	74
I. Restatement of Fund Balance	77
J. Cumulative Effect of Change in Accounting Principle	77

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS (cont.) December 31, 2012

NOTE	<u>Page</u>
V. Other Information	78
A. Employees' Retirement System	78
B. Risk Management	79
C. Commitments and Contingencies	83
D. Joint Venture	83
E. Other Postemployment Benefits	84
F. Subsequent Events	89

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

The County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2012. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, property taxes. The tax levy amount will be recognized as an inflow of resources in the subsequent year for which it was levied.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

Fund Financial Statements (cont.)

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

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

The County reports the following major governmental funds:

- General – accounts for 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
Federal Inmate

Federated Library System
Geographic Information Systems

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

Fund Financial Statements (cont.)

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

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

In addition, the County reports the following fund types:

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

Human Services Building	Workers Compensation
Health Insurance	General Liability Insurance

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

Clerk of Courts
Child Support
Social Services
Other Agency Funds

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

Fund Financial Statements (cont.)

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

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

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

1. Deposits and Investments (cont)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012 the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

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

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

2. Receivables (cont.)

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

Property tax calendar – 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	July 31, 2013
Personal property taxes in full	January 31, 2013
Tax sale – 2012 delinquent real estate taxes	October 2015

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

The County has a 0.5% sales tax which is collected by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale related to it takes place. At December 31, 2012, 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 inflow in the governmental funds for the net amount of the receivable balance. As loans are repaid, revenue is recognized. In the government-wide statements, revenue is recorded when new loans are made. When new loans are issued 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Financial Statements

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

5. Capital Assets (cont)

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

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

7. Compensated Absences

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

7. Compensated Absences (cont)

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. Effective January 1, 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, 2012 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 is shown as an increase or decrease in the liability section of the balance sheet.

In September 2009, the County Board authorized issuance of conduit debt titled "Kenosha County, Wisconsin Community Facility Revenue Bond, Series 2009" whose principal may not exceed \$8,300,000. The purpose of the bond is to assist a non profit community organization in the construction of a facility within the County. 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, 2012 is \$7,329,600.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

9. Claims and Judgments

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

10. Equity Classifications

Government-Wide Financial Statements

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

- a. Net Investment in Capital Assets – includes the County’s capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position – includes assets that have third party (statutory, bond covenant, or granting agency) limitations on their use. The County typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- c. Unrestricted Net Position – typically includes unrestricted liquid assets. The County has the authority to revisit or alter this designation.

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Invested in capital assets, net of related debt	\$ 61,136,363	\$ 13,604,634	\$(16,163,868)	\$58,577,129
Unrestricted (deficit)	(21,062,960)	(1,093,779)	16,163,868	(5,992,871)

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

10. Equity Classifications (cont)

Fund Financial Statements

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

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form, or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- c. Committed – Amounts that can be used only for the specific purposes determined by a formal action or resolution of the County Board (the County's highest level of decision-making authority).
- d. Assigned – Amounts that are intended to be used for a particular purpose expressed by the Board or other authorized committee or individual.
- e. Unassigned – All amounts not included in other spendable classifications.

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

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

Following are details of these differences:

Bonds and notes payable(excluding internal service fund debt)	\$ 99,691,294
Post retirement health insurance benefits	21,854,777
Vacation/casual day accrual	2,962,479
Unamortized debt discount and premium	<u>(22,957)</u>
 Combined adjustment for long-term liabilities	 <u>\$ 124,485,593</u>

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

Internal Service Funds:	
Human Services Building	\$ 2,732,794
Health Insurance	1,500,001
Workman's Compensation	<u>1</u>
 Total	 <u>\$ 4,232,796</u>

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$5,536,570 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (18,555,000)
Current year net premiums	(354,531)
Current year net premium amortization	(42,039)
Principal repayments:	
General obligation debt	<u>13,415,000</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (5,536,570)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$1,979,287 difference are as follows:

Vacation/casual day accrual	\$ (147,123)
Post retirement health insurance benefits	(1,720,365)
Accrued interest	<u>(111,799)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,979,287)</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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	\$ 647,571
Human Services	211,869
Debt Service	773,591
Federated Library System	1,013
Geographic Information Systems	13,144
Capital Projects Fund	3,512,615

B. GOVERNMENTAL FUNDS - EXCESS EXPENDITURES OVER APPROPRIATIONS

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

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. The County has no funds with deficit balances at December 31, 2012.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

With the passage of the 2011-2013 biennial state budget, levy limits were made permanent and unused carry forward is very limited. The County is in compliance with the State's biennial budget.

The 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.

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 of the actual unused levy amount or 0.5% of the prior year's actual levy.
- The carry forward must be approved by a $\frac{3}{4}$ 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Deposits in each local and area bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for interest bearing accounts and unlimited coverage for noninterest bearing accounts. As of January, 2013, the County's non-interest bearing transaction accounts are combined with its interest bearing demand deposits to determine FDIC insurance coverage. 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 \$7,479,017 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, 2012 are as follows:

General	\$ 10,861,126
Special Revenue	1,293,465
Capital Projects	3,677,195
Debt Service	773,591
Enterprise	1,927,629
Internal Service	3,010,255
Agency	3,450,075
Total	<u>\$ 24,993,336</u>

The distribution of deposits and investments is as follows:

Petty Cash	\$ 8,335
Deposits	250,593
Investments	<u>24,734,408</u>
Total	<u>\$ 24,993,336</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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, 2012, the carrying amount of the County's deposits was \$250,593 and the bank balance was \$994,831. This entire bank balance at year-end was covered by the Federal depository insurance and the bank has pledged \$7,479,017 of governmental securities as collateralization for the County's deposits and repurchase agreements. In addition, the County maintains petty cash funds in the amount of \$8,335.

Investments

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

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

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

Investment Risk Factors

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

Fixed income securities are subject to credit risk, which is the 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 payments will cause security prices to decline. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy litigation and/or adverse political developments.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies, such as Moody's Investors Service (Moody's) or Standard and Poor's (S&P). The lower the rating is, the greater the 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont)

The credit risk profile for fixed income securities at December 31, 2012 is as follows:

U.S. Government Guaranteed		
Investment	Moody's Rating	Amount
AIM		
Government & Agency- Institutional	AAA	\$ 906,363
Treasury - Institutional	AAA	250,725
DANA		
Federal Home Loan Mortgage Corp.	AAA	2,081,270
Federal National Mortgage Association	AAA	2,041,471
Government National Mortgage Association	AAA	31,086
Small Business Association	AAA	727,839
Treasury Bonds	AAA	2,391,529
Johnson Bank		
Repurchase Agreements	AAA	7,056,837
Kenosha Community Foundation		
Federated Govt Ultrashort Fund	AAA	24,800
BMO Government Income Fund	AAA	63,113
Vanguard Inflation-Protected Securities Fund	AAA	12,350
Total U.S. Government Guaranteed		15,587,383
Money Market Accounts		
Wisconsin Local Government		
Investment Pool	Unrated	8,710,271
BMO Prime Money Market	Aaa	2,364
DANA		
Money Market Account	AAA	434,391
Total Money Market Accounts		9,147,026
Grand Total		\$ 24,734,409

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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, 2012 are as follows:

Issuer	Amount	Percentage
Federal National Mortgage Association	\$ 2,064,489	8%
U.S. Treasury	10,612,671	43%
Federal Home Loan Mortgage Corp.	2,086,668	8%
Other issuers (none over 5%)	9,970,581	40%
	<u>\$ 24,734,409</u>	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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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, 2012 is as follows (total duration includes money market accounts, which are not listed in the table):

<u>Investment Type</u>	<u>Amount</u>	<u>Effective Duration</u>
Federal Home Loan Mortgage Corp.	\$ 2,081,270	Average 303 days
Federal National Mortgage Association	2,041,471	Average 161 days
Government National Mortgage Association	31,086	Average 270 days
Small Business Association	727,839	Average 146 days
US Treasury	2,391,529	Average 164 days
Federated Government Ultrashort Duration	24,800	Average 219 days
Repurchase agreements	7,056,837	Overnight
	<u>\$ 14,354,832</u>	

For money market fund investments and the Wisconsin Local Government Investment Pool, weighted average maturity is used to measure interest rate risk. The weighted average maturity of all of the County's money market investments at December 31, 2012 is as follows:

<u>Fund Name</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Wisconsin Local Government Investment Pool	\$ 8,710,271	73 days
AIM Short Term Government & Agency	906,363	31.68 days
AIM Short Term Treasury	250,725	28.58 days
BMO Government Income	63,113	5.5 days
Vanguard Inflation-Protected Securities Fund	12,350	9.4 days
BMO Money Market Fund	2,364	47 days
JP Morgan Chase Money Market Fund	434,391	30 days
	<u>\$ 10,379,577</u>	

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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 paid its share of \$270,428 to the County over a five year period with interest of five percent. At December 31, 2012, the balance owed was zero.

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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

B. RECEIVABLES (cont.)

For the year ended December 31, 2012, collections in the first sixty days aggregated \$648,013. Therefore, the delinquent property tax nonspendable fund balance is \$7,936,059 less \$648,013 or \$7,288,045.

At December 31, 2012, delinquent property taxes by year levied consists of the following:

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax Certificates			
2011	\$ 4,274,721	720,623	3,554,098
2010	2,207,440	372,125	1,835,315
2009	933,770	157,413	776,357
2008	328,489	55,376	273,113
2007	64,174	10,818	53,356
2006 and prior	127,464	21,488	105,976
Total Tax Certificates	7,936,059	<u>\$ 1,337,843</u>	<u>\$ 6,598,216</u>
Delinquent Special Assessments	1,485,071		
Tax Deeds held by County	1,310,699		
Other taxes	<u>(1,583)</u>		
Total Delinquent Property Taxes Receivable	<u>\$ 10,730,246</u>		

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

At December 31, 2012, the County has not exceeded its maximum retention cap. If it does, a liability to the state will be recorded.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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 2012 including new infrastructure assets. The deletion column represents the assets that were discarded in 2012.

Capital asset valuation and activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets not being depreciated:				
Construction in Progress	\$ 10,265,003	\$ 1,561,975	\$ (7,904,374)	\$ 3,922,604
Land Improvements	14,134,979	568,646	(758,570)	13,945,055
Land	19,506,908	877,326	-	20,384,234
Total Capital Assets not being depreciated	43,906,890	3,007,947	(8,662,944)	38,251,893
Other Capital Assets:				
Land Improvements	4,177,170	-	-	4,177,170
Buildings	93,821,566	7,724,040	-	101,545,606
Machinery & Equipment	26,279,376	4,121,768	(5,144,356)	25,256,788
Infrastructure	39,064,562	6,034,820	(2,379,380)	42,720,002
Total Other Capital Assets at Historical Cost	163,342,674	17,880,628	(7,523,736)	173,699,566
Less: Accumulated Depreciation				
Land Improvements	(2,655,212)	(130,380)	-	(2,785,592)
Buildings	(30,127,525)	(2,337,631)	-	(32,465,156)
Machinery & Equipment	(17,822,237)	(2,773,873)	5,113,658	(15,482,452)
Infrastructure	(17,512,230)	(1,990,310)	128,819	(19,373,721)
Total Accumulated Depreciation	(68,117,204)	(7,232,194)	5,242,477	(70,106,921)
Net Total Other Capital Assets	95,225,470	10,648,434	(2,281,259)	103,592,645
Net Total Government Activities Capital Assets	<u>\$ 139,132,360</u>	<u>\$ 13,656,381</u>	<u>\$ (10,944,203)</u>	<u>\$ 141,844,538</u>

Depreciation expense was charged to functions as follows:

General Government	\$ 4,235,989
Public Safety	555,093
Public Works	1,990,310
Social Services	15,858
Education & Recreation	239,939
Health	50,068
Conservation & Development	144,937
Total Governmental Activities- Depreciation Expense	<u>\$ 7,232,194</u>

Total depreciation includes \$488,269 recorded to the internal service fund Human Services Building.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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.

<u>Infrastructure Category</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Roadways	\$ 30,604,910	\$ 5,107,144	\$ (2,379,380)	\$ 33,332,674
Bridges	4,538,052	739,893	-	5,277,945
Traffic signals	3,302,600	187,783	-	3,490,383
Sewer drainage	384,000	-	-	384,000
Culverts	235,000	-	-	235,000
Infrastructure	<u>39,064,562</u>	<u>6,034,820</u>	<u>(2,379,380)</u>	<u>42,720,002</u>
Less Accumulated Depreciation				
Roadways	(14,064,730)	(1,865,999)	128,819	(15,801,910)
Bridges	(1,598,300)	(104,300)	-	(1,702,600)
Traffic signals	(1,595,200)	(7,511)	-	(1,602,711)
Sewer drainage	(215,000)	(7,800)	-	(222,800)
Culverts	(39,000)	(4,700)	-	(43,700)
Total Accumulated Depreciation	<u>(17,512,230)</u>	<u>(1,990,310)</u>	<u>128,819</u>	<u>(19,373,721)</u>
Net Infrastructure	<u>\$ 21,552,332</u>	<u>\$ 4,044,510</u>	<u>\$ (2,250,561)</u>	<u>\$ 23,346,281</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business - type Activities				
Capital Assets not being depreciated/amortized:				
Land	\$ 338,258	\$ -	\$ -	\$ 338,258
Total Capital Assets not being depreciated/amortized	338,258	-	-	338,258
Other Capital Assets:				
Intangible Assets	29,508	-	-	29,508
Land Improvements	5,050,882	736,037	-	5,786,919
Buildings	16,304,814	29,394	-	16,334,208
Machinery & Equipment	19,469,532	499,757	(128,837)	19,840,452
Total Other Capital Assets at Historical Cost	40,854,736	1,265,188	(128,837)	41,991,087
Less: Accumulated Depreciation/Amortization				
Intangible Assets	(8,853)	-	-	(8,853)
Land Improvements	(2,749,879)	(198,377)	-	(2,948,256)
Buildings	(10,503,694)	(571,661)	-	(11,075,355)
Machinery & Equipment	(12,389,746)	(947,238)	104,769	(13,232,215)
Total Accumulated Depreciation/Amortization	(25,652,172)	(1,717,276)	104,769	(27,264,679)
Net Total Other Capital Assets	15,202,564	(452,088)	(24,068)	14,726,408
Net Total Business - type Activities Capital Assets	\$ 15,540,822	\$ (452,088)	\$ (24,068)	\$ 15,064,666

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Brookside Care Center	\$ 395,946
Highway	758,276
Golf Courses	563,054
Total Business-type Activities - Depreciation/ Amortization Expense	\$ 1,717,276

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Human Services		\$ 350,956
	Health Department	(350,956)
Health Insurance		2,118,240
	Human Services Building	(872,830)
	General Liability Insurance	(1,245,410)
Capital Projects-General		210,516
	Capital Projects - Parkland Development	(187,944)
	Capital Projects - Wireless 911	(8,777)
	Capital Projects - HVAC System Replacement	(13,795)
Highway		1,484,053
	Brookside Care Center	(1,484,053)

All of these balances will be repaid within the year.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount		Principal Purpose
		In	Out	
General Fund		576,228		To record lapsing funds at year end.
Human Services		323,018		
General Fund		1,764,396		
	General Fund		122,346	
	Federal Inmate		1,764,396	
	Highway		576,228	
	Health Department		200,672	
Brookside Care Center		154,965		To record bond proceeds in appropriate funds.
Golf Course		875,500		
Highway		5,923,741		
Human Services Building		49,000		
	Other Capital Projects		7,003,206	
Highway		7,717		Combine similar projects to one fund.
	Capital Projects - Bike Trail		7,717	
Courthouse/Molinaro Exterior Restoration		6,433		
	Courthouse Restoration		6,433	
Health Department		170,501		Human Services fund covered one time settlement payment to City of Kenosha
	Human Services		170,501	
Capital Projects - Parking Structure		23,868		Per Resolution #51, transfer funds to cover parking structure project.
	Human Services Building		2,641	
	Other Capital Projects		13,227	
	Addition to Public Safety Building		8,000	
Other Capital Projects		160,246		Show use of Highway bike trail project costs as match for shared use trail.
	Highway		160,246	
Highway		234,000		Per Resolution #102, transfer funds for dam removal.
	Other Capital Projects		234,000	
Energy Reduction Technology		51,361		Per Resolution #122, transfer funds repurposed at yearend.
Western County Communication		60,000		
	Other Capital Projects		81,361	
	Debt Service		30,000	

The Highway enterprise fund transferred infrastructure to the governmental activities in 2012 totaling \$5,138,988. These costs are reported as highway expenses in the fund statement and as transfers in the government-wide statements.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 94,565,000	\$ 18,555,000	\$ 13,415,000	\$ 99,705,000	\$ 10,700,000
Add/(Subtract) Deferred Amounts For:					
Refundings - (Discounts/Premiums)	(458,986)	-	(41,726)	(417,260)	(41,726)
(Discounts)/Premiums	(557,951)	354,531	(597,723)	394,303	78,931
Total Bonds And Notes Payable	93,548,063	18,909,531	12,775,551	99,682,043	10,737,205
Other Liabilities:					
Post Retirement Benefits	20,134,412	3,998,204	2,277,839	21,854,777	-
Vested Vacation and Casual Days	2,815,356	147,123	-	2,962,479	85,718
Total Other Liabilities	22,949,768	4,145,327	2,277,839	24,817,256	85,718
Total Governmental Activities-					
Long-Term Obligations	\$ 116,497,831	\$ 23,054,858	\$ 15,053,390	\$ 124,499,299	\$ 10,822,923
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 2,615,000	\$ -	\$ 995,000	\$ 1,620,000	\$ 990,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	(235,945)	-	(75,977)	(159,968)	(75,976)
Total Bonds And Notes Payable	2,379,055	-	919,023	1,460,032	914,024
Other Liabilities:					
Post Retirement Benefits	5,050,652	839,101	832,196	5,057,557	10,864
Vested Vacation and Casual Days	633,952	-	160,582	473,370	9,042
Total Other Liabilities	5,684,604	839,101	992,778	5,530,927	19,906
Total Business-type Activities-					
Long-Term Obligations	\$ 8,063,659	\$ 839,101	\$ 1,911,801	\$ 6,990,959	\$ 933,930

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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, 2012, was \$632,834,430. Total general obligation debt outstanding at year end was \$101,325,000.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2012</u>
Governmental Activities - General Obligation Debt					
Refunding Bonds	2003	2013	1.50%-3.35%	8,140,000	\$ 230,000
Refunding Bonds	2004	2017	2.00%-4.00%	10,630,000	4,355,000
Promissory Notes	2005	2013	3.50%	2,700,000	425,000
Promissory Notes	2006	2014	3.875%	2,150,000	540,000
Promissory Notes	2007	2017	3.25%-3.65%	4,050,000	1,790,000
Promissory Notes	2008	2018	4.00%	8,235,000	2,810,000
Refunding Bonds	2009	2017	1.50% - 3.25%	2,735,000	1,700,000
Recovery Zone Economic Development Bonds	2009	2029	1.60% - 5.65%	4,910,000	4,735,000
Build America Bonds	2009	2019	1.60% - 4.20%	9,645,000	8,825,000
Refunding Bonds	2010	2017	2.00% - 3.00%	20,250,000	14,990,000
Build America Bonds	2010	2030	0.75% - 5.1%	10,435,000	10,085,000
Build America Bonds	2010	2020	0.65% - 3.60%	12,325,000	11,375,000
Refunding Bonds	2010	2022	0.50% - 3.75%	7,305,000	7,050,000
Promissory Notes	2011	2021	2.00% - 3.00%	10,030,000	9,530,000
Building Bonds	2011	2031	2.00% - 4.25%	2,810,000	2,710,000
Promissory Notes	2012	2022	1.00% - 2.50%	15,750,000	15,750,000
Building Bonds	2012	2032	2.00 % - 3.50%	2,805,000	<u>2,805,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 99,705,000</u>

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2012</u>
Business-type Activities - General Obligation Debt					
Refunding Bonds	2004	2015	2.00-3.90%	3,080,000	\$ 955,000
Refunding Bonds	2008	2013	3.25%	3,295,000	665,000
Total Business-type Activities - General Obligation Debt					<u>\$ 1,620,000</u>
Total Debt					<u>\$ 101,325,000</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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
2013	\$ 10,700,000	\$ 3,146,067	\$ 990,000	\$ 57,573
2014	10,755,000	2,718,043	315,000	24,098
2015	11,140,000	2,446,985	315,000	12,285
2016	11,400,000	2,134,276	-	-
2017	11,430,000	1,814,368	-	-
2018-2022	32,705,000	5,165,893	-	-
2023-2027	6,675,000	2,068,650	-	-
2028-2032	4,900,000	477,974	-	-
Totals	<u>\$ 99,705,000</u>	<u>\$ 19,972,256</u>	<u>\$ 1,620,000</u>	<u>\$ 93,956</u>

Other Debt Information

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

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

Advance Refunding

On July 11, 2012, the County issued \$15,750,000 which included \$3,145,000 in general obligation bonds with an average interest rate of 2.714% to advance refund \$3,065,000 of outstanding principal with an average interest rate of 2.785%. The net proceeds of \$3,348,587 (after payment of discount, underwriting fees, insurance and other issuance costs) were used to purchase U.S government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the \$3,065,000. As a result, the general obligation bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Advance Refunding (cont)

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$3,678,400 from 2013 through 2018. The cash flow requirements on the 2012 refunding bonds are \$3,561,494 from 2013 through 2018. The advance refunding resulted in an economic gain of \$85,349 (present value dollars).

Prior-Year Defeasance of Debt

In 2012, 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, 2012, the call date of the bond held in escrow and amounts of bonds outstanding and considered defeased are as follows:

<u>Call Date</u>	<u>Balance at 12/31/12</u>
12/01/2014	\$ 3,065,000

F. RESTRICTED ASSETS

The County has restricted assets which consist of a deposit in Wisconsin Municipal Mutual Insurance Company (WMMIC) in the amount of \$1,157,860. This deposit is the County's original capitalization investment. In addition, cash in the amount of \$533,767 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 2012 revenues of \$744,595 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 \$18,375,241.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

G. LEASE DISCLOSURES (CONT)

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 POSITION

Governmental activities net position reported on the government-wide statement of net position at December 31, 2012 includes the following:

Governmental Activities

Net investment in capital assets	
Land, land improvements and construction in progress	\$ 38,251,893
Other capital assets, net of accumulated depreciation	103,592,645
Less: capital related long-term debt outstanding (net of unspent proceeds of debt)	<u>(80,708,175)</u>
Total Net investment in capital assets	<u>\$ 61,136,363</u>
Restricted	
Specific purpose – grants and loans for Housing Authority	1,350,058
Unrestricted (deficit)	<u>(21,062,960)</u>
Total Governmental Activities Net Position	<u><u>\$ 41,423,461</u></u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

H. GOVERNMENTAL ACTIVITIES NET POSITION (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2012 include the following:

Nonspendable

Major Funds

General Fund	
Prepaid items	\$ 73,119
Delinquent taxes	<u>7,288,045</u>
Total Nonspendable funds	<u>\$ 7,361,164</u>

Committed

Non-major funds

Special Revenue – Housing Authority – revolving loan funding	\$ 225,516
Special Revenue - Health Department – city contribution share	<u>168,061</u>
Total Special Revenue Committed funds	<u>\$ 393,577</u>

Assigned

Major Funds:

General Fund	
Encumbrances	\$ 17,144
Sheriff special deposit	59,909
Subsequent year expenditures	<u>647,571</u>
Total Assigned funds – General Fund	<u>\$ 724,624</u>

Human Services Fund

Subsequent year expenditures	<u>\$ 211,869</u>
Total Assigned funds – Human Services Fund	<u>\$ 211,867</u>

Debt Service Fund

Subsequent year expenditures	<u>\$ 773,591</u>
Total Assigned funds – Debt Service Fund	<u>\$ 773,591</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

H. GOVERNMENTAL ACTIVITIES NET POSITION (cont.)

Governmental Activities (cont.)

Assigned

Non-major Funds

Encumbrances

Other Capital Projects Fund	\$ 22,902
Total Non-major encumbrances	<u>\$ 22,902</u>

Subsequent year expenditures

Special Revenue Funds

Federated Library System	\$ 1,013
Geographic Information System	13,144
Total Special Revenue subsequent year expenditures	<u>\$ 14,157</u>

Capital Projects Funds

Parkland Development	\$ 59,605
Parking Structure	32,325
Jail Expansion	8,564
Public Safety Building Addition	43,620
Western County Communication	100,000
Energy Reduction Technology	72,793
Broadband/Public Safety Building	69,658
HVAC System Replacement	12,941
Courthouse/Molinaro Building Exterior	141,728
Other Capital Projects	2,971,381
Total Capital Projects subsequent year expenditures	<u>\$ 3,512,615</u>

Unassigned

Major Funds

General Fund	<u>\$ 10,229,584</u>
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KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

I. RESTATEMENT OF FUND BALANCE

The County and the City of Kenosha reached a compromise settlement agreement regarding a receivable due from the City for Health Department services. The total amount owed by the City was \$551,025. The County negotiated a total cash settlement of \$380,524. In addition, the City has agreed not to sue the County relative to this matter for a period of five years. The City agreed to pay three annual installments of \$50,000 each from 2013 to 2015 for a total of \$150,000. The settlement also provides for cancelation of \$230,524 of credits owed by the County to the City for surpluses incurred by the County in the Health Department budget in 2010 and 2011. Normally, these credits would have been used to reduce the amount of City payments for future budget years in accord with the contract. The settlement permits the County to retain these surpluses, and use them to offset the amount owed by the City. The adjustment has been treated as a direct adjustment to beginning fund balance (see below) and the receivable from the City was decreased to \$150,000.

Health Department Fund Balance	
December 31, 2011 (as reported)	\$ 230,524
Less:	
Legal Settlement from prior years activity	(401,024)
General Fund Balance	
January 1, 2012 (as restated)	<u>\$ (170,500)</u>

J. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

The County has adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. Financial statements for the year ended December 31, 2011 have not been restated. The cumulative effect of this change was to decrease the December 31, 2012 net position of the governmental activities by \$659,661. The amount for business type was not material and therefore not adjusted.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible County employees participate in the Wisconsin Retirement System (WRS) a cost-sharing multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours (880 hours for teachers and school district educational support employees) a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives, and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates are as follows:

	2012	
	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for County employees covered by the System for the year ended December 31, 2012 was \$50,457,611; the employer's total payroll was \$51,533,070. The total required contribution for the year ended December 31, 2012 was \$6,503,938 or 12.89 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, 2011 and 2010 were \$6,594,101 and \$5,842,823, respectively, equal to the required contributions for each year.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

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

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

As of December 31, 2012, 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 \$925,000 for the annual aggregate. WMMIC's exposure in its layer of insurance is limited to \$1,000,000 per occurrence in that the company purchases \$9,000,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont)

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. 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, 2012 is as follows:

	<u>Percentage</u>
Brown County	7.13
Chippewa County	3.31
Dane County	9.32
Dodge County	3.86
City of Eau Claire	3.35
Eau Claire County	3.76
Jefferson County	2.42
Kenosha County	6.14
Lacrosse County	3.59
City of Madison	15.93
Manitowoc County	5.71
Marathon County	5.97
Outagamie County	6.21
St. Croix County	4.05
Waukesha County	10.13
Rock County	4.28
Walworth County	<u>4.84</u>
Total	<u>100.00</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont)

The County's investment in WMMIC is reported on the General Liability Insurance Fund balance sheet as a deposit. The amount reported is the original capitalization of \$1,157,860. For 2012, WMMIC prepared its statutory financial statements in accordance with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin (OCI). This reflects a change in basis in presentation since 2005 when the financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Therefore, in 2012, 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, 2012 is \$2,345,175. The financial statements can be obtained from WMMIC at their address of 4785 Hayes Road, Madison, Wisconsin, 53704-7364.

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

<u>Claims Liability- WMMIC</u>	<u>2012</u>	<u>2011</u>
Unpaid claims, including IBNR – beginning of year	\$ 731,790	\$ 676,667
Current year claims and changes in estimates	(10,593)	337,108
Claim payments	<u>(157,780)</u>	<u>(281,985)</u>
Unpaid claims – end of year	<u>\$ 563,417</u>	<u>\$ 731,790</u>

Self-Insurance – Workers Compensation

The County has also established a Risk Management program for workers compensation. All funds of the County participate in this program. The workers compensation internal service fund is maintained to provide for self-insured workers compensation insurance coverage and employee safety and loss control programs. The County contracts with a third party claims administrator for the purpose of adjusting workers compensation claims. An excess insurance policy covers individual claims in excess of the County's \$550,000 self-insured retention up to statutory requirements (unlimited) per claim. Settled claims have not exceeded the commercial coverage in any of the past three years. Costs associated with the workers compensation program are billed to other County departments based on exposure and historical loss experience and include amounts necessary to fund current year claims to be paid in the current year and in the future. At December 31, 2012, the County has established a future claims insurance reserve in the amount of \$1,969,771 to fund the estimated liability for the County's self-insured retention limits under its workers compensation program.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE V – Other Information (cont.)

B. RISK MANAGEMENT (cont.)

Self-Insurance – Workers Compensation (cont.)

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

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

Claims Liability	<u>2012</u>	<u>2011</u>
Unpaid claims, including IBNR – beginning of year	\$ 2,211,054	\$ 1,982,501
Current year claims and changes in estimates	778,001	1,004,082
Claim payments	<u>(1,019,284)</u>	<u>(775,529)</u>
Unpaid Claims – end of year	<u>\$ 1,969,771</u>	<u>\$ 2,211,054</u>

Self-Insurance – Health Insurance

In the Health Insurance internal service fund, revenues from County departments totaled \$20,092,719. Expenditures in the same fund totaled \$20,525,897. A deficit of \$433,178 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	<u>2012</u>	<u>2011</u>
Unpaid claims, including IBNR – beginning of year	\$ 1,313,000	\$ 1,206,000
Current year claims and changes in estimates	16,702,517	17,958,223
Claim payments	<u>(16,629,517)</u>	<u>(17,851,223)</u>
Unpaid Claims – end of year	<u>\$ 1,386,000</u>	<u>\$ 1,313,000</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE V – Other Information (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

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

During 2012, the County borrowed \$12,414,000, for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the various Capital Project and Proprietary funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Open purchase orders for the General Fund and Capital Projects-Other Fund totaled \$40,046 at year end and is included in Assigned Fund Balance for encumbrances.

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

D. JOINT VENTURE

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

The Board consists of three members appointed by the County, three by the City of Kenosha and one independent member confirmed by both. County representatives are the County Executive, the County Board Chairman and the chairman of the County Judiciary Committee or their designees. The Board has the authority to adopt its own budget and control the financial affairs of the organization. The County made payments totaling \$3,903,381 to the Board for 2012.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE V – Other Information (cont.)

D. JOINT VENTURE (CONT)

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

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

The County accounts for its share of the operation in the general fund. Financial information of the Board as of December 31, 2012 is available directly from the Board's office.

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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

All Others (continued)

Benefits (continued)

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.

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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

All Others (continued)

Benefits (continued)

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.

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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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)	\$ 4,837,305
Actuarial estimated employer contribution (PAYGO amount)	(2,717,000)
Adjustment for interest	1,007,403
Adjustment for ARC adjustment	<u>(1,400,438)</u>
Increase in net OPEB obligation	1,727,270
Net OPEB obligation—beginning of year	<u>25,185,064</u>
Net OPEB obligation—end of year	<u><u>\$ 26,912,334</u></u>

The increase in the net OPEB obligation of \$1,727,270 was allocated to the County's functions as follows:

General Government	\$ 280,552
Public Safety	1,297,899
Social Services	80,271
Health	16,832
Education & Recreation	11,876
Conservation & Development	32,934
Brookside Care Center	95,438
Golf	(35,480)
Highway	(53,052)
	<u><u>\$ 1,727,270</u></u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 through 2012 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2010	\$ 5,922,155	31%	\$ 22,530,731
12/31/2011	\$ 5,234,333	49%	\$ 25,185,064
12/31/2012	\$ 4,444,270	61%	\$ 26,912,334

The funded status of the plan as of January 1, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$47,000,157
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$47,000,157</u></u>
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	\$52,176,603
UAAL as a percentage of covered payroll	90%

Funded Status and Funding Progress. Using a January 1, 2012 valuation date, the present value of the County's retiree medical plan actuarial accrued liability for benefits was \$70.316 million. This liability is comprised of the actuarial accrued liability for past service component of \$47.0 million, current service component (normal cost) of \$2.12 million, and future service component of \$21.196 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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, 2012, actuarial valuation, the projected unit credit actuarial cost method was used because this method allocates costs based on each employee's length of service. The County adopted a new Other Post-Employment Benefit Health Insurance Policy with an effective date of January 1, 2013. All of the preceding actuarially determined liability estimates were calculated taking this adoption into consideration.

The County has not established a separate, irrevocable trust to fund the annual OPEB cost. As a result, actuarial assumptions included a 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 July 8, 2013. Events or transactions occurring after December 31, 2012, but prior to July 8, 2013 that provided additional evidence about conditions that existed at December 31, 2012, have been recognized in the financial statements for the year ended December 31, 2012. Events or transactions that provided evidence about conditions that did not exist at December 31, 2012 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, 2012. No events have been noted as subsequent to this report.

REQUIRED SUPPLEMENTARY INFORMATION

KENOSHA COUNTY

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

For the Year Ended December 31, 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Frozen Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/2006	\$ -	\$ 88,242,000	\$ 88,242,000	0%	\$ 48,948,227	180%
01/01/2010	\$ -	\$ 54,685,077	\$ 54,685,077	0%	\$ 51,529,625	106%
01/01/2012	\$ -	\$ 53,005,725	\$ 53,005,725	0%	\$ 50,972,618	104%
01/01/2013	\$ -	\$ 47,000,157	\$ 47,000,157	0%	\$ 52,176,603	90%

SUPPLEMENTARY INFORMATION

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 540,679	\$ 3,677,195	\$ 4,217,874
Receivables			
Property taxes	2,205,652	45,000	2,250,652
Miscellaneous	176,869	43,048	219,917
Due from other governments	1,185,258	548,845	1,734,103
Due from other funds	-	210,516	210,516
Loans receivable	1,124,543	-	1,124,543
TOTAL ASSETS	<u><u>\$ 5,233,001</u></u>	<u><u>\$ 4,524,604</u></u>	<u><u>\$ 9,757,605</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 386,337	\$ 683,384	\$ 1,069,721
Special deposits	21,638	-	21,638
Due to other governments	407,273	50,187	457,460
Due to other funds	350,956	210,516	561,472
Other unearned revenue	328,868	-	328,868
Total Liabilities	<u>1,495,072</u>	<u>944,087</u>	<u>2,439,159</u>
Deferred Inflows of Resources			
Deferred property tax revenue	2,205,652	45,000	2,250,652
Revolving loan fund outstanding loans	1,124,543	-	1,124,543
Total deferred inflows of resources	<u>3,330,195</u>	<u>45,000</u>	<u>3,375,195</u>
Fund Balance			
Committed			
Health Department city contribution share	168,061	-	168,061
Revolving loan fund	225,516	-	225,516
Assigned			
Encumbrances	-	22,902	22,902
Subsequent year expenditures	14,157	3,512,615	3,526,772
Total Fund Balances	<u>407,734</u>	<u>3,535,517</u>	<u>3,943,251</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>\$ 5,233,001</u></u>	<u><u>\$ 4,524,604</u></u>	<u><u>\$ 9,757,605</u></u>

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2012

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and investments	\$ 227,516	\$ -	\$ 300,019	\$ 13,144	\$ 540,679
Receivables					
Property taxes	-	808,934	1,396,718	-	2,205,652
Miscellaneous	-	176,869	-	-	176,869
Due from other governments	-	1,185,258	-	-	1,185,258
Loans receivable	1,124,543	-	-	-	1,124,543
TOTAL ASSETS	\$ 1,352,059	\$ 2,171,061	\$ 1,696,737	\$ 13,144	\$ 5,233,001
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,000	\$ 384,337	\$ -	\$ -	\$ 386,337
Special deposits	-	21,638	-	-	21,638
Due to other governments	-	407,273	-	-	407,273
Due to other funds	-	350,956	-	-	350,956
Other unearned revenue	-	29,862	299,006	-	328,868
Total Liabilities	<u>2,000</u>	<u>1,194,066</u>	<u>299,006</u>	<u>-</u>	<u>1,495,072</u>
Deferred Inflows of Resources					
Deferred property tax revenue	-	808,934	1,396,718	-	2,205,652
Revolving loan fund outstanding loans	1,124,543	-	-	-	1,124,543
Total deferred inflows of resources	<u>1,124,543</u>	<u>808,934</u>	<u>1,396,718</u>	<u>-</u>	<u>3,330,195</u>
Fund Balance					
Committed					
Health Department city contribution share	-	168,061	-	-	168,061
Housing Authority revolving loan fund	225,516	-	-	-	225,516
Assigned					
Subsequent year expenditures	-	-	1,013	13,144	14,157
Total Fund Balances	<u>225,516</u>	<u>168,061</u>	<u>1,013</u>	<u>13,144</u>	<u>407,734</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,352,059	\$ 2,171,061	\$ 1,696,737	\$ 13,144	\$ 5,233,001

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
December 31, 2012

	Parkland Development	Parking Structure	Jail Expansion	Wireless 911
ASSETS				
Cash and investments	\$ -	\$ 10,533	\$ 8,564	\$ -
Property taxes receivable	-	-	-	-
Miscellaneous receivable	-	-	-	-
Due from other governments	265,500	114,322	-	8,777
Due from other funds	-	-	-	-
TOTAL ASSETS	\$ 265,500	\$ 124,855	\$ 8,564	\$ 8,777
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 17,951	\$ 92,530	\$ -	\$ -
Due to other governments	-	-	-	-
Due to other funds	187,944	-	-	8,777
Total Liabilities	205,895	92,530	-	8,777
Deferred Inflows of Resources				
Deferred property tax revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balance				
Assigned				
Encumbrances	-	-	-	-
Subsequent year expenditures	59,605	32,325	8,564	-
Total Fund Balances	59,605	32,325	8,564	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 265,500	\$ 124,855	\$ 8,564	\$ 8,777

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
December 31, 2012

	Public Safety Building Addition	Western County Communication	Courthouse Renovation	Energy Reduction Technology	Broadband/ Public Safety Building
ASSETS					
Cash and investments	\$ 43,620	\$ 91,193	\$ 2,480	\$ 154,288	\$ 69,658
Property taxes receivable	-	-	-	-	-
Miscellaneous receivable	-	16,312	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 43,620</u>	<u>\$ 107,505</u>	<u>\$ 2,480</u>	<u>\$ 154,288</u>	<u>\$ 69,658</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 7,505	\$ 2,480	\$ 81,495	\$ -
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>7,505</u>	<u>2,480</u>	<u>81,495</u>	<u>-</u>
Deferred Inflows of Resources					
Deferred property tax revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance					
Assigned					
Encumbrances	-	-	-	-	-
Subsequent year expenditures	43,620	100,000	-	72,793	69,658
Total Fund Balances	<u>43,620</u>	<u>100,000</u>	<u>-</u>	<u>72,793</u>	<u>69,658</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 43,620</u>	<u>\$ 107,505</u>	<u>\$ 2,480</u>	<u>\$ 154,288</u>	<u>\$ 69,658</u>

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECT FUNDS
December 31, 2012

	HVAC System Replacement	Courthouse/ Molinaro Building Exterior	Other Capital Projects	Total Nonmajor Capital Projects Funds
ASSETS				
Cash and investments	\$ -	\$ 176,253	\$ 3,120,606	\$ 3,677,195
Property taxes receivable	-	-	45,000	45,000
Miscellaneous receivable	26,736	-	-	43,048
Due from other governments	-	-	160,246	548,845
Due from other funds	-	-	210,516	210,516
TOTAL ASSETS	<u>\$ 26,736</u>	<u>\$ 176,253</u>	<u>\$ 3,536,368</u>	<u>\$ 4,524,604</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 34,525	\$ 446,898	\$ 683,384
Due to other governments	-	-	50,187	50,187
Due to other funds	13,795	-	-	210,516
Total Liabilities	<u>13,795</u>	<u>34,525</u>	<u>497,085</u>	<u>944,087</u>
Deferred Inflows of Resources				
Deferred property tax revenue	-	-	45,000	45,000
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>45,000</u>
Fund Balance				
Assigned				
Encumbrances	-	-	22,902	22,902
Subsequent year expenditures	12,941	141,728	2,971,381	3,512,615
Total Fund Balances	<u>12,941</u>	<u>141,728</u>	<u>2,994,283</u>	<u>3,535,517</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,736</u>	<u>\$ 176,253</u>	<u>\$ 3,536,368</u>	<u>\$ 4,524,604</u>

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 2,312,006	\$ 57,235	\$ 2,369,241
Licenses and permits	374,654	-	374,654
Intergovernmental revenues	11,333,947	534,032	11,867,979
Charges for services	1,690,300	58,400	1,748,700
Investment income	1,067	-	1,067
Miscellaneous income	167,073	591,819	758,892
Total Revenues	<u>15,879,047</u>	<u>1,241,486</u>	<u>17,120,533</u>
EXPENDITURES			
Current			
Health	7,172,979	-	7,172,979
Public Safety	4,383,825	-	4,383,825
Education and recreation	1,879,612	-	1,879,612
Conservation and development	142,216	-	142,216
Capital Outlay	160,856	7,132,117	7,292,973
Debt Service			
Interest, fiscal charges and debt issuance costs	-	83,879	83,879
Total Expenditures	<u>13,739,488</u>	<u>7,215,996</u>	<u>20,955,484</u>
Excess (deficiency) of revenues over expenditures	2,139,559	(5,974,510)	(3,834,951)
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	15,219,000	15,219,000
Premium on issuance of debt	-	26,775	26,775
Transfers in	170,501	301,907	472,408
Transfers out	(1,965,068)	(7,353,944)	(9,319,012)
Total Other Financing Sources (Uses)	<u>(1,794,567)</u>	<u>8,193,738</u>	<u>6,399,171</u>
Net change in fund balance	344,992	2,219,228	2,564,220
FUND BALANCES			
Beginning of year (restated) See Note IV.I.	<u>62,742</u>	<u>1,316,289</u>	<u>1,379,031</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 407,734</u></u>	<u><u>\$ 3,535,517</u></u>	<u><u>\$ 3,943,251</u></u>

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2012

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Federal Inmate	Total Nonmajor Special Revenue Funds
REVENUES						
Taxes	\$ -	\$ 918,869	\$ 1,393,137	\$ -	\$ -	\$ 2,312,006
Licenses and permits	-	374,654	-	-	-	374,654
Intergovernmental revenues	18,891	4,614,837	486,475	65,523	6,148,221	11,333,947
Charges for services	-	1,664,301	-	25,999	-	1,690,300
Investment income	1,067	-	-	-	-	1,067
Miscellaneous income	87,327	79,746	-	-	-	167,073
Total Revenues	<u>107,285</u>	<u>7,652,407</u>	<u>1,879,612</u>	<u>91,522</u>	<u>6,148,221</u>	<u>15,879,047</u>
EXPENDITURES						
Current						
Health	-	7,172,979	-	-	-	7,172,979
Public Safety	-	-	-	-	4,383,825	4,383,825
Education and recreation	-	-	1,879,612	-	-	1,879,612
Conservation and development	51,043	-	-	91,173	-	142,216
Capital Outlay	50,160	110,696	-	-	-	160,856
Total Expenditures	<u>101,203</u>	<u>7,283,675</u>	<u>1,879,612</u>	<u>91,173</u>	<u>4,383,825</u>	<u>13,739,488</u>
Excess (deficiency) of revenues over expenditures	6,082	368,732	-	349	1,764,396	2,139,559
OTHER FINANCING SOURCES (USES)						
Transfers in	-	170,501	-	-	-	170,501
Transfers out	-	(200,672)	-	-	(1,764,396)	(1,965,068)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(30,171)</u>	<u>-</u>	<u>-</u>	<u>(1,764,396)</u>	<u>(1,794,567)</u>
Net change in fund balance	6,082	338,561	-	349	-	344,992
FUND BALANCES						
Beginning of year (restated See Note IV.I.)	<u>219,434</u>	<u>(170,500)</u>	<u>1,013</u>	<u>12,795</u>	<u>-</u>	<u>62,742</u>
FUND BALANCES - END OF YEAR	<u>\$ 225,516</u>	<u>\$ 168,061</u>	<u>\$ 1,013</u>	<u>\$ 13,144</u>	<u>\$ -</u>	<u>\$ 407,734</u>

KENOSHA COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
 For the Year Ended December 31, 2012

	Parkland Development	Parking Structure	Jail Expansion	Bike Trail
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	114,322	-	-
Charges for services	600	-	-	-
Miscellaneous income	340,500	-	-	-
Total Revenues	<u>341,100</u>	<u>114,322</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital Outlay	928,562	127,024	-	-
Debt Service				
Interest, fiscal charges and debt issuance costs	-	-	-	-
Total Expenditures	<u>928,562</u>	<u>127,024</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(587,462)	(12,702)	-	-
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	-	-	-
Premium on issuance of debt	-	-	-	-
Transfers in	-	23,868	-	-
Transfers out	-	-	-	(7,717)
Total Other Financing Sources (Uses)	<u>-</u>	<u>23,868</u>	<u>-</u>	<u>(7,717)</u>
Net change in fund balance	(587,462)	11,166	-	(7,717)
FUND BALANCES				
Beginning of year	<u>647,067</u>	<u>21,159</u>	<u>8,564</u>	<u>7,717</u>
FUND BALANCES - END OF YEAR	<u>\$ 59,605</u>	<u>\$ 32,325</u>	<u>\$ 8,564</u>	<u>\$ -</u>

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2012

	Public Safety Building Addition	Western County Communication	Courthouse Renovation	Energy Reduction Technology	Broadband/ Public Safety Building
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous income	-	16,312	-	-	-
Total Revenues	-	16,312	-	-	-
EXPENDITURES					
Capital Outlay	90,830	16,312	63,902	292,051	322,622
Debt Service					
Interest, fiscal charges and debt issuance costs	-	-	-	-	-
Total Expenditures	90,830	16,312	63,902	292,051	322,622
Excess (deficiency) of revenues over expenditures	(90,830)	-	(63,902)	(292,051)	(322,622)
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-
Transfers in	-	60,000	-	51,361	-
Transfers out	(8,000)	-	(6,433)	-	-
Total Other Financing Sources (Uses)	(8,000)	60,000	(6,433)	51,361	-
Net change in fund balance	(98,830)	60,000	(70,335)	(240,690)	(322,622)
FUND BALANCES					
Beginning of year	142,450	40,000	70,335	313,483	392,280
FUND BALANCES - END OF YEAR	\$ 43,620	\$ 100,000	\$ -	\$ 72,793	\$ 69,658

KENOSHA COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
 For the Year Ended December 31, 2012

	HVAC System Replacement	Courthouse/ Molinaro Building Exterior	Other Capital Projects	Total Nonmajor Capital Projects Funds
REVENUES				
Taxes	\$ -	\$ -	\$ 57,235	\$ 57,235
Intergovernmental revenues	-	-	419,710	534,032
Charges for services	-	-	57,800	58,400
Miscellaneous income	-	-	235,007	591,819
Total Revenues	-	-	769,752	1,241,486
EXPENDITURES				
Capital Outlay	216,884	98,843	4,975,087	7,132,117
Debt Service				
Interest, fiscal charges and debt issuance costs	-	83,879	-	83,879
Total Expenditures	216,884	182,722	4,975,087	7,215,996
Excess (deficiency) of revenues over expenditures	(216,884)	(182,722)	(4,205,335)	(5,974,510)
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	2,805,000	12,414,000	15,219,000
Premium on issuance of debt	-	26,775	-	26,775
Transfers in	-	6,432	160,246	301,907
Transfers out	-	-	(7,331,794)	(7,353,944)
Total Other Financing Sources (Uses)	-	2,838,207	5,242,452	8,193,738
Net change in fund balance	(216,884)	2,655,485	1,037,117	2,219,228
FUND BALANCES				
Beginning of year	229,825	(2,513,757)	1,957,166	1,316,289
FUND BALANCES - END OF YEAR	\$ 12,941	\$ 141,728	\$ 2,994,283	\$ 3,535,517

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KENOSHA COUNTY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2012

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ -	\$ 1,032,387	\$ 1,977,868	\$ -	\$ 3,010,255
Accounts receivable	-	46,855	-	133,431	180,286
Property taxes receivable	-	1,617,025	-	-	1,617,025
Due from other funds	-	2,118,240	-	-	2,118,240
Prepaid items	-	10,637	-	-	10,637
Total current assets	-	4,825,144	1,977,868	133,431	6,936,443
Noncurrent assets					
Restricted cash and investments	-	-	-	533,767	533,767
Deposit in WMMIC	-	-	-	1,157,860	1,157,860
Capital assets					
Land	682,623	-	-	-	682,623
Buildings and improvements	7,328,236	-	-	-	7,328,236
Machinery and equipment	619,623	-	-	-	619,623
Accumulated depreciation	(4,923,456)	-	-	-	(4,923,456)
Total capital assets	3,707,026	-	-	-	3,707,026
Total noncurrent assets	3,707,026	-	-	1,691,627	5,398,653
Total Assets	3,707,026	4,825,144	1,977,868	1,825,058	12,335,096
LIABILITIES					
Current liabilities					
Accounts payable	87,696	315,324	8,096	16,231	427,347
Claims payable	-	1,386,000	1,969,771	563,417	3,919,188
Due to other funds	872,830	-	-	1,245,410	2,118,240
Other current liabilities	-	6,794	-	-	6,794
Current portion of long-term debt payable	13,706	-	-	-	13,706
Total current liabilities	974,232	1,708,118	1,977,867	1,825,058	6,485,275
Total Liabilities	974,232	1,708,118	1,977,867	1,825,058	6,485,275
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax revenue	-	1,617,025	-	-	1,617,025
Total deferred inflows of resources	-	1,617,025	-	-	1,617,025
NET POSITION					
Net investment in capital assets	3,662,330	-	-	-	3,662,330
Unrestricted (deficit)	(929,536)	1,500,001	1	-	570,466
Total Net Position	\$ 2,732,794	\$ 1,500,001	\$ 1	\$ -	\$ 4,232,796

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
OPERATING REVENUES					
Charges for services	\$ 1,980,350	\$ 20,834,303	\$ 919,279	\$ 227,247	\$ 23,961,179
Total Operating Revenues	<u>1,980,350</u>	<u>20,834,303</u>	<u>919,279</u>	<u>227,247</u>	<u>23,961,179</u>
OPERATING EXPENSES					
Operations and maintenance	1,544,094	22,130,851	932,640	374,855	24,982,440
Depreciation and amortization	488,269	-	-	-	488,269
Total Operating Expenses	<u>2,032,363</u>	<u>22,130,851</u>	<u>932,640</u>	<u>374,855</u>	<u>25,470,709</u>
Operating Income (loss)	(52,013)	(1,296,548)	(13,361)	(147,608)	(1,509,530)
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	(200,000)	1,296,548	-	-	1,096,548
Investment income	-	-	13,361	14,177	27,538
Miscellaneous Income	-	-	-	133,431	133,431
Interest and fiscal charges	(13,758)	-	-	-	(13,758)
Total Non-operating Revenues (Expenses)	<u>(213,758)</u>	<u>1,296,548</u>	<u>13,361</u>	<u>147,608</u>	<u>1,243,759</u>
Income (Loss) Before Transfers	(265,771)	-	-	-	(265,771)
TRANSFERS					
Transfers in	49,000	-	-	-	49,000
Transfers out	(2,641)	-	-	-	(2,641)
	<u>46,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,359</u>
Change in net position	(219,412)	-	-	-	(219,412)
Total net position at the beginning of year	<u>2,952,206</u>	<u>1,500,001</u>	<u>1</u>	<u>-</u>	<u>4,452,208</u>
Total net position at end of year	<u>\$ 2,732,794</u>	<u>\$ 1,500,001</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 4,232,796</u>

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 1,980,350	\$ 20,749,128	\$ 919,279	\$ 212,734	\$ 23,861,491
Paid to suppliers for goods and services	(1,719,714)	(22,273,415)	(1,165,827)	(337,224)	(25,496,180)
Cash Flows from Operating Activities	<u>260,636</u>	<u>(1,524,287)</u>	<u>(246,548)</u>	<u>(124,490)</u>	<u>(1,634,689)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	(200,000)	1,296,548	-	-	1,096,548
Miscellaneous income	-	-	-	133,431	133,431
Transfers	(2,641)	-	-	-	(2,641)
Cash Flows from Noncapital Financing Activities	<u>(202,641)</u>	<u>1,296,548</u>	<u>-</u>	<u>133,431</u>	<u>1,227,338</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(62,247)	-	-	-	(62,247)
Interest paid	(13,758)	-	-	-	(13,758)
Acquisition and construction of capital assets	(30,990)	-	-	-	(30,990)
Transfers	49,000	-	-	-	49,000
Cash Flows from Capital and Related Financing Activities	<u>(57,995)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,995)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit to WMMIC restricted cash	-	-	-	(23,118)	(23,118)
Investment income	-	-	13,361	14,177	27,538
Cash Flows from Investing Activities	<u>-</u>	<u>-</u>	<u>13,361</u>	<u>(8,941)</u>	<u>4,420</u>
Net Change in Cash and Cash Equivalents	-	(227,739)	(233,187)	-	(460,926)
Cash and Cash Equivalents - Beginning of Year	-	1,260,126	2,211,055	-	3,471,181
Cash and Cash Equivalents - End of Year	<u>\$ -</u>	<u>\$ 1,032,387</u>	<u>\$ 1,977,868</u>	<u>\$ -</u>	<u>\$ 3,010,255</u>

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (52,013)	\$ (1,296,548)	\$ (13,361)	\$ (147,608)	\$ (1,509,530)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:					
Non-cash items included in operating income:					
Depreciation expense	488,269	-	-	-	488,269
Changes in assets and liabilities:					
Accounts receivable	-	3,368	-	(14,513)	(11,145)
Due from other funds	-	(88,542)	-	-	(88,542)
Prepaid items	-	27,199	-	-	27,199
Accounts payable	13,402	(233,255)	8,097	(71,561)	(283,317)
Claims payable	-	63,491	(241,284)	(168,372)	(346,165)
Due to other funds	(189,022)	-	-	277,564	88,542
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 260,636</u></u>	<u><u>\$ (1,524,287)</u></u>	<u><u>\$ (246,548)</u></u>	<u><u>\$ (124,490)</u></u>	<u><u>\$ (1,634,689)</u></u>
Noncash investing, capital and financing activities:					
None					

KENOSHA COUNTY
COMBINING BALANCE SHEET - AGENCY FUNDS
December 31, 2012

	Agency				
	Clerk of Courts	Child Support	Social Services	Other Agency Funds	Totals
ASSETS					
Cash and temporary cash investments	\$ 2,269,919	\$ 140,354	\$ 27,413	\$ 1,012,389	\$ 3,450,075
Miscellaneous receivables	268,996	-	-	-	268,996
Total Assets	<u>\$ 2,538,915</u>	<u>\$ 140,354</u>	<u>\$ 27,413</u>	<u>\$ 1,012,389</u>	<u>\$ 3,719,071</u>
LIABILITIES					
Other accrued liabilities	\$ 2,538,915	\$ 140,354	\$ 27,413	\$ 1,012,389	\$ 3,719,071
Total Liabilities	<u>\$ 2,538,915</u>	<u>\$ 140,354</u>	<u>\$ 27,413</u>	<u>\$ 1,012,389</u>	<u>\$ 3,719,071</u>

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

For the Year Ended December 31, 2012

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
<u>Clerk of Courts</u>				
Assets:				
Cash and temporary cash investments	\$ 2,073,974	\$ 11,928,233	\$ 11,732,288	\$ 2,269,919
Miscellaneous receivables	303,022	877,250	911,276	268,996
Total Assets	<u>\$ 2,376,996</u>	<u>\$ 12,805,483</u>	<u>\$ 12,643,564</u>	<u>\$ 2,538,915</u>
Liabilities:				
Other accrued liabilities	\$ 2,376,996	\$ 12,805,483	\$ 12,643,564	\$ 2,538,915
Total Liabilities	<u>\$ 2,376,996</u>	<u>\$ 12,805,483</u>	<u>\$ 12,643,564</u>	<u>\$ 2,538,915</u>
<u>Child Support</u>				
Assets:				
Cash and temporary cash investments	\$ 140,354	\$ -	\$ -	\$ 140,354
Total Assets	<u>\$ 140,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,354</u>
Liabilities:				
Other accrued liabilities	\$ 140,354	\$ -	\$ -	\$ 140,354
Total Liabilities	<u>\$ 140,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,354</u>
<u>Social Services</u>				
Assets:				
Cash and temporary cash investments	\$ 44,005	\$ -	\$ 16,592	\$ 27,413
Total Assets	<u>\$ 44,005</u>	<u>\$ -</u>	<u>\$ 16,592</u>	<u>\$ 27,413</u>
Liabilities:				
Other accrued liabilities	\$ 44,005	\$ -	\$ 16,592	\$ 27,413
Total Liabilities	<u>\$ 44,005</u>	<u>\$ -</u>	<u>\$ 16,592</u>	<u>\$ 27,413</u>
<u>Other</u>				
Assets:				
Cash and temporary cash investments	\$ 1,010,163	\$ 1,952,797	\$ 1,950,571	\$ 1,012,389
Total Assets	<u>\$ 1,010,163</u>	<u>\$ 1,952,797</u>	<u>\$ 1,950,571</u>	<u>\$ 1,012,389</u>
Liabilities:				
Other accrued liabilities	\$ 1,010,163	\$ 1,952,797	\$ 1,950,571	\$ 1,012,389
Total Liabilities	<u>\$ 1,010,163</u>	<u>\$ 1,952,797</u>	<u>\$ 1,950,571</u>	<u>\$ 1,012,389</u>
<u>Total</u>				
Assets:				
Cash and temporary cash investments	\$ 3,268,496	\$ 13,881,030	\$ 13,699,451	\$ 3,450,075
Miscellaneous receivables	303,022	877,250	911,276	268,996
Total Assets	<u>\$ 3,571,518</u>	<u>\$ 14,758,280</u>	<u>\$ 14,610,727</u>	<u>\$ 3,719,071</u>
Liabilities:				
Other accrued liabilities	\$ 3,571,518	\$ 14,758,280	\$ 14,610,727	\$ 3,719,071
Total Liabilities	<u>\$ 3,571,518</u>	<u>\$ 14,758,280</u>	<u>\$ 14,610,727</u>	<u>\$ 3,719,071</u>

**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**

Independent Auditors' Report

To the County Board of Supervisors
Kenosha County
Kenosha, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Kenosha County, Wisconsin's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated July 8, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
July 8, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Independent Auditors' Report

To the County Board of Supervisors
Kenosha County
Kenosha, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Kenosha County, Wisconsin's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Kenosha County, Wisconsin's major federal and state programs for the year ended December 31, 2012. Kenosha County, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, Kenosha County, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Kenosha County, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kenosha County, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kenosha County, Wisconsin's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the State Single Audit Guidelines. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants
Green Bay, Wisconsin
July 29, 2013, except for the Schedules of
Expenditures of Federal Awards and State
Financial Assistance as to which the date is
July 8, 2013

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Expenditures	
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
FEDERAL PROGRAMS										
U. S. Department of Agriculture										
SNAP Cluster										
State Administration Matching Grants for Food Stamp Program	10.561	DHS	no identifier	\$ (747,617)	\$ -	\$ 2,332,002	\$ 498,968	\$ 2,083,353	\$ 2,083,353	
Total SNAP Cluster				(747,617)	-	2,332,002	498,968	2,083,353	2,083,353	
Special Supplemental Food Program for Women, Infants, and Children	10.557	DHS	no identifier	(18,271)	-	802,074	70,887	854,690	854,690	
WIC Farmers Market Grant	10.572	DHS	no identifier	-	-	457	38	495	495	
Total U.S. Department of Agriculture				(765,888)	-	3,134,533	569,893	2,938,538	2,938,538	
U.S. Department of Housing and Urban Development										
CDBG - State Administered CDBG Cluster										
Community Development Block Grant/State's Program	14.228	COMM	EAP #07-11	(181,856)	-	200,747	-	18,891	18,891	
Total CDBG - State Administered CDBG Cluster				(181,856)	-	200,747	-	18,891	18,891	
Lead Hazard Reduction Demonstration Grant	14.905	NA	WILHD0156-09	(87,474)	-	1,633,979	267,618	1,814,123	1,814,123	
Lead Hazard Reduction Demonstration Grant	14.905	NA	WILHB0535-12	-	-	21,486	8,372	29,858	29,858	
Total Lead Hazard Reduction Demonstration Grant				(87,474)	-	1,655,465	275,990	1,843,981	1,843,981	
Healthy Homes Demonstration Grant - ARRA	14.908	NA	WILHH0180-08	(24,136)	-	83,222	-	59,086	59,086	
Total U.S. Department of Housing and Urban Development				(293,466)	-	1,939,434	275,990	1,921,958	1,921,958	
U.S. Department of the Interior										
Direct Funding										
Great Lakes Restoration	15.662	NA	0501.12.031884	-	-	-	150,000	150,000	150,000	
Total U.S. Department of the Interior				-	-	-	150,000	150,000	150,000	
U.S. Department of Justice										
Direct Funding										
Drug Court Discretionary Grant Program	16.585	NA	2010-DC-BX-0067	(23,321)	-	128,777	32,379	137,835	137,835	
State Criminal Alien Assistance Program	16.606	NA	2011-AP-BX-0563	-	-	36,815	-	36,815	36,815	
Organized Crime Drug Enforcement Task Forces	16.XXX	NA	GL-WIE-0165	(967)	-	1,332	-	365	365	
Paul Coverdell Forensic Sciences & Improvement Grant	16.742	NA	2011-CD-BX-0080	(875)	-	157,632	8,716	165,473	165,473	
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	NA	BJA-2011-2861	(8,795)	-	17,734	-	8,939	8,939	

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Expenditures
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
FEDERAL PROGRAMS continued									
U.S. Department of Justice continued									
Cease Grant	16.595	DOJ	WI Approp #100.241	-	-	2,255	1,152	3,407	3,407
High Intensity Drug Trafficking Area (HDTA)	16.XXX	NA	G10ML0008A	(4,111)	-	4,111	-	-	-
High Intensity Drug Trafficking Area (HDTA)	16.XXX	NA	G11ML0008A	(4,104)	-	13,211	-	9,107	9,107
High Intensity Drug Trafficking Area (HDTA)	16.XXX	NA	G12ML0008A	-	-	13,528	5,737	19,265	19,265
Total High Intensity Drug Trafficking Area (HDTA)				(8,215)	-	30,850	5,737	28,372	28,372
JAG Program Cluster									
Edward Byrne Memorial Justice Assistance Grant	16.738	C/Kenosha	2010-DJ-BX-0678	(4,425)	-	4,425	-	-	-
Edward Byrne Memorial Justice Assistance Grant	16.738	C/Kenosha	2011-DJ-BX-2847	(14,207)	-	14,938	2,560	3,291	3,291
Edward Byrne Memorial Justice Assistance Grant	16.738	C/Kenosha	2012-DJ-BX-0882	-	-	-	14,420	14,420	14,420
Edward Byrne Memorial Justice Assistance Grant	16.738	DOA	2009-DJ-01-9593	-	-	-	35,493	35,493	35,493
Edward Byrne Memorial Justice Assistance Grant	16.738	Walworth Co	2010-DJ-01-8386	(12,478)	-	26,972	16,771	31,265	31,265
Recovery Act - Edward Byrne Memorial JAG / Grants to States and Territories	16.803	DOA	2009-DS-06-8070	-	-	-	13,600	13,600	13,600
Edward Byrne Memorial Justice Assistance Grant-ARRA	16.804	C/Kenosha	#2009-SB-B9-3042	(478)	-	478	-	-	-
Total JAG Program Cluster				(31,588)	-	46,813	82,844	98,069	98,069
Juvenile Accountability Incentive Block Grant									
Juvenile Accountability Incentive Block Grant	16.523	DOA	2007-JB-11-3546	(4,418)	-	4,418	-	-	-
Juvenile Accountability Incentive Block Grant	16.523	DOA	2010-JB-11-8957	-	-	8,837	-	8,837	8,837
Juvenile Accountability Incentive Block Grant	16.523	DOA	2011-JB-11-9566	-	-	3,460	3,460	6,920	6,920
Part E - Developing, Testing and Demonstrating Promising New Programs									
STOP Violence Against Women Formula Grants - ARRA	16.541	DOA	2009-DM-01-8256	(6,400)	-	23,989	-	17,589	17,589
STOP Violence Against Women Formula Grants - ARRA	16.588	DOA	2009-SVR-02B-7690	(14,092)	-	21,365	-	7,273	7,273
Total U.S. Department of Justice				(98,671)	-	484,277	134,288	519,894	519,894
U.S. Department of Labor									
WIA Program Cluster									
WIA Adult Program	17.258	DWD	no identifier	(213,645)	-	935,789	141,829	863,973	863,973
WIA Youth Activities	17.259	DWD	no identifier	(209,249)	-	1,051,792	168,157	1,010,700	1,010,700
WIA Dislocated Workers	17.260	DWD	no identifier	(165,825)	-	266,327	24,337	124,839	124,839
WIA NEG Program - ARRA	17.260	DWD	no identifier	(55,193)	-	55,193	-	-	-
WIA NEG OJT - ARRA	17.260	DWD	no identifier	(51,506)	-	128,672	-	77,166	77,166
WIA Dislocated Worker Formula Grants	17.278	DWD	no identifier	-	(18,853)	794,650	180,051	955,848	955,848
Total WIA Program Cluster				(695,418)	(18,853)	3,232,423	514,374	3,032,526	3,032,526

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
FEDERAL PROGRAMS continued										
U.S. Department of Labor continued										
Program of Competitive Grants for Worker Training and Placement in High Growth & Emerging Industry Sectors - ARRA	17.275	MAWIB	SAGE - MAWIB	(7,906)	-	108,373	15,914	116,381	116,381	
WIA National Emergency Grants	17.277	DWD	NEG Chrysler	(78,884)	-	441,509	160,317	522,942	522,942	
Workforce Innovation Fund	17.283	WDBSCW	no identifier	-	-	-	1,682	1,682	1,682	
Total U.S. Department of Labor				(782,208)	(18,853)	3,782,305	692,287	3,673,531	3,673,531	
U.S. Department of Transportation										
Highway Planning and Construction Cluster										
Highway Planning and Construction	20.205	DOT	no identifier	-	-	-	114,322	114,322	114,322	
Recreational Trails Program	20.219	DNR	S-ADLP3-1085	(30,000)	-	30,000	-	-	-	
Recreational Trails Program	20.219	DNR	S-ADLP3-1089	(30,000)	-	30,000	-	-	-	
Recreational Trails Program	20.219	DNR	S-ADLP3-1090	(30,000)	-	30,000	-	-	-	
Recreational Trails Program	20.219	DNR	S-ADLP3-1091	(30,000)	-	30,000	-	-	-	
Recreational Trails Program	20.219	DNR	S-ADLP3	-	-	-	45,000	45,000	45,000	
Total Highway Planning and Construction Cluster				(120,000)	-	120,000	159,322	159,322	159,322	
Maglev Project Selection Program - SAFETEA-LU	20.318	DOT	no identifier	(241,593)	-	549,284	117,645	425,336	425,336	
Formula Grants for Other Than Urbanized Areas	20.509	DOT	no identifier	(86,393)	2,893	134,847	27,266	78,613	78,613	
Transit Services Programs Cluster										
New Freedom Program	20.521	DOT	no identifier	(1,788)	-	33,670	18,450	50,332	50,332	
Total Transit Services Programs Cluster				(1,788)	-	33,670	18,450	50,332	50,332	
Highway Safety Cluster										
State and Community Highway Safety	20.600	DOT	035-01-92	(22,136)	-	79,959	21,123	78,946	78,946	
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	20.601	DOT	no identifier	(11,415)	-	65,860	11,574	66,019	66,019	
Child Safety and Child Booster Seats Incentive Grants	20.613	DOT	2012-Kenosha-968	-	-	3,964	-	3,964	3,964	
Total Highway Safety Cluster				(33,551)	-	149,783	32,697	148,929	148,929	
Total U.S. Department of Transportation				(483,325)	2,893	987,584	355,380	862,532	862,532	

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
FEDERAL PROGRAMS continued										
U.S. Environmental Protection Agency										
Beach Monitoring and Notification Program Implementation Grants	66.472	DNR	NMB00000939	-	-	7,495	-	7,495	7,495	
Indoor Radon Contract Service	66.032	DHS	no identifier	-	-	8,020	86	8,106	8,106	
Total U.S. Environmental Protection Agency				-	-	15,515	86	15,601	15,601	
U. S. Department of Energy										
Energy Efficiency and Conservation Block Grant - ARRA	81.128	COMM	DE-EE0000946	(225,000)	-	225,000	-	-	-	
Total U.S. Department of Energy				(225,000)	-	225,000	-	-	-	
U. S. Department of Education										
Fund for the Improvement of Postsecondary Education	84.116	GTC	HEAL	-	-	7,570	2,821	10,391	10,391	
Early Intervention Services (IDEA) Cluster										
Special Education - Grants for Infants and Families	84.181	DHS	no identifier	-	-	150,280	-	150,280	150,280	
Total Early Intervention Services (IDEA) Cluster				-	-	150,280	-	150,280	150,280	
Total U.S. Department of Education				-	-	157,850	2,821	160,671	160,671	
U. S. Department of Health and Human Services										
Public Health Emergency Preparedness	93.069	DHS	no identifier	(42,723)	-	153,082	26,655	137,014	137,014	
ACA Health Profession Opportunity Grants	93.093	GTC	no identifier	-	-	-	3,168	3,168	3,168	
ACA Health Profession Opportunity Grants	93.093	MAWIB	no identifier	-	-	31,328	26,288	57,616	57,616	
Immunization Cluster										
Immunization Grants	93.268	DHS	no identifier	-	-	45,453	-	45,453	45,453	
Total Immunization Cluster				-	-	45,453	-	45,453	45,453	
ACA Home Visiting Program	93.505	DWD	no identifier	-	-	300,998	142,374	443,372	443,372	
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507	DHS	no identifier	-	-	61,578	4,966	66,544	66,544	
Promoting Safe and Stable Families	93.556	DWD	no identifier	-	-	61,800	-	61,800	61,800	

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Expenditures
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
FEDERAL PROGRAMS continued									
U.S. Department of Health and Human Services continued									
TANF Cluster									
Block Grants for Temporary Assist for Needy Families	93.558	DWD	no identifier	(249,321)	-	3,011,727	171,272	2,933,678	2,933,678
Block Grants for Temporary Assist for Needy Families	93.558	DCF	no identifier	-	-	406,727	13,847	420,574	420,574
Total TANF Cluster				(249,321)	-	3,418,454	185,119	3,354,252	3,354,252
Child Support Enforcement	93.563	DCF	no identifier	(840,761)	-	3,390,602	868,448	3,418,289	3,418,289
Low Income Home Energy Assistance Block Grant	93.568	DOA	no identifier	(46,350)	-	240,771	54,399	248,820	248,820
Community-Based Child Abuse Prevention Grants	93.590	DWD	no identifier	-	-	145,627	-	145,627	145,627
CCDF Cluster									
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DWD	no identifier	(62,436)	-	1,197,409	108,597	1,243,570	1,243,570
Total CCDF Cluster				(62,436)	-	1,197,409	108,597	1,243,570	1,243,570
Social Services Block Grant	93.667	DHS	no identifier	-	-	718,461	7,096	725,557	725,557
Social Services Block Grant	93.667	DHS	no identifier	(229)	-	6,857	(425)	6,203	6,203
Social Services Block Grant	93.667	DWD	no identifier	-	-	280,166	-	280,166	280,166
Total Social Services Block Grant				(229)	-	1,005,484	6,671	1,011,926	1,011,926
Chafee Education and Training Vouchers Program	93.599	DWD	no identifier	-	-	9,700	6,999	16,699	16,699
Child Welfare Services Grant - State Grants	93.645	DWD	no identifier	-	-	633,544	-	633,544	633,544
Foster Care Title - IV-E	93.658	DWD	no identifier	(16,428)	-	200,728	16,334	200,634	200,634
Chafee Foster Care Independence Program	93.674	DCF	no identifier	(5,460)	-	93,234	-	87,774	87,774
Block Grants for Community Mental Health Services	93.958	DHS	no identifier	(38,937)	-	180,461	-	141,524	141,524
Maternal and Child Health Services Block Grant	93.994	DHS	no identifier	-	-	168,037	12,283	180,320	180,320
Children's Health Insurance Program	93.767	DHS	no identifier	(89,506)	-	321,385	59,210	291,089	291,089
HIV Care Formula Grants	93.917	DHS	no identifier	(10,000)	-	20,138	2,862	13,000	13,000
Medicaid Cluster									
Medical Assistance Program	93.778	DHS	no identifier	(715,831)	-	1,178,037	145,291	607,497	607,497
Medical Assistance Program	93.778	DHS	no identifier	-	-	1,647,583	426,884	2,074,467	2,074,467
Medical Assistance Program	93.778	DHS	no identifier	-	-	50,242	18,135	68,377	68,377
Medical Assistance Program	93.778	DHS	TPA-CLTS	-	-	1,251,854	-	1,251,854	1,251,854
Medical Assistance Program - WIMCR	93.778	DHS	no identifier	-	-	90,887	-	90,887	90,887
Total Medicaid Cluster				(715,831)	-	4,218,603	590,310	4,093,082	4,093,082

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency/ Program Title	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Total Revenues	Expenditures
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
FEDERAL PROGRAMS continued										
U.S. Department of Health and Human Services continued										
Block Grants for Prevention & Treat. of Substance Abuse	93.959	DHS	CARS	(4,652)	-	738,830	6,952	741,130	741,130	
Block Grants for Prevention & Treat. of Substance Abuse	93.959	DCF	CORe	-	-	90,379	1,574	91,953	91,953	
Total Block Grants for Prevention and Treatment of Substance Abuse				(4,652)	-	829,209	8,526	833,083	833,083	
Special Programs for the Aging										
Title III, Part D - Preventive Health	93.043	GWAAR	no identifier	(5,250)	-	12,902	3,812	11,464	11,464	
Title IV and Title II - Discretionary Projects	93.048	GWAAR	no identifier	(27,307)	-	139,581	-	112,274	112,274	
Title III, Part E - National Family Support	93.052	GWAAR	no identifier	(13,769)	-	66,618	3,252	56,101	56,101	
Social Services Block Grant	93.667	GWAAR	Nutrition Svc	-	-	4,398	232	4,630	4,630	
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518	GWAAR	MIPPA	-	-	9,081	-	9,081	9,081	
CMS Research, Demonstrations, and Evaluations	93.779	GWAAR	MIPPA	-	-	5,640	-	5,640	5,640	
CMS Research, Demonstrations, and Evaluations	93.779	GWAAR	SHIP	-	-	13,300	-	13,300	13,300	
CMS Research, Demonstrations, and Evaluations	93.779	GWAAR	Nutrition Svc	-	-	65,184	3,441	68,625	68,625	
Aging Cluster										
Title III, Part B - Grants for Supportive Services	93.044	GWAAR	no identifier	(6,744)	-	119,878	1,343	114,477	114,477	
Title III, Part C - Nutrition Services	93.045	GWAAR	no identifier	(24,349)	-	163,932	6,987	146,570	146,570	
Nutritional Services Incentive program	93.053	GWAAR	no identifier	-	-	51,429	-	51,429	51,429	
Total Aging Cluster				(31,093)	-	335,239	8,330	312,476	312,476	
Total U.S. Department of Health and Human Services				(2,200,053)	-	17,379,568	2,142,276	17,321,791	17,321,791	
U. S. Department of Homeland Security										
Disaster Grants - Public Assistance	97.036	DMA	no identifier	(60,366)	(18,587)	78,953	-	-	-	
Hazard Mitigation Grant Program	97.039	DMA	FEMA 1768-DR	(70,752)	(186)	70,938	-	-	-	
Emergency Management Performance Grants	97.042	DMA	no identifier	(70,200)	-	92,470	58,421	80,691	80,691	
Homeland Security Cluster										
Homeland Security Grant Program	97.067	DMA	no identifier	-	-	5,950	-	5,950	5,950	
Homeland Security Grant Program	97.067	DOA	2010-HS-02A-9404	-	-	12,978	-	12,978	12,978	
Homeland Security Grant Program	97.067	DOA	09-HS-05-8901	(12,019)	-	12,019	-	-	-	
Total Homeland Security Cluster				(12,019)	-	30,947	-	18,928	18,928	
Total U.S. Department of Homeland Security				(213,337)	(18,773)	273,308	58,421	99,619	99,619	
TOTAL FEDERAL PROGRAMS				\$ (5,061,948)	\$ (34,733)	\$28,379,374	\$ 4,381,442	\$27,664,135	\$27,664,135	

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Total Revenues	Expenditures
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance			
STATE PROGRAMS								
Wisconsin Department of Agriculture, Trade, and Consumer Protection								
County Staff and Support	115.150	\$ (54,175)	\$ -	\$ 158,297	\$ 25,398	\$ 129,520	\$ 129,520	
Land and Water Resource Management	115.400	(21,960)	-	54,432	33,051	65,523	65,523	
Total Wisconsin Department of Agriculture,and Consumer Protection		(76,135)	-	212,729	58,449	195,043	195,043	
Wisconsin Department of Public Instruction								
Public Library Systems Aid	255.002	299,006	-	398,675	(299,006)	398,675	398,675	
Wisconsin Department of Natural Resources								
Dam Maintenance, Repair, Modification, Abandonment, and Removal	s31.385	-	-	-	42,843	42,843	42,843	
Recreational Trail Aids - S-ADLP3-1085	370.421	(74,650)	-	74,650	-	-	-	
Recreational Trail Aids - S-ADLP3-1089	370.421	(44,185)	-	-	66,353	22,168	22,168	
Recreational Trail Aids - S-ADLP3-1090	370.421	(42,642)	-	-	60,747	18,105	18,105	
Recreational Trail Aids - S-ADLP3-1091	370.421	(98,710)	-	-	124,024	25,314	25,314	
Recreational Trail Aids - S-ADLP3	370.421	-	-	-	115,246	115,246	115,246	
Recreational Trail Aids - S-ADLP3	370.421	-	-	-	265,500	265,500	265,500	
Snowmobile Enforcement	370.485	-	-	3,749	-	3,749	3,749	
Recreational Aids - Snowmobile Trail and Area	370.485	-	-	19,225	-	19,225	19,225	
All Terrain Vehicle Enforcement	370.485	-	-	4,048	-	4,048	4,048	
Boating Enforcement Aids	370.550	-	-	19,734	19,532	39,266	39,266	
Urban and Community Forestry	370.572	-	-	-	-	-	-	
Transient Non-Community Water Sampling Contracts	370.QBHI4824	(4,970)	-	22,300	5,725	23,055	23,055	
Total Wisconsin Department of Natural Resources		(265,157)	-	143,706	699,970	578,519	578,519	
Wisconsin Department of Transportation								
Pretrial Intoxicated Driver Intervention Grant	10938-5010,27	(26,787)	-	69,900	12,624	55,737	55,737	
Elderly and Handicapped County Aids	395.101	79,572	336	342,844	(79,908)	342,844	342,844	
Total Wisconsin Department of Transportation		52,785	336	412,744	(67,284)	398,581	398,581	

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expenditures
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
STATE PROGRAMS continued							
Wisconsin Department of Corrections							
Community Corrections Program	410.111	(15,000)	-	60,000	15,000	60,000	60,000
Windows to Work	410.112	(14,606)	-	78,004	28,668	92,066	92,066
Community Intervention	410.302	(2,688)	-	131,320	5	128,637	128,637
Youth Aids	410.313	(124,532)	-	2,503,417	(189,762)	2,189,123	2,189,123
Total Wisconsin Department of Corrections		(156,826)	-	2,772,741	(146,089)	2,469,826	2,469,826
Wisconsin Department of Health Services							
Funeral/Cemetery W-2 & Non W-2	435.105	(58,846)	-	58,846	-	-	-
Medicaid Transportation	435.131	18,060	-	(18,060)	-	-	-
MA Transportation Administration	435.132	(2,408)	-	2,408	-	-	-
Family Health - Women's Health	435.152020	-	-	39,375	-	39,375	39,375
WWWP-GPR CC CFY	435.157000	(53,303)	-	106,606	-	53,303	53,303
Cons Contracts CHHD LD	435.157720	(21,393)	-	40,710	-	19,317	19,317
WIC Farmers Market Grant	435.154720	(243)	-	2,680	204	2,641	2,641
TPCP - Com Interventions - LHD	435.158125	-	-	115,891	7,800	123,691	123,691
TPCP - WI Wins	435.158127	(1,961)	-	21,519	787	20,345	20,345
Cons Contracts MCH	435.159320	-	-	4,348	-	4,348	4,348
Reproductive Health	435.159321	-	-	75,819	8,561	84,380	84,380
FSET Admin GPR/Fed Base	435.231	-	-	118,041	3,750	121,791	121,791
FSET Admin GPR/Fed Base	435.233	-	-	30,000	-	30,000	30,000
IMAA State Share	435.283	(6,310)	-	1,295,637	-	1,289,327	1,289,327
IMAA Federal Share	435.284	(100,922)	-	100,922	-	-	-
Medicaid Subrogation Collection	435.291	41,273	-	(116,465)	(11,917)	(87,109)	(87,109)
Adult Protective Services	435.312	-	-	159,031	-	159,031	159,031
Community Options Program	435.367	(22,995)	-	418,829	151,756	547,590	547,590
CLTS DD Non-federal	435.450	63,782	-	(63,782)	-	-	-
CLTS MH Non Federal	435.451	46,527	-	(46,527)	-	-	-
CLTS PD Non Fed Other	435.462	7,606	-	(7,606)	-	-	-

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expenditures	
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues		
STATE PROGRAMS continued								
Wisconsin Department of Health Services continued								
Community Support Program Wait List	435.504	-	-	38,773	-	38,773	38,773	
Certified Mental Health Program	435.517	(14,567)	-	73,220	19,551	78,204	78,204	
Integrated Services for Children with Severe Disabilities	435.530	-	-	10,095	-	10,095	10,095	
Non-Resident Reimbursement	435.531	(868)	-	15,666	8,804	23,602	23,602	
Birth to Three Initiative	435.550	-	-	147,128	-	147,128	147,128	
IMD Regular Relocations	435.559	(22,509)	-	51,709	-	29,200	29,200	
Basic County Allocation	435.561	-	-	5,393,318	53,265	5,446,583	5,446,583	
Family Support	435.577	(9,156)	-	121,948	(7,416)	105,376	105,376	
Base County Allocation - State Match	435.681	(292,030)	-	428,633	409,809	546,412	546,412	
TPA CLTS DD AUTISM GPR	435.802	-	-	389,443	-	389,443	389,443	
TPA CLTS DD OTHER GPR	435.805	-	-	106,353	-	106,353	106,353	
TPA CLTS MH AUTISM GPR	435.808	-	-	137,094	-	137,094	137,094	
TPA CLTS MH OTHER GPR	435.811	-	-	55,202	-	55,202	55,202	
TPA CLTS PD OTHER GPR	435.817	-	-	38,167	-	38,167	38,167	
CLTS DD AUT CWA Administration GPR	435.832	-	-	30,449	11,759	42,208	42,208	
CLTS DD OTH CWA Administration GPR	435.835	-	-	6,412	3,614	10,026	10,026	
CLTS MH AUT CWA Administration GPR	435.838	-	-	11,655	5,070	16,725	16,725	
CLTS MH OTH CWA Administration GPR	435.841	-	-	4,189	1,015	5,204	5,204	
CLTS PD OTH CWA Administration GPR	435.847	-	-	2,891	986	3,877	3,877	
ADRC MFP-NH RELOCATE GPR	435.560062	-	-	79	244	323	323	
ADRC MFP-NH RELOCATION	435.560065	-	-	2,175	(2,175)	-	-	
Aging & Dis Resource Ctr	435.560100	(14,666)	-	1,043,589	(66,010)	962,913	962,913	
Environmental Monitoring of Nuclear Power Plants for Radiological Emissions	435.DPH 90013 DC	(2,750)	-	8,952	717	6,919	6,919	
HIV Counseling, Testing and Referral Program	435.FAI10019.	(3,175)	-	14,983	7,282	19,090	19,090	
Passed Through Greater WI Agency on Aging Resources								
Elderly Benefit Specialist Program	435.560320	(14,453)	-	47,890	-	33,437	33,437	
Elderly Benefit Specialist OCI	435.560327	-	-	-	-	-	-	
State Senior Community Services	435.560330	(241)	-	9,630	-	9,389	9,389	

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expenditures
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
STATE PROGRAMS continued							
Wisconsin Department of Health Services continued							
Congregate Meals	435.560350	(20,864)	-	127,198	6,714	113,048	113,048
Home Delivered Meals	435.560360	(1,556)	-	9,358	316	8,118	8,118
Alzheimer's Family and Caregiver Support	435.560381	(12,304)	-	53,384	5,038	46,118	46,118
Elder Abuse	435.560490	(14,611)	-	55,764	5,852	47,005	47,005
Total State of Wisconsin Department of Health Services		(514,883)	-	10,773,569	625,376	10,884,062	10,884,062
Wisconsin Department of Children and Families							
CTF Child Abuse & Neglect GPR	433.6071	-	-	11,023	32,571	43,594	43,594
W-2 Program	437.215	(243,494)	-	1,757,740	88,787	1,603,033	1,603,033
W-2 Jobs Access Loans	437.223	214	-	(2,284)	(860)	(2,930)	(2,930)
Children First	437.265	-	-	122,400	-	122,400	122,400
Adam Walsh Foster/Adoptive Parent Fingerprinting	437.3324	(1,703)	-	6,867	1,686	6,850	6,850
Brighter Future Initiative	437.3540	-	-	106,272	1,851	108,123	108,123
Basic County Allocation	437.3561	-	-	1,012,735	-	1,012,735	1,012,735
CW Cty Data Leadership Initiative	437.3611	-	-	10,000	-	10,000	10,000
Basic County Allocation Overmatch	437.3681	-	-	178,154	-	178,154	178,154
Child Support Enforcement	437.7502	(2,108)	-	208,397	-	206,289	206,289
Total Wisconsin Department of Children and Family		(247,091)	-	3,411,304	124,035	3,288,248	3,288,248
Wisconsin Department of Justice							
DNA Sample Reimbursement Grant	455.221	-		1,040	-	1,040	1,040
Law Enforcement Training Fund Local Assistance	455.231	(5,000)	(979)	51,959	3,020	49,000	49,000
Victim and Witness Assistance Program - Part A	455.532	(91,812)	-	207,824	121,969	237,981	237,981
Passed through Walworth County							
Drug Crimes Enforcement	455.225	-	-	21,345	-	21,345	21,345
Total Wisconsin Department of Justice		(96,812)	(979)	282,168	124,989	309,366	309,366

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expenditures
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues	
STATE PROGRAMS continued							
Wisconsin Department of Military Affairs							
Public Safety - Emergency Government Disaster Assistance	465.305	(10,061)	(3,098)	13,159	-	-	-
Public Safety - Emergency Government Disaster Assistance	465.305	(11,806)	186	11,620	-	-	-
Emergency Government Response Equipment	465.308	(8,823)	-	8,823	-	-	-
Emergency Planning Grant	465.337	(25,116)	-	33,773	32,843	41,500	41,500
Total Wisconsin Department of Military Affairs		(55,806)	(2,912)	67,375	32,843	41,500	41,500
Wisconsin Department of Veteran Affairs							
County Veterans Service Officer	485.001	-	-	13,000	-	13,000	13,000
Total Wisconsin Department of Veteran Affairs		-	-	13,000	-	13,000	13,000
Wisconsin Department of Administration							
Land Information Board Grants	505.116	-	-	300	-	300	300
Public Benefits	505.371	(7,208)	-	85,515	1,689	79,996	79,996
Passed Through the Office of Justice Assistance						-	
Youth Diversion - Aids - Gang - PR	505.629	(40,346)	-	130,803	37,126	127,583	127,583
Total Wisconsin Department of Administration		(47,554)	-	216,618	38,815	207,879	207,879
TOTAL STATE PROGRAMS		\$(1,108,473)	\$ (3,555)	\$ 18,704,629	\$ 1,192,098	\$ 18,784,699	\$ 18,784,699

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

KENOSHA COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

NOTE 1 – REPORTING ENTITY

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

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

NOTE 2 – BASIS OF PRESENTATION

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

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

NOTE 3 – DIRECT PAYMENTS – STATE OF WISCONSIN

Direct payments to individuals from the State of Wisconsin on behalf of Kenosha County for the year ended December 31, 2012 included:

<u>Program</u>	<u>CFDA No.</u>	<u>Unaudited Amount</u>
W-2 Benefits	93.558	\$ 3,651,742
Food Stamp Program	10.561	<u>42,358,064</u>
Total		<u>\$ 46,009,806</u>

KENOSHA COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2012

NOTE 4 – DIRECT PAYMENTS – WISCONSIN MEDICAL ASSISTANCE

The County received the following payments from Wisconsin Medical Assistance through EDS Federal Corporation in 2012:

<u>County Department of Human Services:</u>	<u>Provider Number</u>	<u>Unaudited Amount</u>
Division of Aging & Disability Services	43072900	\$ 33,975
Division of Aging & Disability Services	43422900	626,156
Division of Aging & Disability Services	32975900	605,648
Division of Aging & Disability Services	41761000	190,482
Division of Children & Family Services	43073000	173,493
Brookside Care Center	20130300	4,449,910
Division of Health Services	41862400	8,203
Division of Health Services	32924500	1,775
Division of Health Services	100004693	1,604
Division of Health Services	43835700	2,736
Division of Health Services	42010200	11,177
Division of Health Services	43084000	73,680
Total		<u>\$ 6,178,839</u>

NOTE 5 – CARS/CORE REPORT DATES

The Schedule of Expenditures of Federal and State Awards include adjustments through Community Aids Reporting System reports dated June 1, 2013 and the CORE reports for December 2012.

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2012

SECTION I – Summary of Auditors' Results

Financial Statements

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

Federal or State Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Auditee qualified as low-risk auditee for federal programs?	Yes
Auditee qualified as low-risk auditee for state programs?	Yes

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

SECTION I – Summary of Auditors’ Results continued

Identification of major federal programs:

CFDA Number	Name of Federal Programs
10.557	Special Supplemental Food Program for Women and Children
14.905	Lead Hazard Reduction Demonstration Grant
	WIA Program Cluster
17.258	WIA - Adult Program
17.259	WIA - Youth Activities
17.260	WIA - Dislocated Workers
17.278	WIA – Dislocated Worker Formula Grants
93.558	Block Grants for Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.658	Foster Care Title IV-E
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse

	<u>Federal</u>	<u>State</u>	
		<u>DHS</u>	<u>All Others</u>
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 829,000</u>	<u>\$ 326,000</u>	<u>\$ 100,000</u>

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

SECTION I- Summary of Auditors' Results (continued)

Identification of major state programs:

State ID Number	Name of State Programs
370.421	Recreational Trail Aids
395.101	Elderly and Handicapped County Aids
410.313	Youth Aids
435.283	IMAA State Share
435.802	TPA CLTS DD Autism GPR
435.805	TPA CLTS DD Other GPR
435.808	TPA CLTS MH Autism GPR
435.811	TPA CLTS MH Other GPR
435.817	TPA CLTS PD Other GPR
437.215	W-2 Program
437.265	Children First
437.3540	Brighter Futures Initiative
437.7502	Child Support Enforcement
455.532	Victim and Witness Assistance Program – Part A
505.371	Public Benefits
505.629	Youth Diversion - Aids - Gang - PR

The following Federal programs were tested as major programs according to the requirements of the State Single Audit Guidelines:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.778	Case Management
93.778	Comprehensive Community Services (CCS)

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

None

SECTION III – Federal and State Award Findings and Questioned Costs

None

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

Section IV – Other Issues

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? _____ yes X no
2. Does the audit report show audit issues (i.e., material non-compliance, non-material noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines:
- | | | |
|--|-----------|-------------|
| Department of Agriculture, Trade and Consumer Protection | _____ yes | <u>X</u> no |
| Department of Public Instruction | _____ yes | <u>X</u> no |
| Department of Natural Resources | _____ yes | <u>X</u> no |
| Department of Transportation | _____ yes | <u>X</u> no |
| Department of Corrections | _____ yes | <u>X</u> no |
| Department of Health Services | _____ yes | <u>X</u> no |
| Department of Children and Families | _____ yes | <u>X</u> no |
| Department of Justice | _____ yes | <u>X</u> no |
| Department of Military Affairs | _____ yes | <u>X</u> no |
| Department of Veteran Affairs | _____ yes | <u>X</u> no |
| Department of Administration | _____ yes | <u>X</u> no |
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? X yes _____ no
4. Name and signature of partner Paul G. Denis, CPA
Paul G. Denis, Shareholder
5. Date of report July 29, 2013