

KENOSHA COUNTY

Kenosha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2009

KENOSHA COUNTY

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INDEPENDENT AUDITORS' REPORT

To the County Board of Supervisors
Kenosha County
Kenosha, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin, as of and for the year ended December 31, 2009, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kenosha County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Human Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

The management's discussion and analysis and the other postemployment benefits plan schedule of funding status as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the County Board of Supervisors
Kenosha County

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

Baker Jilly Virehow Krause, CPA

Madison, Wisconsin
July 28, 2010

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, 2009.

USING THIS ANNUAL REPORT

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

Reporting the County as a Whole

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

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

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

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

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

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

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

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

Reporting the County's Most Significant Funds

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

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

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

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

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

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 Assets and the Statement of Activities. In fact, the County's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows. The proprietary funds include Golf, Brookside, Highway, Insurances, and the Human Services building.

The County as Trustee

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

THE COUNTY AS A WHOLE

Government-wide Financial Analysis

The condensed financial statements on the next two pages present the net assets of the County and changes in net assets. These statements are presented with comparisons to 2008.

Net Assets may serve over time as a useful indicator of a government's financial position. In 2009, the County's assets exceeded liabilities by \$53,703,408. The largest portion (119 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 assets, which are subject to external restrictions on how they may be used, comprise 3 percent of the net assets.

The remaining of the County's net assets (negative 22 percent) is the category of unrestricted net assets which are normally used to meet the County's ongoing obligations to citizens and creditors. In 2009 this category has a deficit of \$11,738,280.

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

**KENOSHA COUNTY
NET ASSETS**

(Rounded to Millions)

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|----------------------------|-----------------|-----------------------------|----------------|-----------------|-----------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Current and other assets | \$ 94.76 | \$ 90.29 | \$ 7.91 | \$ 6.88 | \$ 102.67 | \$ 97.17 |
| Capital assets | <u>117.82</u> | <u>117.11</u> | <u>14.79</u> | <u>14.76</u> | <u>132.61</u> | <u>131.87</u> |
| Total Assets | <u>212.58</u> | <u>207.40</u> | <u>22.70</u> | <u>21.64</u> | <u>235.28</u> | <u>229.04</u> |
| Long-term liabilities outstanding | 86.10 | 78.44 | 8.26 | 8.33 | 94.36 | 86.77 |
| Other liabilities | <u>82.12</u> | <u>79.24</u> | <u>5.09</u> | <u>5.43</u> | <u>87.21</u> | <u>84.67</u> |
| Total liabilities | <u>168.22</u> | <u>157.68</u> | <u>13.35</u> | <u>13.76</u> | <u>181.57</u> | <u>171.44</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 53.13 | 53.74 | 10.70 | 9.85 | 63.83 | 63.59 |
| Restricted | 1.44 | 1.47 | 0.17 | 0.17 | 1.61 | 1.64 |
| Unrestricted (deficit) | <u>(10.22)</u> | <u>(5.49)</u> | <u>(1.52)</u> | <u>(2.14)</u> | <u>(11.74)</u> | <u>(7.63)</u> |
| Total Net Assets | <u>\$ 44.35</u> | <u>\$ 49.72</u> | <u>\$ 9.35</u> | <u>\$ 7.88</u> | <u>\$ 53.70</u> | <u>\$ 57.60</u> |

The County's total net assets decreased by \$3.9 million. This was primarily due to GASB No. 45 which requires reporting the Other Post Employment Benefit expenses (OPEB). The County is required to record its Annual Required Contribution (ARC) every year. However, the County's policy is to only fund the current claims (PAYGO) and does not fund the total obligation. At year-end the Net OPEB obligation was \$18 million. The ARC was \$3.9 million for 2009.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

KENOSHA COUNTY
CHANGES IN NET ASSETS
Year Ended December 31, 2009
(Rounded to Millions)

| | Governmental | | Business-type | | Totals | |
|---|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
| | Activities | | Activities | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 13.51 | \$ 13.49 | \$ 18.18 | \$ 18.36 | \$ 31.69 | \$ 31.85 |
| Operating grants and contributions | 55.41 | 52.48 | 3.59 | 3.66 | 59.00 | 56.14 |
| Capital grants and contributions | 0.85 | 0.68 | 0.14 | - | 0.99 | 0.68 |
| General revenues: | | | | | | |
| Property taxes | 41.00 | 39.18 | 3.96 | 4.40 | 44.96 | 43.58 |
| Other taxes | 22.17 | 22.73 | - | - | 22.17 | 22.73 |
| Grants and contributions not restricted to specific programs | 4.27 | 3.83 | - | - | 4.27 | 3.83 |
| Other | 1.93 | 2.42 | - | - | 1.93 | 2.42 |
| Total revenues | <u>139.14</u> | <u>134.81</u> | <u>25.87</u> | <u>26.42</u> | <u>165.01</u> | <u>161.23</u> |
| Expenses: | | | | | | |
| General government | 23.50 | 22.94 | - | - | 23.50 | 22.94 |
| Health | 17.08 | 16.84 | - | - | 17.08 | 16.84 |
| Public works | 1.74 | 1.72 | - | - | 1.74 | 1.72 |
| Public safety | 42.22 | 42.64 | - | - | 42.22 | 42.64 |
| Social services | 47.02 | 44.03 | - | - | 47.02 | 44.03 |
| Education and recreation | 4.21 | 4.10 | - | - | 4.21 | 4.10 |
| Conservation and development | 2.35 | 2.48 | - | - | 2.35 | 2.48 |
| Interest on long-term debt | 2.89 | 3.00 | - | - | 2.89 | 3.00 |
| Nursing home | - | - | 13.77 | 13.61 | 13.77 | 13.61 |
| Highway | - | - | 11.04 | 6.82 | 11.04 | 6.82 |
| Golf Course | - | - | 3.08 | 3.38 | 3.08 | 3.38 |
| Total expenses | <u>141.01</u> | <u>137.75</u> | <u>27.89</u> | <u>23.81</u> | <u>168.90</u> | <u>161.56</u> |
| Increase (decrease) in net assets before transfers | (1.87) | (2.94) | (2.02) | 2.61 | (3.89) | (0.33) |
| Transfers | (3.50) | 3.76 | 3.50 | (3.76) | - | - |
| Increase (decrease) in net assets | <u>(5.37)</u> | <u>0.82</u> | <u>1.48</u> | <u>(1.15)</u> | <u>(3.89)</u> | <u>(0.33)</u> |
| Net assets beginning of year | 49.72 | 48.90 | 7.87 | 9.03 | 57.59 | 57.93 |
| Net assets end of year | <u>\$ 44.35</u> | <u>\$ 49.72</u> | <u>\$ 9.35</u> | <u>\$ 7.88</u> | <u>\$ 53.70</u> | <u>\$ 57.60</u> |

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Revenue for governmental activities increased by \$4.6 million when compared to 2008. Key elements of this increase are as follows:

- Increased property tax of \$2.1 million.
- Increase in state shared tax revenue of \$0.5 million.
- Increase in Public Safety grants of \$0.6 million.
- Increase in other Human Services grants of \$3.7 million mostly related to W-2 benefits.
- Increase in FEMA grants of \$0.5 million.
- Decreased state aids and other grants for Aging and Disability Services of \$1 million.
- Decrease of \$0.4 million in interest earned due to lower cash balances and lower rates.
- Decrease of \$0.3 million for a bike trail grant.
- Decrease in Wireless 911 grant of \$0.8 million.
- Decrease in sales tax revenues of \$0.5 million.

Expenditures for governmental activities increased by \$3.3 million when compared to 2008. Key elements of this increase are as follows:

- Decrease of OPEB ARC liability of \$1.4 million due to change in benefits offered to retirees.
- Increase of \$0.4 million in Sheriff personnel costs.
- Increase of \$3.0 million in Human Services due to W-2 programs and benefits.
- Increase caused by loss on transfer of infrastructure to other jurisdictions of \$1.4 million.

Revenue for the Business-type activities decreased by \$0.55 million in 2009 when compared to 2008. Key elements of this decrease are as follows:

- Brookside property taxes decreased by \$0.4 million.
- Brookside operating revenue and grants increased by \$0.8 million.
- Highway revenue decreased by \$0.9 million related to maintenance grants for State and local highways.

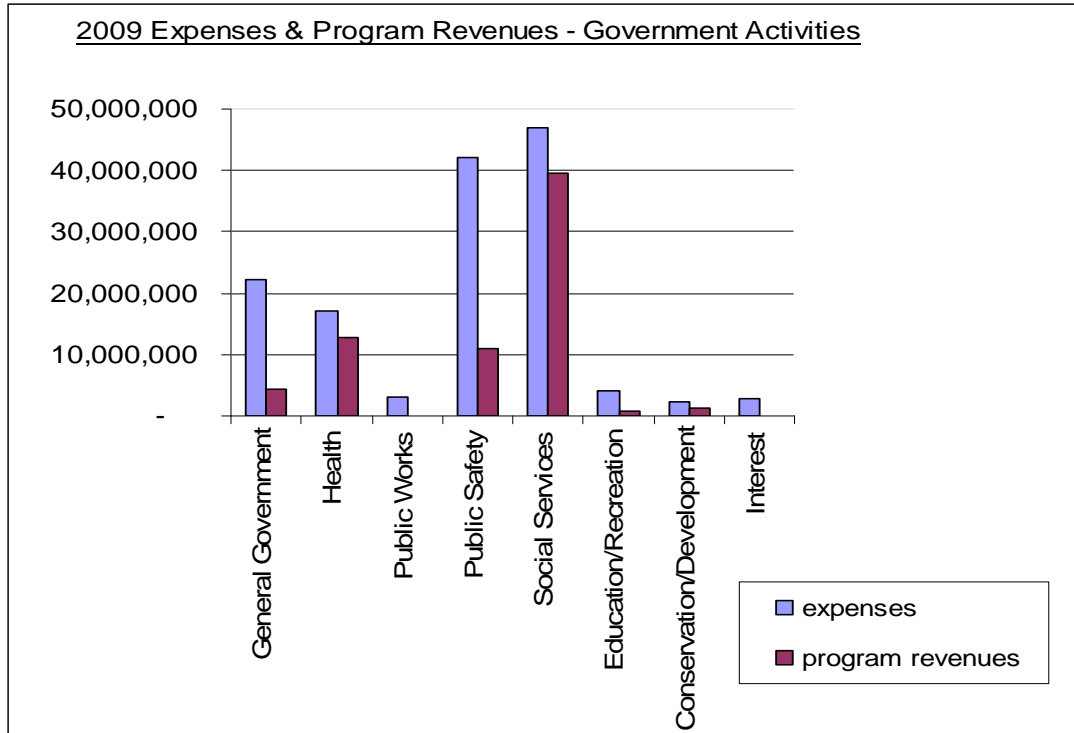
Expenses for Business-type activities increased \$4.1 million in 2009 when compared to 2008. Key elements of this increase are as follows:

- Increased of overall costs of \$0.1 million for Brookside.
- Decrease in golf course expenses of \$0.3 million.
- Decrease in expenses for Highway maintenance and State projects of \$1.1 million.
- The infrastructure transferred out was \$4 million less in 2009 than 2008 causing the Highway expenses to appear higher in 2009.

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

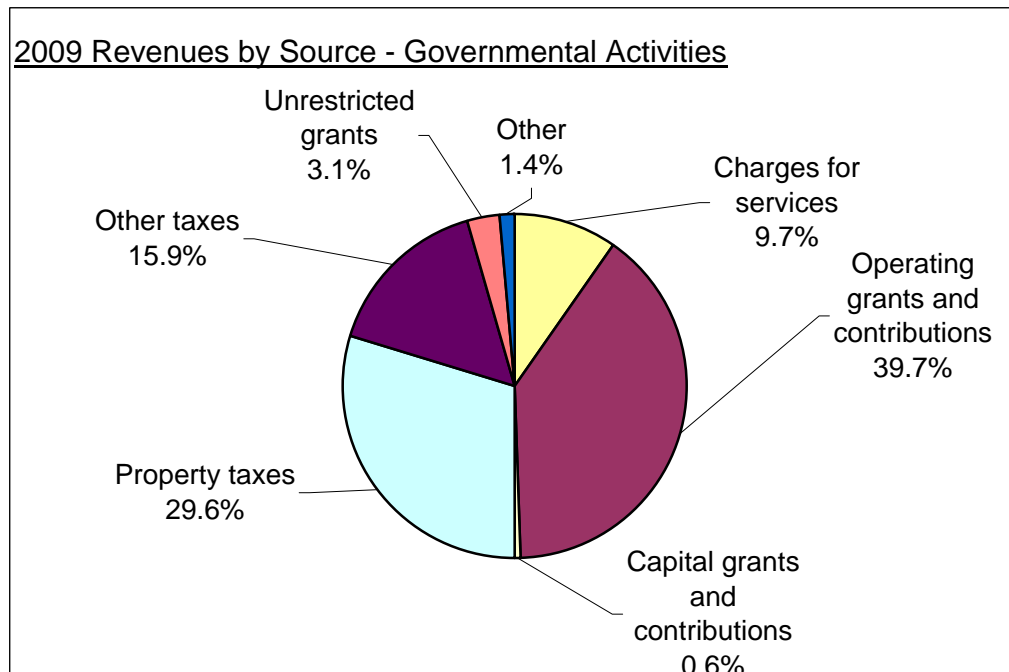
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for 2009.



REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

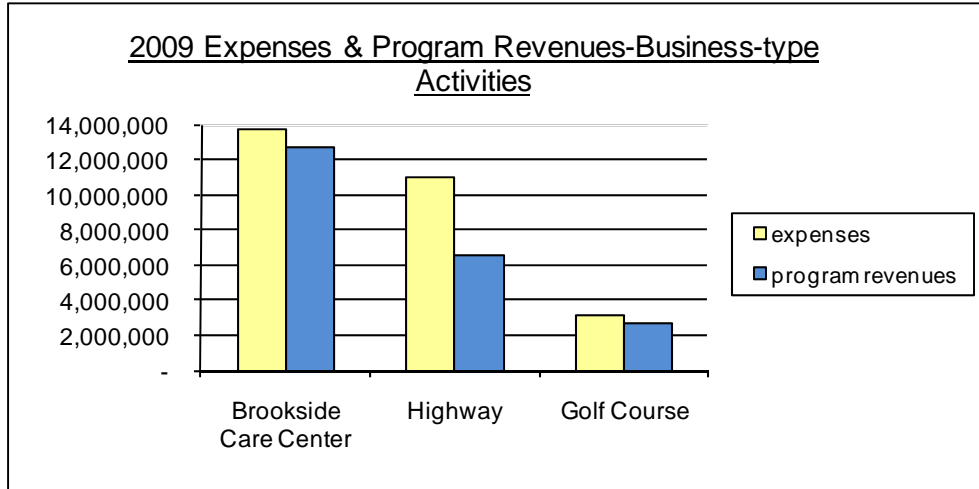
This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2009.



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

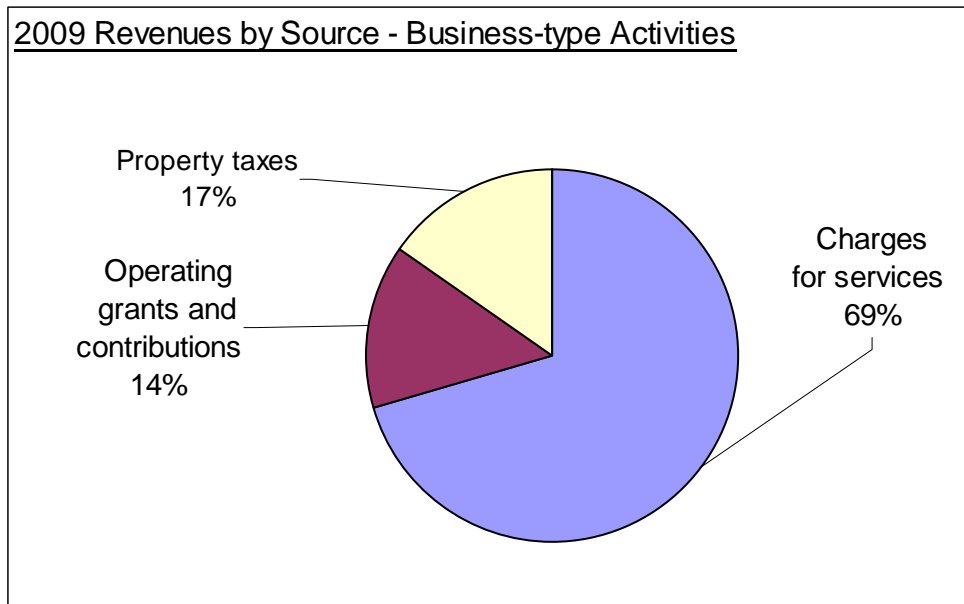
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2009.



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2009.



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

THE COUNTY'S FUNDS

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

General Fund

The General Fund experienced a decrease in the total available fund balance with a decrease in unreserved, undesignated fund balance over the 2008 balance of \$2.2 million. The unreserved, undesignated fund balance decreased to \$6.2 million in 2009 (when adjusted for the unintended prepaid disbursement) compared to \$8.4 million in 2008. The General Fund was significantly affected by the housing market downturn. Tax delinquencies increased by \$1.7 million. In addition, sales tax revenues came in at \$689,000 less than expected. Development fees reduced the General Fund even further as planned development came to a halt. Other related deficits were experienced in large part from the significant downturn in the nation's economic conditions. These items are discussed below.

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
| General Fund | \$ 10,620,741 | \$ 11,453,188 | \$ 9,772,776 | \$ 8,202,767 | \$ 8,396,379 | \$ 5,936,999 |
| Health Insurance | 1,000,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Brookside | 1,017,075 | 1,164,018 | 1,084,755 | - | - | - |
| Total | <u>\$ 12,637,816</u> | <u>\$ 14,117,206</u> | <u>\$ 12,357,531</u> | <u>\$ 9,702,767</u> | <u>\$ 9,896,379</u> | <u>\$ 7,436,999</u> |

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

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

1. The adoption of a new fund balance reserve policy applicable to the General Fund
2. The adoption of a non-lapsing policy relative to the Brookside 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 unreserved, undesignated fund balance in the General Fund. The County was below the 17% threshold by \$4.3 million at year-end 2009. 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 2009 audit, \$300,000 of funds from the General Fund was reserved to fund operations for the 2010 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 undesignated, unreserved fund balance in the General Fund:

Items that increased the General Fund:

Brookside Intergovernmental Transfer Revenue – This State revenue was \$519,651 higher than originally planned in the General Fund.

E911 Wireless Grant Recapture – The State provided reimbursement for costs incurred in prior years to make the 911 service available on cell phones.

Health Insurance Internal Service Fund

Health Insurance had a surplus of \$1,373,020. which was credited back as a savings to the funds.

Items that reduced the General Fund:

Brookside's Use of Health Insurance Surplus

In 2009, Brookside had a deficit in operations costs of \$508,722 which was covered with a transfer from the General Fund. See page 15 for more discussion pertaining to Brookside.

Workers Compensation Claims/WMMIC Liability Claims – Several large dollar claims were paid in 2009 and were difficult to foresee as being settled in 2009.

Interest on Investments and delinquent taxes - The County's interest income in 2009 was lower than budgeted by \$541,027. This occurred because there were lower cash balances and lower interest rates than expected.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Planning and Development Fees / Register of Deeds Fees / Sales Tax Deficit

The above items were less than planned due to the effect of the economic downturn which resulted in slowed development projects (\$160,800), lower housing sales and other real estate activity (\$341,431) and lower spending by consumers (\$689,278).

Increase in Tax Delinquencies

The economic downturn also affected the collection of delinquent taxes. The County experienced a higher rate of delinquencies for property owners (\$1,738,518). In prior years, the County had been adjusting the reserve for delinquencies by this full amount which lowers the County's unreserved, undesignated fund balance. Government accounting does allow the County to adjust the reserve by the amount of delinquencies collected in the first sixty days of the following year. In order to better compare with other county entities, the County has elected to adjust the reserve by \$1,388,489 which was the amount collected in the first sixty days of 2010. This change in accounting procedures resulted in a net increase in tax delinquencies of \$350,029.

Golf Course Deficit – For 2009, the golf course maintained similar spending levels to 2008 however golf fees came in at lower than planned due to the weather and other factors. The County has instituted some major changes in the operations and funding of the golf course in 2009 in order to remedy the history of deficits in recent years.

Vacancy Adjustment Deficit - Kenosha County reduces its total budgeted personnel costs using a vacancy adjustment. Historically, the County has an employee turnover rate in excess of 2%. Therefore, it is not necessary to fund 100% of all budgeted positions. In 2009, the budgeted County vacancy adjustment was \$1,610,000, or 1.9% of total personnel costs. In 2009, the General Fund was affected with a deficit of \$250,128 due to the vacancy adjustment.

The County has historically budgeted the majority of the vacancy adjustment in the General Fund. In 2009, \$200,000 was budgeted separately in the Brookside fund. The majority of the vacancy adjustment is not allocated by department throughout the budget. Year-end lapses from the Human Services funds and the Highway fund and Brookside are required to fund the vacancy adjustment. Because of deficits in Brookside, and the Golf Course, no funds were available to lapse back to the General Fund in 2009 that otherwise would have been available to fund the vacancy adjustment. Anticipating a similar effect in 2010, the County kept the vacancy rate at 2.0% in the 2010 budget.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Summary of 2009 Operations: Review of Major Elements Impacting the Undesignated, Unreserved Fund Balance in the General Fund

| General Fund Status at 12/31/2009 | |
|---|---------------------|
| General Fund Analysis | |
| 2008 undesignated reserves | \$ 8,396,379 |
| Items that increased the General Fund | |
| Brookside Intergovernmental Transfer surplus | 519,651 |
| Wireless 911 project surplus | 62,782 |
| Health Insurance surplus | 1,373,020 |
| Total Increase to the General Fund | 1,955,453 |
| Planned Decrease to the General Fund | |
| Reserves used to fund operations for 2010 budget | (300,000) |
| Total Planned Decrease to the General Fund | (300,000) |
| All other net reductions to Fund Balance | |
| DPW - Golf - deficit | (211,716) |
| Brookside Operations Deficit | (508,722) |
| Increase in outstanding tax delinquencies | (350,029) |
| Interest on investments & tax delinquencies | (541,027) |
| Planning and Development Revenue | (160,800) |
| Land Fill Tipping Fee | (185,013) |
| Tax Deeded Property | (89,534) |
| Register of Deeds Deficit | (341,431) |
| Sales Tax deficit | (689,278) |
| Vacancy adjustment deficit | (250,128) |
| Workers Compensation Claims | (412,309) |
| Unintended prepaid disbursement | (340,146) |
| Various smaller net deficits | (34,700) |
| Total all other net reductions to Fund Balance | (4,114,833) |
| 2009 undesignated reserves | 5,936,999 |
| Unintended prepaid disbursement | 340,146 |
| 2009 undesignated reserves adjusted | 6,277,145 |
| Less: County Board requirement of 17% of General Funds Expenditures | 10,542,224 |
| Amount under 17% | \$ 4,265,079 |
| Per County Board Resolution: 17% Goal for Reserves | |
| 2009 General Fund Expenditures | \$ 62,013,082 |
| Undesignated reserves as a percent of General Fund expenditures | 10.12% |
| Percentage goal set | 17.00% |
| Effect of Increased Tax Delinquencies on Reserves | |
| 2005 Tax Delinquencies adjusted for 1st 60 days collected in new year | \$ 3,246,221 |
| 2009 Tax Delinquencies adjusted for 1st 60 days collected in new year | 6,551,713 |
| Increase in Tax Delinquencies since 2005 | \$ 3,305,492 |
| General Fund undesignated reserves if no Tax Delinquency increase | \$ 9,582,638 |
| Percent of General Fund expenditures if no Tax Delinquency increase | 15.45% |

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

Brookside Enterprise Fund

In 2009, the Brookside Fund had a positive income of \$328,336 before transfers. \$1,124,651 was transferred out to the General Fund which was the intergovernmental transfer revenue (IGT). The transfer of the IGT funds to the General Fund was planned as part of the adoption of the 2009 budget. Transfers into Brookside in the amount of \$82,333 consisted of bonding approved in the 2009 adopted budget issued for Brookside purposes for capital outlay. This bond amount was not added to the debt of Brookside but will be paid for in the Debt Service fund.

After the transfers listed above, Brookside had a deficit of \$685,115. The General Fund transferred \$508,722 to cover a portion of this deficit leaving a remaining deficit of \$176,393. Even though the Enterprise Fund is now non-lapsing, in accordance with a policy adopted by the County Board in 2005, the County may lapse Brookside funds to the General Fund in the event that the General Fund drops below 17% of General Fund spending as occurred in 2009. There were no reserves available to be lapsed to the General Fund at year-end. It is notable that IGT was budgeted at \$605,000, generating a surplus of \$519,561. Therefore, the amount transferred back to Brookside to help with the deficit would have originally been covered by the IGT surplus.

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

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

Golf Course Fund

The golf course closed with a cash deficit of \$211,716. This same amount was transferred to the Golf Course fund to cover this deficit.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- The first category includes amendments for carryover funds from the prior year. The carryover of these funds allows the County to complete projects previously authorized by the Board.
- The second category includes budget amendments done to reflect changes in intergovernmental aids and grants.
- The third category includes transfers the Board approved for use between appropriations to prevent budget overruns. All of the transfers in this category were done within the total budget.
- The fourth category includes transfers from the General Fund approved by the County Board. \$10,000 of reserves was needed to cover repairs needed for the emergency sirens. \$44,000 was transferred to the DA budget to cover a deficit relating to unexpected overruns.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

- The fifth category is reprogrammed surplus funds re-budgeted for a new purpose using surplus funds identified as part of the year-end closeout. The County approved the reprogramming of \$35,000 from building improvements in Capital Outlay – Other to a new building improvement project for energy reduction for 2010.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

With the close of calendar 2009, the County experienced a material decrease in the total available in the General Fund.

2009 is the third year the County undesignated fund balance closed below the 17% General Fund policy target. In 2009, total undesignated unreserved funds in the General Fund are about \$6.3 million, (when adjusted for the unintended prepaid disbursement) or 10.12% of General Fund operating expense.

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

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

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

The recession continued into 2009. The General Fund declined by \$2.5 million to \$6.2 million. The primary reason for the decline in the General Fund has been the increase in property tax delinquencies. From the low point of \$4 million in 2005, tax delinquencies have increased to \$8 million in 2009. Had tax delinquencies remained stable, the General Fund balance would be at about 15% of the policy target.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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

Currently, the County is forecasting that in addition to the increase in property tax delinquencies, the General Fund balance will decline by \$1 million. The County Administration is reviewing the 2010 budget with an objective of eliminating this \$1 million deficit. In addition, the County has laid off 14 highway employees as a result of decreases in State revenue.

Events in the national economy are expected to continue to have a negative impact upon the financial condition of the County. In 2010 the County expects that the increase in tax delinquencies will continue. Sales tax collections are expected to fall short of budget projections. Also in 2010, it is expected that the County will experience a continued decline in interest earnings because of the decline in interest rates. However, this is expected to be somewhat offset by increases in interest and penalties on the tax delinquencies.

As mentioned earlier, the County is forecasting a decline in the General Fund at year-end 2010 primarily due to the continued increase in property tax delinquencies. It is the plan of the County to mitigate any decline in General Fund balances with a mid-year loss reduction plan. At this time, the County does not find it necessary to mitigate the decline in the general fund resulting from increases in property tax delinquencies. The increased balance of tax delinquencies reflects an asset of the County and earns 18% on interest and penalties. Although the increase in tax delinquencies has had a modest impact on cash balances, the impact has not been significant enough to impair the liquidity of the County. The County can take other measures if necessary to ensure safe liquidity margins, such as borrowing for capital projects earlier in the year or liquidating some of the tax deed property.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2009, the County had \$132.6 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

The \$2.7 million increase in construction in progress reflects the continuation of the public safety building addition to be completed in 2010. Land improvements and infrastructure decreased due to the reassignment of a portion of County highways to other jurisdictions. The \$3.4 million increase in machinery and equipment primarily relates to the acquisition of computer equipment, vehicles and a variety of other equipment. See Notes to the Financial Statements page 62 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------------|--------------------------------|-----------|---------------------------------|----------|---------------|-----------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Construction in progress | \$ 2.63 | \$ 0.09 | \$ 0.23 | \$ - | \$ 2.86 | \$ 0.09 |
| Land | 17.96 | 17.15 | 0.34 | 0.34 | 18.30 | 17.49 |
| Land improvements | 18.11 | 18.77 | 4.31 | 4.30 | 22.42 | 23.07 |
| Buildings | 80.57 | 80.18 | 15.38 | 15.38 | 95.95 | 95.56 |
| Machinery & equipment | 21.41 | 18.87 | 18.16 | 17.35 | 39.57 | 36.22 |
| Infrastructure | 35.56 | 35.96 | - | - | 35.56 | 35.96 |
| Total capital assets | 176.24 | 171.02 | 38.42 | 37.37 | 214.66 | 208.39 |
| Less: accumulated depreciation | (58.42) | (53.91) | (23.63) | (22.62) | (82.05) | (76.53) |
| Total net capital assets | \$ 117.82 | \$ 117.11 | \$ 14.79 | \$ 14.75 | \$ 132.61 | \$ 131.86 |

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt

At year-end, the County had \$83,790,000 in outstanding general obligation debt.

| | |
|--|----------------------|
| Bonded debt outstanding at 12/31/08 | \$ 80,144,831 |
| Principal retired in 2009 | (13,644,831) |
| Refunding Bonds | 2,735,000 |
| Notes issued to fund 2009 capital projects | 14,555,000 |
| Debt outstanding at 12/31/09 | <u>\$ 83,790,000</u> |

New principal issued was \$17,290,000. Total debt outstanding increased by \$3,645,169 or 4.7%.

Since 1999, the County has done eight refinancings, excluding the pension refunding bonds. These refinancings are estimated to achieve savings exceeding \$2.5 million. In order to implement the eight refinancings, it was necessary to issue additional principal of about \$2 million. Of this amount, a balance of about \$600,000 remains at the end of 2009.

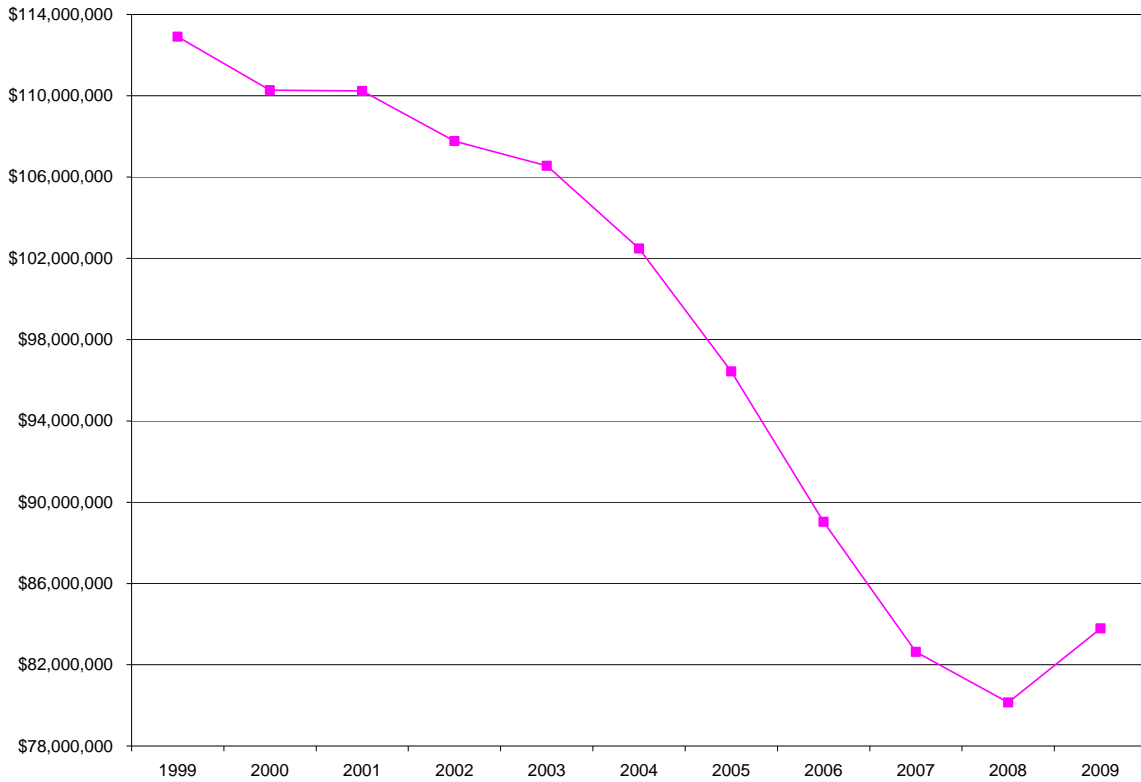
The County's credit rating did change in 2009 as part of Moody's recalibration. The Moody's credit rating increased to Aa1. Prior to that, the County received a rating increase from Moody's in 2007, from Aa3 to Aa2. Prior to 2007, the last change in the Moody's rating came in 2004, when it increased 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.

The County has achieved significant debt reduction. Since 1999, the County has experienced a decline in total debt outstanding with a slight increase in 2009. County debt hit its highest level of \$113 million in 1999, including the County's unfunded actuarial pension liability. As of year end 2009, total County general obligation debt was \$84 million. Total debt at year end 2009 is \$83.8 million compared to \$112.9 million at year end 1999 (\$145.4 million in 2009 adjusted for inflation). Adjusted for inflation, the 2009 County debt outstanding is now only 57.2% when compared to the 1999 inflation-adjusted amount.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

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



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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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

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KENOSHA COUNTY
STATEMENT OF NET ASSETS
As of December 31, 2009

| ASSETS | Governmental Activities | Business-type Activities | Totals |
|---|----------------------------|-----------------------------|----------------------|
| Cash and temporary cash investments | \$ 15,849,467 | \$ 3,474,716 | \$ 19,324,183 |
| Receivables | | | |
| Property taxes | 54,337,741 | 2,432,261 | 56,770,002 |
| Delinquent taxes | 10,156,390 | - | 10,156,390 |
| Miscellaneous | 2,552,775 | 1,132,088 | 3,684,863 |
| Due from other governments | 9,370,539 | 778,430 | 10,148,969 |
| Internal balances | 329,428 | (329,428) | - |
| Prepaid items | 484,501 | 882 | 485,383 |
| Inventories | - | 423,970 | 423,970 |
| Restricted assets | | | |
| Cash | 517,783 | - | 517,783 |
| Deposit with Wisconsin Municipal Mutual Insurance Co. | 1,157,860 | - | 1,157,860 |
| Capital assets | | | |
| Land, improvements, and construction in progress | 34,710,876 | 567,413 | 35,278,289 |
| Other capital assets, net of depreciation | 83,107,031 | 14,221,215 | 97,328,246 |
| Total Capital Assets | <u>117,817,907</u> | <u>14,788,628</u> | <u>132,606,535</u> |
| Total Assets | <u>212,574,391</u> | <u>22,701,547</u> | <u>235,275,938</u> |
| LIABILITIES | | | |
| Accounts payable | 8,814,220 | 517,261 | 9,331,481 |
| Accrued compensation | 2,693,908 | - | 2,693,908 |
| Other liabilities | 759,088 | 54,180 | 813,268 |
| Special deposits | 15,598 | - | 15,598 |
| Due to other governments | 4,847,890 | 1,201,284 | 6,049,174 |
| Unearned property tax revenue | 54,337,741 | 2,432,261 | 56,770,002 |
| Other unearned revenue | 490,218 | - | 490,218 |
| Long-term liabilities | | | |
| Due within one year | 10,161,978 | 884,067 | 11,046,045 |
| Due in more than one year | 86,099,431 | 8,263,405 | 94,362,836 |
| Total Liabilities | <u>168,220,072</u> | <u>13,352,458</u> | <u>181,572,530</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 53,133,832 | 10,696,227 | 63,830,059 |
| Restricted for: | | | |
| Specific purpose: grants and loans | 1,443,661 | - | 1,443,661 |
| Non-expendable fund use | - | 167,968 | 167,968 |
| Unrestricted (deficit) | (10,223,174) | (1,515,106) | (11,738,280) |
| Total Net Assets | <u>\$ 44,354,319</u> | <u>\$ 9,349,089</u> | <u>\$ 53,703,408</u> |

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Totals |
| Governmental activities: | | | | | | | |
| General government | \$ 23,498,553 | \$ 2,759,815 | \$ 1,620,864 | \$ - | \$ (19,117,874) | \$ - | \$ (19,117,874) |
| Health | 17,081,218 | 1,940,470 | 10,720,390 | - | (4,420,358) | - | (4,420,358) |
| Public works | 1,744,100 | - | - | - | (1,744,100) | - | (1,744,100) |
| Public safety | 42,215,233 | 8,047,326 | 2,938,998 | - | (31,228,909) | - | (31,228,909) |
| Social services | 47,021,636 | 205,432 | 39,365,035 | 19,420 | (7,431,749) | - | (7,431,749) |
| Education and recreation | 4,209,116 | 214,881 | 585,960 | 5,038 | (3,403,237) | - | (3,403,237) |
| Conservation and development | 2,352,896 | 339,837 | 174,957 | 820,909 | (1,017,193) | - | (1,017,193) |
| Interest on long-term debt | 2,890,829 | - | - | - | (2,890,829) | - | (2,890,829) |
| Total Governmental Activities | 141,013,581 | 13,507,761 | 55,406,204 | 845,367 | (71,254,249) | - | (71,254,249) |
| Business-type activities: | | | | | | | |
| Brookside Care Center | 13,767,065 | 11,582,121 | 1,124,651 | - | - | (1,060,293) | (1,060,293) |
| Highway | 11,044,612 | 3,944,434 | 2,461,731 | 145,515 | - | (4,492,932) | (4,492,932) |
| Golf Course | 3,075,168 | 2,650,529 | - | - | - | (424,639) | (424,639) |
| Total Business-type Activities | 27,886,845 | 18,177,084 | 3,586,382 | 145,515 | - | (5,977,864) | (5,977,864) |
| Totals | \$ 168,900,426 | \$ 31,684,845 | \$ 58,992,586 | \$ 990,882 | (71,254,249) | (5,977,864) | (77,232,113) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 40,996,597 | 3,955,778 | 44,952,375 |
| Property taxes, levied for debt service | | | | | 12,162,033 | - | 12,162,033 |
| Sales tax - County | | | | | 9,960,784 | - | 9,960,784 |
| Dog track admissions tax | | | | | 50,376 | - | 50,376 |
| Grants and contributions not restricted to specific programs | | | | | 4,265,074 | - | 4,265,074 |
| Unrestricted investment earnings | | | | | 681,186 | 1,940 | 683,126 |
| Miscellaneous | | | | | 1,265,900 | - | 1,265,900 |
| Transfers | | | | | (3,495,428) | 3,495,428 | - |
| Total general revenues and transfers | | | | | 65,886,522 | 7,453,146 | 73,339,668 |
| Change in net assets | | | | | (5,367,727) | 1,475,282 | (3,892,445) |
| Net assets-beginning | | | | | 49,722,046 | 7,873,807 | 57,595,853 |
| Net assets-ending | | | | | \$ 44,354,319 | \$ 9,349,089 | \$ 53,703,408 |

See accompanying notes to the financial statements.

**KENOSHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009**

| | General | Human Services | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------|----------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 5,229,156 | \$ - | \$ 146,390 | \$ 6,907,335 | \$ 12,282,881 |
| Receivables | | | | | |
| Property taxes | 29,346,390 | 10,441,146 | 12,148,692 | 2,401,513 | 54,337,741 |
| Delinquent taxes | 10,156,390 | - | - | - | 10,156,390 |
| Miscellaneous | 729,513 | 34,703 | - | 349,008 | 1,113,224 |
| Due from other governments | 3,732,983 | 4,118,114 | - | 1,519,442 | 9,370,539 |
| Due from other funds | 629,276 | 1,041,033 | - | 38,485 | 1,708,794 |
| Prepaid items | 385,624 | - | - | - | 385,624 |
| Loans receivable | - | - | - | 1,257,016 | 1,257,016 |
| TOTAL ASSETS | \$ 50,209,332 | \$ 15,634,996 | \$ 12,295,082 | \$ 12,472,799 | \$ 90,612,209 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 726,547 | \$ 2,592,372 | \$ - | \$ 832,453 | \$ 4,151,372 |
| Accrued compensation | 2,693,908 | - | - | - | 2,693,908 |
| Special deposits | 9,231 | 2,846 | - | 3,521 | 15,598 |
| Due to other governments | 2,106,338 | 2,584,142 | - | 157,410 | 4,847,890 |
| Due to other funds | - | - | - | 1,379,366 | 1,379,366 |
| Deferred property tax revenue | 29,346,390 | 10,441,146 | 12,148,692 | 2,401,513 | 54,337,741 |
| Other deferred revenue | 1,377,932 | 9,440 | - | 1,602,594 | 2,989,966 |
| Total Liabilities | 36,260,346 | 15,629,946 | 12,148,692 | 6,376,857 | 70,415,841 |
| Fund Balances | | | | | |
| Reserved for delinquent tax certificate receivables | 5,308,980 | - | - | - | 5,308,980 |
| Reserved for encumbrances | 271,598 | - | - | 36,627 | 308,225 |
| Reserved for prepaid items | 385,624 | - | - | - | 385,624 |
| Reserved for debt service | - | - | 146,390 | - | 146,390 |
| Unreserved, reported in: | | | | | |
| General Fund, designated | 2,045,785 | - | - | - | 2,045,785 |
| General Fund, undesignated | 5,936,999 | - | - | - | 5,936,999 |
| Special Revenue Funds, designated | - | 5,049 | - | 186,645 | 191,694 |
| Special Revenue Funds, undesignated (deficit) | - | 1 | - | (32,052) | (32,051) |
| Capital Projects Funds, designated | - | - | - | 5,855,853 | 5,855,853 |
| Capital Projects Funds, undesignated | - | - | - | 48,869 | 48,869 |
| Total Fund Balances | 13,948,986 | 5,050 | 146,390 | 6,095,942 | 20,196,368 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 50,209,332 | \$ 15,634,996 | \$ 12,295,082 | \$ 12,472,799 | \$ 90,612,209 |

See accompanying notes to the financial statements.

KENOSHA COUNTY
Reconciliation of the Governmental Fund Balance Sheet
and the Statement of Net Assets
As of December 31, 2009

| | |
|--|-----------------------------|
| Fund Balance - Total Governmental Funds | \$ 20,196,368 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 112,639,844 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. See Note II.A. | (95,017,893) |
| Interest expense is not accrued in the governmental funds | (745,949) |
| Proceeds of loans receivable collected are recorded as revenue in government-wide not as deferred revenue. | 1,257,016 |
| Unavailable delinquent tax receivable is recorded as revenue in government-wide not as deferred revenue. | 1,242,732 |
| Internal service funds are classed as proprietary funds in the fund statements but are governmental type in the entity wide statements. See Note II.A. | <u>4,782,201</u> |
| Total Net Assets - Governmental Activities | <u><u>\$ 44,354,319</u></u> |

See accompanying notes to the financial statements.

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KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009

| | General | Human Services | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-------------------|-------------------|-------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| Taxes | \$ 38,322,304 | \$ 10,288,877 | \$ 12,162,033 | \$ 2,362,943 | \$ 63,136,157 |
| Licenses and permits | 219,674 | - | - | 346,369 | 566,043 |
| Intergovernmental revenues | 8,959,976 | 46,234,158 | - | 4,714,621 | 59,908,755 |
| Charges for services | 9,715,894 | 41,829 | - | 2,238,917 | 11,996,640 |
| Fines, forfeits and penalties | 1,083,785 | 152,653 | - | - | 1,236,438 |
| Investment income | 570,884 | - | - | 7,902 | 578,786 |
| Miscellaneous income | 674,325 | 85,358 | - | 405,061 | 1,164,744 |
| Total Revenues | <u>59,546,842</u> | <u>56,802,875</u> | <u>12,162,033</u> | <u>10,075,813</u> | <u>138,587,563</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 18,074,002 | - | - | - | 18,074,002 |
| Health | - | 10,182,823 | - | 6,737,541 | 16,920,364 |
| Public safety | 39,658,381 | - | - | - | 39,658,381 |
| Social services | 257,129 | 46,597,247 | - | - | 46,854,376 |
| Education and recreation | 1,955,376 | - | - | 1,904,231 | 3,859,607 |
| Conservation and development | 1,997,814 | - | - | 232,667 | 2,230,481 |
| Capital Outlay | 70,380 | - | - | 6,526,693 | 6,597,073 |
| Debt Service | | | | | |
| Principal retirement | - | - | 8,825,850 | - | 8,825,850 |
| Interest, fiscal charges and debt issuance costs | - | - | 2,962,571 | 216,956 | 3,179,527 |
| Total Expenditures | <u>62,013,082</u> | <u>56,780,070</u> | <u>11,788,421</u> | <u>15,618,088</u> | <u>146,199,661</u> |

See accompanying notes to the financials statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009

| | <u>General</u> | <u>Human Services</u> | <u>Debt Service</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|-----------------------|---------------------|--|---|
| Excess (deficiency) of revenues over expenditures | (2,466,240) | 22,805 | 373,612 | (5,542,275) | (7,612,098) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Long-term debt issued | - | - | - | 14,555,000 | 14,555,000 |
| Refunding debt issued | - | - | 2,735,000 | - | 2,735,000 |
| Refunding debt retirement | - | - | (3,000,000) | - | (3,000,000) |
| Premium on issuance of debt | - | - | - | - | - |
| Transfers in | 1,340,009 | - | - | 573,600 | 1,913,609 |
| Transfers out | (741,646) | (17,755) | - | (6,111,423) | (6,870,824) |
| Total Other Financing Sources (Uses) | <u>598,363</u> | <u>(17,755)</u> | <u>(265,000)</u> | <u>9,017,177</u> | <u>9,332,785</u> |
| Net change in fund balance | (1,867,877) | 5,050 | 108,612 | 3,474,902 | 1,720,687 |
| FUND BALANCES | | | | | |
| Beginning of year | <u>15,816,863</u> | <u>-</u> | <u>37,778</u> | <u>2,621,040</u> | <u>18,475,681</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 13,948,986</u> | <u>\$ 5,050</u> | <u>\$ 146,390</u> | <u>\$ 6,095,942</u> | <u>\$ 20,196,368</u> |

See accompanying notes to the financials 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, 2009

Net Change in Fund Balances - Total Governmental Funds \$ 1,720,687

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$6,597,073), other expenditures that have been capitalized (\$144,319), infrastructure contributed by business-type activities (\$1,421,787), less capital outlay that falls below the threshold (\$158,020) offset by insurance reimbursement (\$89,159) exceeds depreciation (\$5,297,298) in the current period. 2,797,020

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase (decrease) net assets. (1,630,327)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 33,651

Bond issues provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded debt issued. See Note II.B. (5,204,954)

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. (3,215,588)

Delinquent tax receivables not collected within 60 days of year end are recorded as unearned revenue in the governmental funds. 296,945

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. 98,209

Change in net assets of governmental activities \$ (5,104,357)

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | 39,075,832 | 39,075,832 | \$ 38,322,304 | \$ (753,528) |
| Licenses and permits | 391,220 | 391,220 | 219,674 | (171,546) |
| Intergovernmental revenues | 9,057,646 | 10,774,760 | 8,959,976 | (1,814,784) |
| Charges for services | 9,564,397 | 9,581,897 | 9,715,894 | 133,997 |
| Fines, forfeits and penalties | 1,266,316 | 1,266,316 | 1,083,785 | (182,531) |
| Investment income | 1,476,348 | 1,476,348 | 570,884 | (905,464) |
| Miscellaneous income | 802,289 | 802,289 | 674,325 | (127,964) |
| Carryovers | 689,600 | 1,830,820 | - | (1,830,820) |
| Total Revenues | <u>62,323,648</u> | <u>65,199,482</u> | <u>59,546,842</u> | <u>(5,652,640)</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 17,863,291 | 18,532,921 | 18,074,002 | 458,919 |
| Public safety | 40,060,624 | 41,101,311 | 39,658,381 | 1,442,930 |
| Social services | 280,900 | 281,019 | 257,129 | 23,890 |
| Education/recreation | 2,082,389 | 2,162,729 | 1,955,376 | 207,353 |
| Conservation and development | 1,991,444 | 3,018,154 | 1,997,814 | 1,020,340 |
| Capital Outlay | 45,000 | 291,408 | 70,380 | 221,028 |
| Total Expenditures | <u>62,323,648</u> | <u>65,387,542</u> | <u>62,013,082</u> | <u>3,374,460</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>(188,060)</u> | <u>(2,466,240)</u> | <u>(2,278,180)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 1,340,009 | 1,340,009 | - |
| Transfers out | - | (741,646) | (741,646) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>598,363</u> | <u>598,363</u> | <u>-</u> |
| Net change in fund balance | - | 410,303 | (1,867,877) | (2,278,180) |
| Fund balance - beginning | <u>15,816,863</u> | <u>15,816,863</u> | <u>15,816,863</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 15,816,863</u> | <u>\$ 16,227,166</u> | <u>\$ 13,948,986</u> | <u>\$ (2,278,180)</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, 2009

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 10,288,877 | \$ 10,288,877 | \$ 10,288,877 | \$ - |
| Intergovernmental revenues | 42,666,242 | 49,917,295 | 46,234,158 | (3,683,137) |
| Charges for services | 45,500 | 45,500 | 41,829 | (3,671) |
| Fines, forfeits and penalties | 188,000 | 188,000 | 152,653 | (35,347) |
| Miscellaneous income | 7,100 | 7,100 | 85,358 | 78,258 |
| Total Revenues | <u>53,195,719</u> | <u>60,446,772</u> | <u>56,802,875</u> | <u>(3,643,897)</u> |
| Expenditures | | | | |
| Current | | | | |
| Health | 8,093,552 | 10,283,782 | 10,182,823 | 100,959 |
| Social services | 45,102,167 | 50,135,255 | 46,597,247 | 3,538,008 |
| Total Expenditures | <u>53,195,719</u> | <u>60,419,037</u> | <u>56,780,070</u> | <u>3,638,967</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>27,735</u> | <u>22,805</u> | <u>(4,930)</u> |
| Other Financing Uses | | | | |
| Transfers out | <u>-</u> | <u>(17,755)</u> | <u>(17,755)</u> | <u>-</u> |
| Net change in fund balance | <u>-</u> | <u>9,980</u> | <u>5,050</u> | <u>(4,930)</u> |
| Fund balance - beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance - ending | <u>\$ -</u> | <u>\$ 9,980</u> | <u>\$ 5,050</u> | <u>\$ (4,930)</u> |

See accompanying notes to the financial statements.

**KENOSHA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2009**

| | Business-type Activities | | | Totals | Governmental Activities |
|--|--------------------------|---------------------|----------------------------------|---------------------|----------------------------|
| | Brookside Care Center | Highway | Non-major Fund Golf Course | | Internal Service |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 167,967 | \$ 3,088,932 | \$ 217,817 | \$ 3,474,716 | \$ 3,566,586 |
| Accounts receivable | 1,082,834 | 47,259 | 1,995 | 1,132,088 | 182,535 |
| Property taxes receivable | - | 2,432,261 | - | 2,432,261 | - |
| Due from other governments | - | 774,747 | 3,683 | 778,430 | - |
| Due from other funds | - | - | - | - | 1,249,633 |
| Inventories | 42,459 | 349,401 | 32,110 | 423,970 | - |
| Prepaid items | 882 | - | - | 882 | 98,877 |
| Total current assets | <u>1,294,142</u> | <u>6,692,600</u> | <u>255,605</u> | <u>8,242,347</u> | <u>5,097,631</u> |
| Noncurrent assets | | | | | |
| Restricted cash and investments | - | - | - | - | 517,783 |
| Deposit in WMMIC | - | - | - | - | 1,157,860 |
| Capital assets | | | | | |
| Land and Construction in Progress | 203 | 60,409 | 506,801 | 567,413 | 682,623 |
| Buildings and improvements | 5,583,674 | 8,292,370 | 5,818,135 | 19,694,179 | 7,223,006 |
| Machinery and equipment | 4,534,110 | 11,652,707 | 1,970,927 | 18,157,744 | 619,623 |
| Accumulated depreciation | <u>(5,636,487)</u> | <u>(12,990,624)</u> | <u>(5,003,597)</u> | <u>(23,630,708)</u> | <u>(3,347,190)</u> |
| Total capital assets | <u>4,481,500</u> | <u>7,014,862</u> | <u>3,292,266</u> | <u>14,788,628</u> | <u>5,178,062</u> |
| Total noncurrent assets | <u>4,481,500</u> | <u>7,014,862</u> | <u>3,292,266</u> | <u>14,788,628</u> | <u>6,853,705</u> |
| Total Assets | <u>5,775,642</u> | <u>13,707,462</u> | <u>3,547,871</u> | <u>23,030,975</u> | <u>11,951,336</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 181,273 | 207,500 | 128,488 | 517,261 | 456,028 |
| Claims payable | - | - | - | - | 4,206,819 |
| Due to other funds | 329,428 | - | - | 329,428 | 1,249,633 |
| Due to other governments | - | 1,201,284 | - | 1,201,284 | - |
| Other liabilities | 54,180 | - | - | 54,180 | 13,139 |
| Current portion of long-term debt payable | 664,407 | 25,388 | 270,148 | 959,943 | 678,440 |
| Current portion of unamortized (discount) premium on debt | (33,919) | - | (41,957) | (75,876) | - |
| Unearned property tax revenue | - | 2,432,261 | - | 2,432,261 | - |
| Total current liabilities | <u>1,195,369</u> | <u>3,866,433</u> | <u>356,679</u> | <u>5,418,481</u> | <u>6,604,059</u> |
| Noncurrent liabilities | | | | | |
| Long-term obligations | 4,749,665 | 2,020,682 | 1,804,781 | 8,575,128 | 565,076 |
| Unamortized (discount) premium on debt | <u>(101,759)</u> | <u>-</u> | <u>(209,964)</u> | <u>(311,723)</u> | <u>-</u> |
| Total noncurrent liabilities | <u>4,647,906</u> | <u>2,020,682</u> | <u>1,594,817</u> | <u>8,263,405</u> | <u>565,076</u> |
| Total Liabilities | <u>5,843,275</u> | <u>5,887,115</u> | <u>1,951,496</u> | <u>13,681,886</u> | <u>7,169,135</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 1,957,178 | 7,014,862 | 1,724,187 | 10,696,227 | 3,934,546 |
| Restricted for non-expendable fund use | 167,968 | - | - | 167,968 | - |
| Unrestricted (deficit) | <u>(2,192,779)</u> | <u>805,485</u> | <u>(127,812)</u> | <u>(1,515,106)</u> | <u>847,655</u> |
| Total Net Assets | <u>\$ (67,633)</u> | <u>\$ 7,820,347</u> | <u>\$ 1,596,375</u> | <u>\$ 9,349,089</u> | <u>\$ 4,782,201</u> |

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2009

| | Business-type Activities | | | Governmental | |
|--|--------------------------|--------------|----------------------------------|---------------|---------------------|
| | Brookside Care Center | Highway | Non-major Fund Golf Course | Totals | Internal Service |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 11,582,121 | \$ 3,944,434 | \$ 2,650,529 | \$ 18,177,084 | \$ 22,194,682 |
| Total Operating Revenues | 11,582,121 | 3,944,434 | 2,650,529 | 18,177,084 | 22,194,682 |
| OPERATING EXPENSES | | | | | |
| Operations and maintenance | 10,660,965 | 10,561,707 | 2,636,622 | 23,859,294 | 21,731,904 |
| General and administrative | 2,570,743 | 1,247,898 | - | 3,818,641 | - |
| Depreciation and amortization | 401,229 | 656,794 | 325,036 | 1,383,059 | 484,568 |
| Total Operating Expenses | 13,632,937 | 12,466,399 | 2,961,658 | 29,060,994 | 22,216,472 |
| Operating Loss | (2,050,816) | (8,521,965) | (311,129) | (10,883,910) | (21,790) |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| General property taxes | 1,386,689 | 2,569,089 | - | 3,955,778 | - |
| Intergovernmental grants | 1,124,651 | 2,607,246 | - | 3,731,897 | - |
| Investment income | 1,940 | - | - | 1,940 | 67,555 |
| Miscellaneous Income | - | - | - | - | 122,449 |
| Amortization of debt discount and loss on refinancing | (33,920) | - | (41,957) | (75,877) | - |
| Interest and fiscal charges | (100,208) | - | (71,553) | (171,761) | (70,005) |
| Total Non-Operating Revenues (Expenses) | 2,379,152 | 5,176,335 | (113,510) | 7,441,977 | 119,999 |
| Income (Loss) Before Transfers | 328,336 | (3,345,630) | (424,639) | (3,441,933) | 98,209 |
| TRANSFERS | | | | | |
| Transfers in | 619,922 | 4,830,228 | 611,716 | 6,061,866 | - |
| Transfers out | (1,124,651) | (20,000) | - | (1,144,651) | - |
| Total Transfers | (504,729) | 4,810,228 | 611,716 | 4,917,215 | - |
| Change in net assets | (176,393) | 1,464,598 | 187,077 | 1,475,282 | 98,209 |
| Total net assets at the beginning of year | 108,760 | 6,355,749 | 1,409,298 | 7,873,807 | 4,683,992 |
| Total net assets at end of year (deficit) | \$ (67,633) | \$ 7,820,347 | \$ 1,596,375 | \$ 9,349,089 | \$ 4,782,201 |

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, 2009**

| | Business-type Activities | | | Totals | Governmental Activities |
|---|--------------------------|---------------------|----------------------------------|---------------------|----------------------------|
| | Brookside Care Center | Highway | Non-major Fund Golf Course | | Internal Service |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Received from customers | \$ 11,580,830 | \$ 4,189,027 | \$ 2,650,096 | \$ 18,419,953 | \$ 21,394,984 |
| Paid to suppliers and employees for goods and services | (12,653,203) | (10,478,390) | (2,544,233) | (25,675,826) | (21,389,321) |
| Cash Flows from Operating Activities | <u>(1,072,373)</u> | <u>(6,289,363)</u> | <u>105,863</u> | <u>(7,255,873)</u> | <u>5,663</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| General property taxes | 1,386,689 | 2,569,089 | - | 3,955,778 | - |
| Intergovernmental grants | 1,124,651 | 2,607,246 | - | 3,731,897 | - |
| Transfers | (1,124,651) | 3,816,228 | 211,716 | 2,903,293 | - |
| Cash Flows from Noncapital Financing Activities | <u>1,386,689</u> | <u>8,992,563</u> | <u>211,716</u> | <u>10,590,968</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES | | | | | |
| Debt retired | (635,000) | - | (255,000) | (890,000) | (928,981) |
| Interest paid | (107,092) | - | (71,553) | (178,645) | (77,755) |
| Debt issued | - | - | - | - | 40,000 |
| Miscellaneous income | - | - | - | - | 122,449 |
| Premium on debt issued | - | - | - | - | - |
| Acquisition and construction of capital assets | (192,475) | (752,038) | (498,135) | (1,442,648) | (25,785) |
| Disposal of capital assets | - | 26,188 | - | 26,188 | - |
| Transfers | 619,922 | 994,000 | 400,000 | 2,013,922 | - |
| Cash Flows from Capital and Financing Activities | <u>(314,645)</u> | <u>268,150</u> | <u>(424,688)</u> | <u>(471,183)</u> | <u>(870,072)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Withdrawal from WMMIC restricted cash | - | - | - | - | 6,172 |
| Investment income | 1,940 | - | - | 1,940 | 67,555 |
| Cash Flows from Investing Activities | <u>1,940</u> | <u>-</u> | <u>-</u> | <u>1,940</u> | <u>73,727</u> |
| Net Change in Cash and Cash Equivalents | 1,611 | 2,971,350 | (107,109) | 2,865,852 | (790,682) |
| Cash and Cash Equivalents - Beginning of Year | <u>166,356</u> | <u>117,582</u> | <u>324,926</u> | <u>608,864</u> | <u>4,357,268</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 167,967</u> | <u>\$ 3,088,932</u> | <u>\$ 217,817</u> | <u>\$ 3,474,716</u> | <u>\$ 3,566,586</u> |

See accompanying notes to the financial statements.

**KENOSHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2009**

| | Business-type Activities | | | Totals | Governmental Activities |
|--|------------------------------|------------------------------|----------------------------------|------------------------------|----------------------------|
| | Brookside Care Center | Highway | Non-major Fund Golf Course | | Internal Service |
| RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating Income (Loss) | \$ (2,050,816) | \$ (8,521,965) | \$ (311,129) | \$ (10,883,910) | \$ (21,790) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities: | | | | | |
| Depreciation expense and amortization | 401,229 | 656,794 | 325,036 | 1,383,059 | 484,568 |
| Changes in assets and liabilities: | | | | | |
| Accounts receivable | (1,291) | (17,656) | (1,994) | (20,941) | (26,735) |
| Due from other governments | - | 262,249 | 1,561 | 263,810 | 18,485 |
| Inventories | (1,455) | (43,717) | (16,984) | (62,156) | - |
| Due from other funds | - | - | - | - | (791,448) |
| Prepaid items | (882) | - | - | (882) | (64,401) |
| Accounts payable | (17,982) | (121,283) | 96,456 | (42,809) | (12,811) |
| Claims payable | - | - | - | - | 374,622 |
| Due to other governments | - | 1,201,284 | - | 1,201,284 | - |
| Due to other funds | 132,198 | - | - | 132,198 | 43,997 |
| Other current liabilities | 1,564 | - | - | 1,564 | 1,176 |
| OPEB payable | 460,301 | 274,529 | 35,551 | 770,381 | - |
| Accrued compensation | 4,761 | 20,402 | (22,634) | 2,529 | - |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ (1,072,373)</u> | <u>\$ (6,289,363)</u> | <u>\$ 105,863</u> | <u>\$ (7,255,873)</u> | <u>\$ 5,663</u> |
| Noncash investing, capital and financing activities: | | | | | |
| Infrastructure transferred to governmental activities | <u>\$ -</u> | <u>\$ 1,421,787</u> | <u>\$ -</u> | <u>\$ 1,421,787</u> | <u>\$ -</u> |

See accompanying notes to the financial statements.

KENOSHA COUNTY

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

December 31, 2009

ASSETS

| | |
|-------------------------------------|---------------------|
| Cash and temporary cash investments | \$ 3,225,671 |
| Miscellaneous receivables | <u>9,226</u> |
| Total Assets | <u>\$ 3,234,897</u> |

LIABILITIES

| | |
|---------------------------|---------------------|
| Other accrued liabilities | <u>\$ 3,234,897</u> |
| Total Liabilities | <u>\$ 3,234,897</u> |

See accompanying notes to the financial statements.

KENOSHA COUNTY

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KENOSHA COUNTY

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KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

Government-Wide Financial Statements

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

Government-Wide Financial Statements (cont.)

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

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

Fund Financial Statements

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

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

Fund Financial Statements (cont.)

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

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

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

| | |
|-------------------|--------------------------------|
| Housing Authority | Federated Library System |
| Health Department | Geographic Information Systems |

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

| | |
|-------------------------|---------------------------------|
| County Detention Center | Bike Trail |
| Parkland Development | Public Safety Building Addition |
| Parking Structure | Western County Communication |
| Courthouse Security | Courthouse Renovation |
| Jail Expansion | Other Capital Projects |
| Wireless 911 | |

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

Fund Financial Statements (cont.)

In addition, the County reports the following fund types:

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

| | |
|-------------------------|-----------------------------|
| Human Services Building | Workers Compensation |
| Health Insurance | General Liability Insurance |

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

| |
|--------------------|
| Clerk of Courts |
| Child Support |
| Social Services |
| Other Agency Funds |

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

Government-Wide Financial Statements

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

Fund Financial Statements

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

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

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

Fund Financial Statements (cont.)

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

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

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

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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2009 the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

2. Receivables

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

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

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

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

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

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

Property tax calendar – 2009 tax roll:

| | |
|---|------------------|
| Lien date and levy date | December 2009 |
| Tax bills mailed | December 2009 |
| Payment in full, or | January 31, 2010 |
| First installment due | January 31, 2010 |
| Second installment due | July 31, 2010 |
| Personal property taxes in full | January 31, 2010 |
| Tax sale – 2009 delinquent real estate taxes | October 2012 |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

2. Receivables (cont.)

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

The County has a 0.5% sales tax which is allocated 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, 2009, the County has accrued two months of the subsequent year’s collections as receivable.

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

5. Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 (Brookside'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.

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

| | |
|-------------------------|--------------|
| Buildings | 50-100 Years |
| Land Improvements | 20 Years |
| Machinery and Equipment | 5-40 Years |
| Infrastructure | 15-50 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

6. Other Assets

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

7. Compensated Absences

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

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

Accumulated liabilities at December 31, 2009 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

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

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

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

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. The liability for claims and judgments is only reported in governmental funds if it has matured. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. See Note V. C. on commitments and contingencies.

10. Equity Classifications

Government-Wide Financial Statements

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

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

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, 2009

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

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

10. Equity Classifications (cont.)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

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

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

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

| | |
|---|----------------------|
| Bonds and notes payable | \$ 78,066,484 |
| Vacation/casual day accrual | 3,163,491 |
| Post retirement health insurance benefits | 14,330,969 |
| Unamortized debt discount and issue costs | <u>(543,051)</u> |
| Combined adjustment for long-term liabilities | <u>\$ 95,017,893</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 | \$ 3,011,951 |
| Health Insurance | 1,475,000 |
| Workers Compensation | (239,112) |
| General Liability Insurance | <u>534,362</u> |
| Total | <u>\$ 4,782,201</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

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

Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$5,204,954 difference are as follows:

| | |
|--|-----------------------|
| Debt issued or incurred: | |
| Issuance of general obligation bonds | \$ (17,250,000) |
| Discounts, premium and issuance costs | 270,057 |
| Amortization expense | (50,861) |
| Principal repayments: | |
| General obligation debt | <u>11,825,850</u> |
| | |
| Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ (5,204,954)</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 \$3,215,588 difference are as follows:

| | |
|--|-----------------------|
| Vacation/casual day accrual | \$ (72,812) |
| Post retirement health insurance benefits | (3,192,194) |
| Accrued interest | <u>49,418</u> |
| | |
| Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ (3,215,588)</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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 designated fund balance (for government funds) as follows:

| | |
|-----------------------|--------------|
| General Fund | \$ 1,974,610 |
| Human Services | 5,049 |
| Capital Projects Fund | 5,855,853 |

B. GOVERNMENTAL FUNDS - EXCESS EXPENDITURES OVER APPROPRIATIONS

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

C. DEFICIT BALANCES

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

As of December 31, 2009 the following funds held a deficit balance:

| <u>Fund</u> | <u>Amount</u> | <u>Reason</u> |
|--------------------------------|---------------|--|
| Brookside Care Center | 67,633 | Increased bed tax and increased personnel costs due to overtime hours. |
| Geographic Information Systems | \$33,065 | State revenue to cover the expenses will not be received until the project is fully completed. |
| Parking Structure | \$10,386 | State revenue to cover the expenses will not be received until the project is fully completed. |
| Bike Trail | \$1,032 | The County is expecting additional funding sources to complete the project. |
| Workers Compensation | \$239,112 | Due to unexpected, unusually large claims. |

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

As adopted in the 2007-2009 State Biennial Budget and as part of Wisconsin's State Budget Bill (1993 Act 16), legislation was passed that limits the County's future tax levy and rates. Generally, the County is limited to its 1992 tax levy rate and its 2008 levy increase by the greater of the percent of new construction or 3.86 percent in 2008 and two percent in 2009, based upon current legislation. However, this limitation does not affect debt authorized prior to August 12, 1993 for the tax levy rate limit and debt authorized prior to July 1, 2005 for the levy limits. It also does not affect refunding bonds.

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

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

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

The County is in compliance with the limitation.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

E. LIMITATIONS ON THE COUNTY'S TAX LEVY

As part of Wisconsin's Act 28 (2009), legislation was passed that limits the County's future tax levies. Generally, the County is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the County's equalized value due to new construction or 3% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 levy.

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

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

The County has an agreement with Johnson Bank for collateralization of its deposits and investments. The bank has pledged \$12,246,556 of various governmental securities as collateralization for the County's deposits.

The County maintains a cash and investment pool that is available for use by all funds. The deposit and investment balances of the various fund types on December 31, 2009 are as follows:

| | |
|------------------|---------------------|
| General | \$ 5,229,156 |
| Special Revenue | 322,969 |
| Capital Projects | 6,584,366 |
| Debt Service | 146,390 |
| Enterprise | 3,474,716 |
| Internal Service | 3,566,586 |
| Agency | 3,225,671 |
| Total | <u>\$22,549,854</u> |

Deposits – Custodial Credit Risk

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits – Custodial Credit Risk (cont.)

As of December 31, 2009, the carrying amount of the County's deposits was \$368,469 and the bank balance was \$1,562,249. This entire bank balance at year-end was covered by the Federal depository insurance or by collateral held by the County's agent in the County's name. In addition, the County maintains petty cash funds in the amount of \$9,310.

Investments

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

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

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

Investment Risk Factors

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

Credit Risk

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

The credit risk profile for fixed income securities at December 31, 2009 is as follows:

| U.S. Government Guaranteed | | |
|--|--------------|-------------------|
| Investment | S & P Rating | Amount |
| AIM | | |
| Government & Agency- Institutional | AAA | 304,930 |
| Treasury - Institutional | AAA | 250,546 |
| DANA | | |
| Federal Home Loan Mortgage Corp. | AAA | 3,326,971 |
| Federal National Mortgage Association | AAA | 3,275,176 |
| Government National Mortgage Association | AAA | 50,217 |
| Small Business Association | AAA | 67,089 |
| Johnson Bank | | |
| Repurchase Agreements | AAA | 3,901,415 |
| Total U.S. Government Guaranteed | | 11,176,344 |
| Money Market Accounts | | |
| Wisconsin Local Government | | |
| Investment Pool | Unrated | 10,448,017 |
| DANA | | |
| Money Market Account | AAA | 547,715 |
| Total Money Market Accounts | | 10,995,732 |
| Grand Total | | 22,172,076 |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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, 2009 are as follows:

| Issuer | Amount | Percentage |
|---------------------------------------|---------------|-------------------|
| Federal National Mortgage Association | \$ 3,275,176 | 15% |
| U.S.Treasury | 4,456,891 | 20% |
| Federal Home Loan Mortgage Corp. | 3,326,971 | 15% |
| Other issuers (none over 5%) | 11,113,038 | 50% |
| | \$ 22,172,076 | 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. 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

A. DEPOSITS AND INVESTMENTS (cont.)

In addition to using the assigned benchmarks to evaluate the performance of the portfolio management firms, the firms also manage interest rate risk by maintaining the effective duration of their portfolios consistent to the duration of the assigned benchmark. The duration of the County's overall investments at December 31, 2009 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. | \$ 3,326,971 | Average 226 days |
| Federal National Mortgage Association | 3,275,176 | Average 201 days |
| Government National Mortgage Association | 50,217 | Average 569 days |
| Small Business Association | 67,089 | Average 40 days |
| Repurchase agreements | 3,901,415 | Overnight |
| | <u>\$ 10,620,868</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, 2009 is as follows:

| <u>Fund Name</u> | <u>Amount</u> | <u>Weighted Average Maturity</u> |
|--|----------------------|----------------------------------|
| Wisconsin Local Government Investment Pool | \$ 10,448,017 | 88 days |
| AIM Short Term Government & Agency | 304,930 | 48 days |
| AIM Short Term Treasury | 250,546 | 48 days |
| DANA Money Market | 547,715 | 1 day |
| | <u>\$ 11,551,208</u> | |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

B. RECEIVABLES

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

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

The City of Kenosha and Kenosha County agreed to each pay half of the unfunded pension liability for Joint Services. In 2008, the County paid the entire amount of \$540,856. The City of Kenosha will be paying its share of \$270,428 to the County over a five year period with interest of five percent. The current balance due to the County is \$162,256 and is shown in the "Miscellaneous receivables" line in the General Fund.

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

| | Unavailable | Unearned |
|---|------------------|-------------------|
| Property taxes receivable | \$ - | \$ 54,337,741 |
| Delinquent property taxes | 1,242,732 | - |
| Housing Authority loans receivable | 1,257,016 | - |
| Other unearned revenue | - | 79,097 |
| Grant drawdowns prior to meeting all eligibility requirements | - | 411,121 |
| Total Deferred/Unearned Revenue for Governmental funds | \$ 2,499,748 | \$ 54,827,959 |

Delinquent property taxes purchased from other taxing authorities are reflected as reservations of fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available for current expenditures and are therefore excluded from the reservation of fund balances. In prior years, the County had been adjusting the reserve for delinquencies by the full amount not excluding the first sixty days of collections in the following year. In order to better compare with other county entities, the County has elected to adjust the reserve by the amount collected in the first sixty days of 2010.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

B. RECEIVABLES (cont.)

For the year ended December 31, 2009, such collections aggregated \$1,388,489 of which \$1,125,120 was purchased by the County. Therefore, the delinquent property tax reserve is \$6,434,100 less \$1,125,120 collected in the first sixty days of 2010 or \$5,308,080. Delinquent property taxes levied by the County are reflected as deferred revenue and are excluded from the fund balance until collected.

At December 31, 2009, delinquent property taxes by year levied consists of the following:

| | <u>Total</u> | <u>County Levied</u> | <u>County Purchased</u> |
|---|----------------------|--------------------------|-----------------------------|
| Tax Certificates | | | |
| 2008 | \$ 5,352,946 | \$ 1,015,350 | \$ 4,337,596 |
| 2007 | 1,917,012 | 363,620 | 1,553,392 |
| 2006 | 503,094 | 95,427 | 407,667 |
| 2005 | 87,888 | 16,670 | 71,218 |
| 2004 and prior | 79,262 | 15,034 | 64,228 |
| Total Tax Certificates | <u>7,940,202</u> | <u>\$ 1,506,102</u> | <u>\$ 6,434,100</u> |
| Delinquent Special Assessments | 1,222,040 | | |
| Tax Deeds held by County | 984,953 | | |
| Other taxes | <u>9,195</u> | | |
| Total Delinquent Property Taxes Receivable | <u>\$ 10,156,390</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, 2009, the County has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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 2009 including new infrastructure assets. The deletion column represents the assets that were discarded in 2009. Deletions include: \$75,000 construction in progress reclassified to capital assets that have been completed, minor adjustments to accumulated depreciation and \$2,053,100 of roads with corresponding depreciation that have been transferred as the County no longer owns the roads as a result of the I-94 highway expansion.

Capital asset valuation and activity for the year ended December 31, 2009 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 | \$ 90,001 | \$ 2,619,765 | \$ (75,000) | \$ 2,634,766 |
| Land Improvements | 14,875,179 | - | (762,200) | 14,112,979 |
| Land | 17,151,357 | 811,774 | - | 17,963,131 |
| Total Capital Assets not being depreciated | <u>32,116,537</u> | <u>3,431,539</u> | <u>(837,200)</u> | <u>34,710,876</u> |
| Other Capital Assets: | | | | |
| Land Improvements | 3,881,320 | 116,363 | - | 3,997,683 |
| Buildings | 80,184,989 | 384,538 | - | 80,569,527 |
| Machinery & Equipment | 18,874,546 | 2,840,878 | (310,227) | 21,405,197 |
| Infrastructure | 35,962,545 | 1,421,787 | (1,828,200) | 35,556,132 |
| Total Other Capital Assets at Historical Cost | <u>138,903,400</u> | <u>4,763,566</u> | <u>(2,138,427)</u> | <u>141,528,539</u> |
| Less: Accumulated Depreciation | | | | |
| Land Improvements | (1,985,449) | (218,786) | - | (2,204,235) |
| Buildings | (25,480,373) | (1,872,983) | - | (27,353,356) |
| Machinery & Equipment | (12,472,920) | (1,945,997) | 188,500 | (14,230,417) |
| Infrastructure | (13,971,200) | (1,744,100) | 1,081,800 | (14,633,500) |
| Total Accumulated Depreciation | <u>(53,909,942)</u> | <u>(5,781,866)</u> | <u>1,270,300</u> | <u>(58,421,508)</u> |
| Net Total Other Capital Assets | <u>84,993,458</u> | <u>(1,018,300)</u> | <u>(868,127)</u> | <u>83,107,031</u> |
| Net Total Government Activities Capital Assets | <u>\$ 117,109,995</u> | <u>\$ 2,413,239</u> | <u>\$(1,705,327)</u> | <u>\$ 117,817,907</u> |

Depreciation expense was charged to functions as follows:

| | |
|---|---------------------|
| Depreciation expense was charged to functions as follows: | |
| General Government | \$ 3,151,555 |
| Public Safety | 475,583 |
| Public Works | 1,744,100 |
| Social Services | 16,272 |
| Education & Recreation | 256,038 |
| Health | 39,012 |
| Conservation & Development | 99,306 |
| Total Governmental Activities- Depreciation Expense | <u>\$ 5,781,866</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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 | \$ 27,502,893 | \$ 1,421,787 | \$ (1,828,200) | \$ 27,096,480 |
| Bridges | 4,538,052 | - | - | 4,538,052 |
| Traffic signals | 3,302,600 | - | - | 3,302,600 |
| Sewer drainage | 384,000 | - | - | 384,000 |
| Culverts | 235,000 | - | - | 235,000 |
| Infrastructure | <u>35,962,545</u> | <u>1,421,787</u> | <u>(1,828,200)</u> | <u>35,556,132</u> |
| Land Improvements | <u>14,875,179</u> | <u>-</u> | <u>(762,200)</u> | <u>14,112,979</u> |
| Total | <u>50,837,724</u> | <u>1,421,787</u> | <u>(2,590,400)</u> | <u>49,669,111</u> |
| Less Accumulated Depreciation | | | | |
| Roadways | (11,225,700) | (1,510,100) | 1,081,800 | (11,654,000) |
| Bridges | (1,329,800) | (89,500) | - | (1,419,300) |
| Traffic signals | (1,199,200) | (132,000) | - | (1,331,200) |
| Sewer drainage | (191,600) | (7,800) | - | (199,400) |
| Culverts | (24,900) | (4,700) | - | (29,600) |
| Total Accumulated Depreciation | <u>(13,971,200)</u> | <u>(1,744,100)</u> | <u>1,081,800</u> | <u>(14,633,500)</u> |
| Net Infrastructure | <u>\$ 36,866,524</u> | <u>\$ (322,313)</u> | <u>\$ (1,508,600)</u> | <u>\$ 35,035,611</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

C. CAPITAL ASSETS (cont.)

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|--------------------|---------------------------|
| Business - type Activities | | | | |
| Capital Assets not being depreciated: | | | | |
| Construction in Progress | \$ - | \$ 229,155 | \$ - | \$ 229,155 |
| Land | <u>338,258</u> | <u>-</u> | <u>-</u> | <u>338,258</u> |
| Total Capital Assets not being depreciated | 338,258 | 229,155 | - | 567,413 |
| Other Capital Assets: | | | | |
| Land Improvements | 4,300,750 | 11,991 | - | 4,312,741 |
| Buildings | 15,381,438 | - | - | 15,381,438 |
| Machinery & Equipment | <u>17,350,669</u> | <u>1,235,191</u> | <u>(428,116)</u> | <u>18,157,744</u> |
| Total Other Capital Assets at Historical Cost | 37,032,857 | 1,247,182 | (428,116) | 37,851,923 |
| Less: Accumulated Depreciation | | | | |
| Land Improvements | (2,378,578) | (9,476) | - | (2,388,054) |
| Buildings | (9,037,162) | (391,999) | - | (9,429,161) |
| Machinery & Equipment | <u>(11,200,148)</u> | <u>(981,584)</u> | <u>368,239</u> | <u>(11,813,493)</u> |
| Total Accumulated Depreciation | <u>(22,615,888)</u> | <u>(1,383,059)</u> | <u>368,239</u> | <u>(23,630,708)</u> |
| Net Total Other Capital Assets | <u>14,416,969</u> | <u>(135,877)</u> | <u>(59,877)</u> | <u>14,221,215</u> |
| Net Total Business - type Activities Capital Assets | <u>\$ 14,755,227</u> | <u>\$ 93,278</u> | <u>\$ (59,877)</u> | <u>\$ 14,788,628</u> |

Depreciation expense was charged to functions as follows:

| | |
|---|---------------------|
| Business-type Activities | |
| Brookside Care Center | \$ 401,229 |
| Highway | 656,794 |
| Golf Courses | <u>325,036</u> |
| Total Business-type Activities - Depreciation Expense | <u>\$ 1,383,059</u> |

Depreciation expense is different from additions because of salvage values and costs associated with the disposal of assets.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

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

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--------------------------|--------------------------------------|---------------|
| General Fund | | \$ 629,276 |
| | Health Department | (101,511) |
| | Brookside Care Center | (329,428) |
| | Housing Authority | (137,070) |
| | Geographic Information Systems | (61,267) |
| Health Insurance | | 1,249,633 |
| | Human Services Building | (834,654) |
| | General Liability Insurance | (414,979) |
| Human Services | | 1,041,033 |
| | Health Department | (1,041,033) |
| Capital Projects-General | | 38,485 |
| | Capital Projects - Parking Structure | (18,444) |
| | Capital Projects - Wireless 911 | (8,777) |
| | Capital Projects - Bike Trail | (11,264) |

All of these balances will be repaid within the year.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

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

The following is a schedule of interfund transfers:

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> | <u>Principal Purpose</u> |
|---------------------------------|------------------------------|----------------|--|
| General Fund | | 108,755 | To record lapsing funds |
| Brookside Care Center | | 508,722 | at year end |
| Golf Course Division | | 211,716 | |
| Highway | | 21,208 | |
| | General Fund | (741,646) | |
| | Human Services | (17,755) | |
| | Wireless 911 | (62,782) | |
| | Health Department | (28,218) | |
| General Fund | | 1,124,651 | Allocation of intergovernmental |
| | Brookside Care Center | (1,124,651) | transfer to General Fund |
| Western County Communication | | 40,000 | To record bond proceeds |
| Courthouse Renovation | | 200,000 | |
| Brookside Care Center | | 111,200 | |
| Golf Course | | 400,000 | |
| Highway | | 4,809,020 | |
| | Other Capital Projects | (5,600,220) ** | |
| General Fund | | 86,603 | Per Resolution 3, transfer 911 grant dollars |
| | Wireless 911 | (86,603) | for use in General Fund |
| General Fund | | 20,000 | Transfer appropriation from |
| | Highway | (20,000) | highway to parks to cover overages |
| Public Safety Building Addition | | 333,600 | Per adopted budget Resolution to transfer |
| | Wireless 911 | (333,600) | 911 Wireless grant for IT related capital |

** \$40,000 of bond proceeds was transferred to the Human Services Building Fund (an internal services fund) and recorded as long term debt.

The Highway enterprise fund transferred infrastructure to the governmental activities in 2009 totaling \$1,421,787. 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, 2009

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, 2009 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Bonds and Notes Payable: | | | | | |
| General Obligation Debt | \$ 74,774,831 | \$ 17,290,000 | 12,754,831 | \$ 79,310,000 | \$ 9,975,000 |
| Add/(Subtract) Deferred Amounts For: | | | | | |
| (Discounts)/Premiums | (323,855) | (270,057) | (50,861) | (543,051) | (74,689) |
| Total Bonds And Notes Payable | <u>74,450,976</u> | <u>17,019,943</u> | <u>12,703,970</u> | <u>78,766,949</u> | <u>9,900,311</u> |
| Other Liabilities: | | | | | |
| Post Retirement Benefits | 11,138,775 | 4,809,025 | 1,616,831 | 14,330,969 | - |
| Vested Vacation and Casual Days | 3,090,679 | 122,010 | 49,198 | 3,163,491 | 261,667 |
| Total Other Liabilities | <u>14,229,454</u> | <u>4,931,035</u> | <u>1,666,029</u> | <u>17,494,460</u> | <u>261,667</u> |
| Total Governmental Activities- Long-Term Obligations | <u>\$ 88,680,430</u> | <u>\$ 21,950,978</u> | <u>\$ 14,369,999</u> | <u>\$ 96,261,409</u> | <u>\$ 10,161,978</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--|----------------------|---------------------|---------------------|---------------------|-----------------------------------|
| Business-type Activities | | | | | |
| Bonds and Notes Payable: | | | | | |
| General Obligation Debt | \$ 5,370,000 | \$ - | \$ 890,000 | \$ 4,480,000 | \$ 920,000 |
| Add/(Subtract) Deferred Amounts For: | | | | | |
| (Discounts)/Premiums | (463,476) | - | (75,877) | (387,599) | (75,876) |
| Total Bonds And Notes Payable | <u>4,906,524</u> | <u>-</u> | <u>814,123</u> | <u>4,092,401</u> | <u>844,124</u> |
| Other Liabilities: | | | | | |
| Post Retirement Benefits | 3,340,225 | 1,096,509 | 326,127 | 4,110,607 | - |
| Vested Vacation and Casual Days | 941,936 | 49,907 | 47,379 | 944,464 | 39,943 |
| Total Other Liabilities | <u>4,282,161</u> | <u>1,146,416</u> | <u>373,506</u> | <u>5,055,071</u> | <u>39,943</u> |
| Total Business-type Activities- Long-Term Obligations | <u>\$ 9,188,685</u> | <u>\$ 1,146,416</u> | <u>\$ 1,187,629</u> | <u>\$ 9,147,472</u> | <u>\$ 884,067</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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, 2009, was \$745,777,555. Total general obligation debt outstanding at year end was \$83,790,000.

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance 12/31/2009</u> |
|---|--------------------------|---------------------------|---------------------------|----------------------------------|-------------------------------|
| Governmental Activities - General Obligation Debt | | | | | |
| Refunding Bonds | 2001 | 2017 | 3.50-5.00% | 25,755,000 | 22,895,000 |
| Promissory Notes | 2002 | 2010 | 3.15% | 4,270,000 | 770,000 |
| Promissory Notes | 2003 | 2011 | 1.50%-3.00% | 5,320,000 | 2,020,000 |
| Refunding Bonds | 2003 | 2013 | 1.50%-3.35% | 8,140,000 | 2,950,000 |
| Refunding Bonds | 2003 | 2022 | 3.25%-5.50% | 9,285,000 | 7,895,000 |
| Promissory Notes | 2004 | 2012 | 2.00%-3.60% | 3,100,000 | 1,600,000 |
| Refunding Bonds | 2004 | 2017 | 2.00%-4.00% | 10,630,000 | 7,020,000 |
| Promissory Notes | 2005 | 2013 | 3.50% | 2,700,000 | 1,700,000 |
| Promissory Notes | 2006 | 2014 | 3.875% | 2,150,000 | 1,350,000 |
| Promissory Notes | 2007 | 2017 | 3.25%-3.65% | 4,050,000 | 3,190,000 |
| Refunding Bonds | 2008 | 2013 | 3.25% | 4,350,000 | 2,765,000 |
| Promissory Notes | 2008 | 2018 | 4.00% | 8,235,000 | 7,865,000 |
| Refunding Bonds | 2009 | 2017 | 1.50% - 3.25% | 2,735,000 | 2,735,000 |
| Recovery Zone Economic Development Bonds | 2009 | 2029 | 1.60% - 5.65% | 4,910,000 | 4,910,000 |
| Build America Bonds | 2009 | 2019 | 1.60% - 4.20% | 9,645,000 | 9,645,000 |
| Total Governmental Activities - General Obligation Debt | | | | | <u>\$ 79,310,000</u> |

| | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance 12/31/2009</u> |
|--|--------------------------|---------------------------|---------------------------|----------------------------------|-------------------------------|
| Business-type Activities - General Obligation Debt | | | | | |
| Refunding Bonds | 2004 | 2015 | 2.00-3.90% | 3,080,000 | 1,820,000 |
| Refunding Bonds | 2008 | 2013 | 3.25% | 3,295,000 | 2,660,000 |
| Total Business-type Activities - General Obligation Debt | | | | | <u>\$ 4,480,000</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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:

| Years | Governmental Activities General Obligation Debt | | Business-type Activities General Obligation Debt | |
|-----------|--|----------------------|---|-------------------|
| | Principal | Interest | Principal | Interest |
| 2010 | \$ 9,975,000 | \$ 2,896,390 | \$ 920,000 | \$ 150,735 |
| 2011 | 9,720,000 | 2,849,221 | 945,000 | 121,240 |
| 2012 | 8,720,000 | 2,507,012 | 995,000 | 90,673 |
| 2013 | 7,595,000 | 2,176,407 | 990,000 | 57,573 |
| 2014 | 7,590,000 | 1,862,392 | 315,000 | 24,098 |
| 2015-2019 | 29,560,000 | 4,559,141 | 315,000 | 12,285 |
| 2020-2024 | 4,200,000 | 983,288 | - | - |
| 2025-2029 | 1,950,000 | 327,553 | - | - |
| Totals | <u>\$ 79,310,000</u> | <u>\$ 18,161,403</u> | <u>\$ 4,480,000</u> | <u>\$ 456,604</u> |

Current Refunding

On March 12, 2009, the County issued \$2,735,000 in general obligation bonds with an average interest rate of 2.712% to current refund \$3,000,000 of outstanding bonds with an average interest rate of 4.15%. The net proceeds of \$2,681,899 (after payment of \$32,589 in underwriting fees, insurance, and other issuance costs and a discount of \$20,513) plus an additional \$418,800 of prior issue debt service funds and \$2,200 of approximate interest earned were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded bonds prior to the current refunding was \$3,578,713. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$110,708.

Capital Leases

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

Other Debt Information

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

F. RESTRICTED ASSETS

The County has restricted assets which consist of a deposit in Wisconsin Municipal Mutual Insurance Company (WMMIC) in the amount of \$1,157,860. This deposit is the County's original capitalization investment. In addition, cash in the amount of \$517,783 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. 2009 revenues of \$697,212 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 \$13,100,000 with a net book value of \$5,764,000.

Lessee – Operating Leases

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

Capital Leases – Lessee/Lessor

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2009 includes the following:

Governmental Activities

| | |
|--|----------------------|
| Invested in capital assets, net of related debt | |
| Land, land improvements and construction in progress | \$ 34,710,876 |
| Other capital assets, net of accumulated depreciation | 83,107,031 |
| Less: capital related long-term debt outstanding (net of unspent proceeds of debt) | <u>(64,884,075)</u> |
| Total Invested in Capital Assets, Net of Related Debt | <u>\$ 53,133,832</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

| | |
|--|----------------------|
| Restricted | |
| Specific purpose – grants and loans | \$ 1,443,661 |
| Unrestricted (deficit) | <u>(10,223,174)</u> |
| Total Governmental Activities Net Assets | <u>\$ 44,354,319</u> |

Governmental fund balances reported on the fund financial statements at December 31, 2009 include the following:

| | |
|--|---------------------|
| Reserved | |
| Major Funds | |
| General Fund | |
| Delinquent tax certificate receivables | \$ 5,308,980 |
| Encumbrances | 271,598 |
| Prepaid items | <u>385,624</u> |
| Total | <u>\$ 5,966,202</u> |
| Debt Service Fund | |
| Reserved for debt payments | <u>\$ 146,390</u> |
| Non Major Funds | |
| Capital Projects – County Detention Center | \$ 20,185 |
| Capital Projects – Other Capital Projects | <u>16,442</u> |
| Reserved for Encumbrances | <u>\$ 36,627</u> |
| Unreserved (designated) | |
| Major Funds | |
| General Fund, subsequent year expenditures | \$ 1,974,610 |
| General Fund, sheriff special deposit | 71,175 |
| Human Services, subsequent year expenditures | <u>5,049</u> |
| Total Major Funds | <u>\$ 2,050,834</u> |
| Non-Major Funds | |
| Special Revenue Funds | |
| Housing Authority, designated grant funding | \$ 186,645 |
| Total Special Revenue Funds | <u>\$ 186,645</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

| | |
|---|---------------------|
| Capital Project Funds, all subsequent year expenditures | |
| Parkland Development | \$ 445,583 |
| Courthouse Security | 14,106 |
| Public Safety Building Addition | 3,626,646 |
| Courthouse Renovation | 77,985 |
| Other Capital Projects | <u>1,691,533</u> |
| Total Capital Projects Funds | <u>\$ 5,855,853</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible County employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work at least 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the System for the year ended December 31, 2009 was \$51,529,625; the employer's total payroll was \$52,087,638. The total required contribution for the year ended December 31, 2009 was \$5,562,953 or 10.7 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2008 and 2007 were \$5,618,481 and \$5,388,269, respectively, equal to the required contributions for each year.

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT

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

Public Entity Risk Pool

During 1987, the County, together with certain other units of government within the State of Wisconsin, created the Wisconsin Municipal Mutual Insurance Company (WMMIC), a nonassessable mutual company which provides liability insurance and risk management services to its members. The County became a member of WMMIC in 1992 by issuing a general obligation note for \$1,157,860 and investing the proceeds in WMMIC. The scope of insurance protection provided by WMMIC is broad, covering automobile liability, general liability, law enforcement liability, public official's errors and omissions, civil rights, incidental medical malpractice, personal injury, equal rights, and American with Disabilities Act at policy limits of \$5,000,000 per occurrence and \$15,000,000 annual aggregate on an excess basis above members per occurrence and annual aggregate self-insured retentions. The County's self-insured retention limit is \$200,000 for each occurrence and \$900,000 for the annual aggregate. WMMIC's exposure in its layer of insurance is limited to \$1,000,000 per occurrence in that the company purchases \$4,000,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage. The amount of reinsurance may vary from year to year as determined by the WMMIC Board of Directors.

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

The participant's share in the operation of WMMIC as of December 31, 2009 is as follows:

| | <u>Percentage</u> |
|--------------------|-------------------|
| Brown County | 7.13 |
| Chippewa County | 3.31 |
| Dane County | 9.26 |
| Dodge County | 3.60 |
| City of Eau Claire | 3.52 |
| Eau Claire County | 3.46 |
| Jefferson County | 2.38 |
| Kenosha County | 5.94 |
| Lacrosse County | 3.58 |
| City of Madison | 16.71 |
| Manitowoc County | 5.83 |
| Marathon County | 5.93 |
| Outagamie County | 6.47 |
| St. Croix County | 3.69 |
| Waukesha County | 10.56 |
| Rock County | 3.97 |
| Walworth County | <u>4.66</u> |
| | |
| Total | <u>100.00</u> |

The County's investment in WMMIC is reported on the Risk Management Fund balance sheet as a deposit. The amount reported is the original capitalization of \$1,157,860. For 2009, WMMIC prepared its statutory financial statements in accordance with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin (OCI). This reflects a change in basis in presentation from 2005 when the financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Therefore, in 2009, 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, 2009 is \$1,999,683. The financial statements can be obtained from WMMIC at their address of 4785 Hayes Road, Madison, Wisconsin, 53704-7364.

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

| Claims Liability- WMMIC | <u>2009</u> | <u>2008</u> |
|---|-------------------|-------------------|
| Unpaid claims, including IBNR – beginning of year | \$ 690,660 | \$ 650,541 |
| Current year claims and changes in estimates | 315,361 | 383,777 |
| Claim payments | <u>(189,487)</u> | <u>(343,658)</u> |
| Unpaid claims – end of year | <u>\$ 816,534</u> | <u>\$ 690,660</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self-Insurance – Workers Compensation

The County has also established a Risk Management program for workers compensation. All funds of the County participate in this program. The workers compensation internal service fund is maintained to provide for self-insured workers compensation insurance coverage and employee safety and loss control programs. The County contracts with a third party claims administrator for the purpose of adjusting workers compensation claims. An excess insurance policy covers individual claims in excess of the County's \$400,000 self-insured retention up to statutory requirements (unlimited) per claim. Settled claims have not exceeded the commercial coverage in any of the past three years. Costs associated with the workers compensation program are billed to other County departments based on exposure and historical loss experience and include amounts necessary to fund current year claims to be paid in the current year and in the future. At December 31, 2009, the County has established a future claims insurance reserve in the amount of \$1,757,285 to fund the estimated liability for the County's self-insured retention limits under its workers compensation program. This represents a discounted reserve determined on an actuarial basis with a mean confidence level which achieves the County's objective of providing a reserve confidence level not less than 50%, but not more than 95% as a reflection of the County's risk tolerance.

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

| Claims Liability | <u>2009</u> | <u>2008</u> |
|---|---------------------|---------------------|
| Unpaid claims, including IBNR – beginning of year | \$ 1,655,336 | \$ 1,542,032 |
| Current year claims and changes in estimates | 1,208,064 | 1,131,707 |
| Claim payments | <u>(1,106,115)</u> | <u>(1,018,403)</u> |
| Unpaid Claims – end of year | <u>\$ 1,757,285</u> | <u>\$ 1,655,336</u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE V – Other Information (cont.)

B. RISK MANAGEMENT (cont.)

Self-Insurance – Health Insurance

In the Health Insurance internal service fund, revenues from County departments totaled \$19,578,290. Expenditures in the same fund totaled \$18,205,270. A savings of \$1,373,020 was allocated back 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 | 2009 | 2008 |
|---|--------------|--------------|
| Unpaid claims, including IBNR – beginning of year | \$ 1,411,200 | \$ 1,009,100 |
| Current year claims and changes in estimates | 15,344,663 | 14,680,654 |
| Claim payments | (15,122,863) | (14,278,554) |
| Unpaid Claims – end of year | \$ 1,633,000 | \$ 1,411,200 |

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 2009, the County borrowed \$14,555,000, for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the various Capital Project and Proprietary funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Open purchase orders for the General Fund, Capital Projects-Other, and Golf Course funds totaled \$299,740 at year end and is included in reserve for encumbrances.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE V – Other Information (cont.)

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 \$3,666,233 to the Board for 2009. 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, 2009 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

| | |
|--|-----------------------------|
| Annual required contribution (ARC) and annual OPEB cost | \$ 5,905,534 |
| Actuarial estimated employer contribution (PAYGO amount) | (1,717,000) |
| Adjustment for interest and ARC adjustment | <u>(225,958)</u> |
| Increase in net OPEB obligation | 3,962,576 |
| Net OPEB obligation—beginning of year | <u>14,479,000</u> |
| Net OPEB obligation—end of year | <u><u>\$ 18,441,576</u></u> |

The increase in the net OPEB obligation of \$3,962,576 was allocated to the County's functions as follows:

| | |
|----------------------------|----------------------------|
| General Government | \$ 428,130 |
| Public Safety | 2,189,594 |
| Social Services | 328,767 |
| Health | 124,429 |
| Education & Recreation | 42,099 |
| Conservation & Development | 79,176 |
| Brookside Care Center | 460,301 |
| Golf | 35,551 |
| Highway | 274,529 |
| | <u><u>\$ 3,962,576</u></u> |

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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 2007 through 2009 was as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|---------------------|--|------------------------|
| 12/31/2007 | \$ 9,259,000 | 20% | \$ 7,407,000 |
| 12/31/2008 | \$ 9,259,000 | 24% | \$ 14,479,000 |
| 12/31/2009 | \$ 5,679,576 | 30% | \$ 18,441,576 |

The funded status of the plan as of January 1, 2010, the most recent actuarial valuation date, was as follows:

| | |
|---|----------------------|
| Actuarial accrued liability (AAL) | \$ 54,685,077 |
| Actuarial value of plan assets | - |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 54,685,077</u> |
| Funded ratio (actuarial value of plan assets/AAL) | - |
| Covered payroll (active plan members) | \$ 51,529,625 |
| UAAL as a percentage of covered payroll | 106% |

Funded Status and Funding Progress. Using a January 1, 2010 valuation date, the present value of the County's retiree medical plan actuarial accrued liability for benefits was \$91.225 million. This liability is comprised of the actuarial accrued liability for past service component of \$54.685 million, current service component (normal cost) of \$3.05 million, and future service component of \$33.491 million. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2010, actuarial valuation, the projected unit credit actuarial cost method was used because this method allocates costs based on each employee's length of service.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE V – Other Information (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The County has not established a separate, irrevocable trust to fund the annual OPEB cost. As a result, actuarial assumptions included a 4.0 percent interest discount rate compounded annually based on the County's long term expectations of returns on its own investments, and an annual healthcare cost trend rate of 9.3 percent per annum for 2010 grading down to an ultimate rate of 4.7 percent over a 51 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

In January 2010, the County issued General Obligation Refunding Bonds in the amount of \$20,250,000. This bond will be used for a current refunding of the 2011-2017 maturities of the 2001 bonds. The total amount of the principal of the 2001 bonds currently outstanding is \$22,895,000. The balance will be paid from monies levied by the County.

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The effective date of these standards is after the date of this report. Therefore these standards did not effect the financial statements in this report.

REQUIRED SUPPLEMENTAL INFORMATION

KENOSHA COUNTY

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

For the Year Ended December 31, 2009

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) - Frozen Entry Age</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---|--|---|--------------------------------|-------------------------|----------------------------|--|
| 7/1/2006 | \$ - | \$ 88,242,000 | \$ 88,242,000 | 0% | \$ 48,948,227 | 180% |
| 1/1/2010 | \$ - | \$ 54,685,077 | \$ 54,685,077 | 0% | \$ 51,529,625 | 106% |

See independent auditor's report.

SUPPLEMENTAL INFORMATION

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2009**

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--|---|---|
| ASSETS | | | |
| Cash and investments | \$ 322,969 | \$ 6,584,366 | \$ 6,907,335 |
| Receivables | | | |
| Property taxes | 2,394,388 | 7,125 | 2,401,513 |
| Miscellaneous | 349,008 | - | 349,008 |
| Due from other governments | 1,486,895 | 32,547 | 1,519,442 |
| Due from other funds | - | 38,485 | 38,485 |
| Loans receivable | 1,257,016 | - | 1,257,016 |
| TOTAL ASSETS | \$ 5,810,276 | \$ 6,662,523 | \$ 12,472,799 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ 156,889 | \$ 675,564 | \$ 832,453 |
| Special deposits | 3,521 | - | 3,521 |
| Due to other governments | 157,410 | - | 157,410 |
| Due to other funds | 1,340,881 | 38,485 | 1,379,366 |
| Deferred property tax revenue | 2,394,388 | 7,125 | 2,401,513 |
| Other deferred revenue | 1,602,594 | - | 1,602,594 |
| Total Liabilities | <u>5,655,683</u> | <u>721,174</u> | <u>6,376,857</u> |
| Fund Balance | | | |
| Reserved for encumbrances | - | 36,627 | 36,627 |
| Unreserved | | | |
| Designated | 186,645 | 5,855,853 | 6,042,498 |
| Undesignated (deficit) | (32,052) | 48,869 | 16,817 |
| Total Fund Balances | <u>154,593</u> | <u>5,941,349</u> | <u>6,095,942</u> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 5,810,276 | \$ 6,662,523 | \$ 12,472,799 |

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2009

| | Housing Authority | Health Department | Federated Library System | Geographic Information Systems | Total Nonmajor Special Revenue Funds |
|--|----------------------|----------------------|--------------------------------|--------------------------------------|---|
| ASSETS | | | | | |
| Cash and investments | \$ - | \$ - | \$ 322,969 | \$ - | \$ 322,969 |
| Receivables | | | | | |
| Property taxes | - | 988,993 | 1,405,395 | - | 2,394,388 |
| Miscellaneous | - | 349,008 | - | - | 349,008 |
| Due from other governments | 323,715 | 1,134,978 | - | 28,202 | 1,486,895 |
| Loans receivable | 1,257,016 | - | - | - | 1,257,016 |
| TOTAL ASSETS | \$ 1,580,731 | \$ 2,472,979 | \$ 1,728,364 | \$ 28,202 | \$ 5,810,276 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ 156,889 | \$ - | \$ - | \$ 156,889 |
| Special deposits | - | 3,521 | - | - | 3,521 |
| Due to other governments | - | 157,410 | - | - | 157,410 |
| Due to other funds | 137,070 | 1,142,544 | - | 61,267 | 1,340,881 |
| Deferred property tax revenue | - | 988,993 | 1,405,395 | - | 2,394,388 |
| Other deferred revenue | 1,257,016 | 23,622 | 321,956 | - | 1,602,594 |
| Total Liabilities | <u>1,394,086</u> | <u>2,472,979</u> | <u>1,727,351</u> | <u>61,267</u> | <u>5,655,683</u> |
| Fund Balance | | | | | |
| Unreserved | | | | | |
| Designated | 186,645 | - | - | - | 186,645 |
| Undesignated (deficit) | - | - | 1,013 | (33,065) | (32,052) |
| Total Fund Balances (deficit) | <u>186,645</u> | <u>-</u> | <u>1,013</u> | <u>(33,065)</u> | <u>154,593</u> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,580,731 | \$ 2,472,979 | \$ 1,728,364 | \$ 28,202 | \$ 5,810,276 |

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
December 31, 2009**

| | County Detention Center | Parkland Development | Parking Structure | Courthouse Security | Jail Expansion | Wireless 911 | Bike Trail | Public Safety Building Addition | Western County Communication | Courthouse Renovation | Other Capital Projects | Total Nonmajor Capital Projects Funds |
|--|-------------------------------|-------------------------|----------------------|------------------------|-------------------|-----------------|------------------|---------------------------------------|------------------------------------|--------------------------|------------------------------|--|
| ASSETS | | | | | | | | | | | | |
| Cash and investments | \$ 20,185 | \$ 466,578 | \$ - | \$ 14,106 | \$ 8,564 | \$ - | \$ - | \$ 4,072,423 | \$ 40,000 | \$ 78,457 | \$ 1,884,053 | \$ 6,584,366 |
| Property taxes receivable | - | - | - | - | - | - | - | - | - | - | 7,125 | 7,125 |
| Due from other governments | - | - | 8,058 | - | - | 8,777 | 15,712 | - | - | - | - | 32,547 |
| Due from other funds | - | - | - | - | - | - | - | - | - | - | 38,485 | 38,485 |
| TOTAL ASSETS | \$ 20,185 | \$ 466,578 | \$ 8,058 | \$ 14,106 | \$ 8,564 | \$ 8,777 | \$ 15,712 | \$ 4,072,423 | \$ 40,000 | \$ 78,457 | \$ 1,929,663 | \$ 6,662,523 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | |
| Accounts payable | \$ - | \$ 19,497 | \$ - | \$ - | \$ - | \$ - | \$ 5,480 | \$ 445,777 | \$ - | \$ 472 | \$ 204,338 | \$ 675,564 |
| Due to other funds | - | - | 18,444 | - | - | 8,777 | 11,264 | - | - | - | - | 38,485 |
| Deferred property tax revenue | - | - | - | - | - | - | - | - | - | - | 7,125 | 7,125 |
| Total Liabilities | - | 19,497 | 18,444 | - | - | 8,777 | 16,744 | 445,777 | - | 472 | 211,463 | 721,174 |
| Fund Balance | | | | | | | | | | | | |
| Reserved for encumbrances | 20,185 | - | - | - | - | - | - | - | - | - | 16,442 | 36,627 |
| Unreserved | | | | | | | | | | | | |
| Designated | - | 445,583 | - | 14,106 | - | - | - | 3,626,646 | - | 77,985 | 1,691,533 | 5,855,853 |
| Undesignated (deficit) | - | 1,498 | (10,386) | - | 8,564 | - | (1,032) | - | 40,000 | - | 10,225 | 48,869 |
| Total Fund Balances (deficit) | 20,185 | 447,081 | (10,386) | 14,106 | 8,564 | - | (1,032) | 3,626,646 | 40,000 | 77,985 | 1,718,200 | 5,941,349 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 20,185 | \$ 466,578 | \$ 8,058 | \$ 14,106 | \$ 8,564 | \$ 8,777 | \$ 15,712 | \$ 4,072,423 | \$ 40,000 | \$ 78,457 | \$ 1,929,663 | \$ 6,662,523 |

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009

| | Total Nonmajor Special Revenue Funds | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|--|---|
| REVENUES | | | |
| Taxes | \$ 2,321,318 | \$ 41,625 | \$ 2,362,943 |
| Licenses and permits | 346,369 | - | 346,369 |
| Intergovernmental revenues | 4,612,412 | 102,209 | 4,714,621 |
| Charges for services | 2,206,595 | 32,322 | 2,238,917 |
| Investment income | 649 | 7,253 | 7,902 |
| Miscellaneous income | 152,935 | 252,126 | 405,061 |
| Total Revenues | <u>9,640,278</u> | <u>435,535</u> | <u>10,075,813</u> |
| EXPENDITURES | | | |
| Current | | | |
| Health | 6,737,541 | - | 6,737,541 |
| Education and recreation | 1,904,231 | - | 1,904,231 |
| Conservation and development | 220,265 | 12,402 | 232,667 |
| Capital Outlay | 817,095 | 5,709,598 | 6,526,693 |
| Debt Service | | | |
| Interest, fiscal charges and debt issuance costs | - | 216,956 | 216,956 |
| Total Expenditures | <u>9,679,132</u> | <u>5,938,956</u> | <u>15,618,088</u> |
| Excess (deficiency) of revenues over expenditures | (38,854) | (5,503,421) | (5,542,275) |
| OTHER FINANCING SOURCES (USES) | | | |
| General obligation debt issued | - | 14,555,000 | 14,555,000 |
| Transfers in | - | 573,600 | 573,600 |
| Transfers out | (28,218) | (6,083,205) | (6,111,423) |
| Total Other Financing Sources (Uses) | <u>(28,218)</u> | <u>9,045,395</u> | <u>9,017,177</u> |
| Net change in fund balance | (67,072) | 3,541,974 | 3,474,902 |
| FUND BALANCES | | | |
| Beginning of year | <u>221,665</u> | <u>2,399,375</u> | <u>2,621,040</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 154,593</u> | <u>\$ 5,941,349</u> | <u>\$ 6,095,942</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, 2009

| | Housing Authority | Health Department | Federated Library System | Geographic Information Systems | Total Nonmajor Special Revenue Funds |
|--|----------------------|----------------------|--------------------------------|--------------------------------------|---|
| REVENUES | | | | | |
| Taxes | \$ - | \$ 959,207 | \$ 1,362,111 | \$ - | \$ 2,321,318 |
| Licenses and permits | - | 346,369 | - | - | 346,369 |
| Intergovernmental revenues | 820,909 | 3,188,406 | 542,120 | 60,977 | 4,612,412 |
| Charges for services | - | 2,146,295 | - | 60,300 | 2,206,595 |
| Investment income | 649 | - | - | - | 649 |
| Miscellaneous income | 23,854 | 129,081 | - | - | 152,935 |
| Total Revenues | <u>845,412</u> | <u>6,769,358</u> | <u>1,904,231</u> | <u>121,277</u> | <u>9,640,278</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Health | - | 6,737,541 | - | - | 6,737,541 |
| Education and recreation | - | - | 1,904,231 | - | 1,904,231 |
| Conservation and development | 93,768 | - | - | 126,497 | 220,265 |
| Capital Outlay | 813,495 | 3,600 | - | - | 817,095 |
| Total Expenditures | <u>907,263</u> | <u>6,741,141</u> | <u>1,904,231</u> | <u>126,497</u> | <u>9,679,132</u> |
| Excess (deficiency) of revenues over expenditures | (61,851) | 28,217 | - | (5,220) | (38,854) |
| OTHER FINANCING USES | | | | | |
| Transfers out | - | (28,218) | - | - | (28,218) |
| Net change in fund balance | (61,851) | (1) | - | (5,220) | (67,072) |
| FUND BALANCES (DEFICIT) | | | | | |
| Beginning of year | 248,496 | 1 | 1,013 | (27,845) | 221,665 |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ 186,645</u> | <u>\$ -</u> | <u>\$ 1,013</u> | <u>\$ (33,065)</u> | <u>\$ 154,593</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, 2009

| | County Detention Center | Parkland Development | Parking Structure | Courthouse Security | Jail Expansion | Wireless 911 | Bike Trail | Public Safety Building Addition | Western County Communication | Courthouse Renovation | Other Capital Projects | Total Nonmajor Capital Projects Funds |
|--|-------------------------------|-------------------------|----------------------|------------------------|-------------------|------------------|-------------------|---------------------------------------|------------------------------------|--------------------------|------------------------------|--|
| REVENUES | | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 41,625 | \$ 41,625 |
| Intergovernmental revenues | - | - | - | - | - | 86,604 | 5,038 | - | - | - | 10,567 | 102,209 |
| Charges for services | - | - | - | - | - | - | - | - | - | - | 32,322 | 32,322 |
| Investment income | - | - | - | - | - | - | - | - | - | - | 7,253 | 7,253 |
| Miscellaneous income | - | 250,000 | - | - | - | - | - | - | - | - | 2,126 | 252,126 |
| Total Revenues | - | 250,000 | - | - | - | 86,604 | 5,038 | - | - | - | 93,893 | 435,535 |
| EXPENDITURES | | | | | | | | | | | | |
| Current | | | | | | | | | | | | |
| Conservation and development | - | - | - | - | - | - | - | - | - | - | 12,402 | 12,402 |
| Capital Outlay | 29,802 | 84,287 | - | - | - | - | 20,122 | 1,526,864 | - | 122,015 | 3,926,508 | 5,709,598 |
| Debt Service | | | | | | | | | | | | |
| Interest, fiscal charges and debt issuance costs | - | - | - | - | - | - | - | 90,090 | - | - | 126,866 | 216,956 |
| Total Expenditures | 29,802 | 84,287 | - | - | - | - | 20,122 | 1,616,954 | - | 122,015 | 4,065,776 | 5,938,956 |
| Excess (deficiency) of revenues over expenditures | (29,802) | 165,713 | - | - | - | 86,604 | (15,084) | (1,616,954) | - | (122,015) | (3,971,883) | (5,503,421) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| General obligation debt issued | - | - | - | - | - | - | - | 4,910,000 | - | - | 9,645,000 | 14,555,000 |
| Transfers in | - | - | - | - | - | - | - | 333,600 | 40,000 | 200,000 | - | 573,600 |
| Transfers out | - | - | - | - | - | (482,985) | - | - | - | - | (5,600,220) | (6,083,205) |
| Total Other Financing Sources (Uses) | - | - | - | - | - | (482,985) | - | 5,243,600 | 40,000 | 200,000 | 4,044,780 | 9,045,395 |
| Net change in fund balance | (29,802) | 165,713 | - | - | - | (396,381) | (15,084) | 3,626,646 | 40,000 | 77,985 | 72,897 | 3,541,974 |
| FUND BALANCES (DEFICIT) | | | | | | | | | | | | |
| Beginning of year | 49,987 | 281,368 | (10,386) | 14,106 | 8,564 | 396,381 | 14,052 | - | - | - | 1,645,303 | 2,399,375 |
| FUND BALANCES - END OF YEAR (DEFICIT) | \$ 20,185 | \$ 447,081 | \$ (10,386) | \$ 14,106 | \$ 8,564 | \$ - | \$ (1,032) | \$ 3,626,646 | \$ 40,000 | \$ 77,985 | \$ 1,718,200 | \$ 5,941,349 |

KENOSHA COUNTY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2009

| | Human Services Building | Health Insurance | Workers Compensation | General Liability Insurance | Totals |
|---|-------------------------------|---------------------|-------------------------|-----------------------------------|---------------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ - | \$ 2,047,673 | \$ 1,518,913 | \$ - | \$ 3,566,586 |
| Accounts receivable | - | 60,086 | - | 122,449 | 182,535 |
| Due from other funds | - | 1,249,633 | - | - | 1,249,633 |
| Prepaid items | - | 98,877 | - | - | 98,877 |
| Total current assets | <u>-</u> | <u>3,456,269</u> | <u>1,518,913</u> | <u>122,449</u> | <u>5,097,631</u> |
| Noncurrent assets | | | | | |
| Restricted cash and investments | - | - | - | 517,783 | 517,783 |
| Deposit in WMMIC | - | - | - | 1,157,860 | 1,157,860 |
| Capital assets | | | | | |
| Land | 682,623 | - | - | - | 682,623 |
| Buildings and improvements | 7,223,006 | - | - | - | 7,223,006 |
| Machinery and equipment | 619,623 | - | - | - | 619,623 |
| Accumulated depreciation | <u>(3,347,190)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,347,190)</u> |
| Total capital assets | <u>5,178,062</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,178,062</u> |
| Total noncurrent assets | <u>5,178,062</u> | <u>-</u> | <u>-</u> | <u>1,675,643</u> | <u>6,853,705</u> |
| Total Assets | <u>5,178,062</u> | <u>3,456,269</u> | <u>1,518,913</u> | <u>1,798,092</u> | <u>11,951,336</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | \$ 87,941 | \$ 335,130 | \$ 740 | \$ 32,217 | \$ 456,028 |
| Claims payable | - | 1,633,000 | 1,757,285 | 816,534 | 4,206,819 |
| Due to other funds | 834,654 | - | - | 414,979 | 1,249,633 |
| Other liabilities | - | 13,139 | - | - | 13,139 |
| Current portion of long-term debt payable | <u>678,440</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>678,440</u> |
| Total current liabilities | <u>1,601,035</u> | <u>1,981,269</u> | <u>1,758,025</u> | <u>1,263,730</u> | <u>6,604,059</u> |
| Noncurrent liabilities | | | | | |
| General obligation debt payable | <u>565,076</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>565,076</u> |
| Total noncurrent liabilities | <u>565,076</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>565,076</u> |
| Total Liabilities | <u>2,166,111</u> | <u>1,981,269</u> | <u>1,758,025</u> | <u>1,263,730</u> | <u>7,169,135</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 3,934,546 | - | - | - | 3,934,546 |
| Unrestricted (deficit) | <u>(922,595)</u> | <u>1,475,000</u> | <u>(239,112)</u> | <u>534,362</u> | <u>847,655</u> |
| Total Net Assets | <u>\$ 3,011,951</u> | <u>\$ 1,475,000</u> | <u>\$ (239,112)</u> | <u>\$ 534,362</u> | <u>\$ 4,782,201</u> |

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2009

| | Human Services Building | Health Insurance | Workers Compensation | General Liability Insurance | Totals |
|---|-------------------------------|---------------------|-------------------------|-----------------------------------|---------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 2,345,111 | \$ 18,180,270 | \$ 1,181,885 | \$ 487,416 | \$ 22,194,682 |
| Total Operating Revenues | <u>2,345,111</u> | <u>18,180,270</u> | <u>1,181,885</u> | <u>487,416</u> | <u>22,194,682</u> |
| OPERATING EXPENSES | | | | | |
| Operations and maintenance | 1,539,491 | 18,205,270 | 1,334,587 | 652,556 | 21,731,904 |
| Depreciation and amortization | 484,568 | - | - | - | 484,568 |
| Total Operating Expenses | <u>2,024,059</u> | <u>18,205,270</u> | <u>1,334,587</u> | <u>652,556</u> | <u>22,216,472</u> |
| Operating Income (loss) | 321,052 | (25,000) | (152,702) | (165,140) | (21,790) |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | - | - | 49,010 | 18,545 | 67,555 |
| Miscellaneous Income | - | - | - | 122,449 | 122,449 |
| Interest and fiscal charges | (65,027) | - | - | (4,978) | (70,005) |
| Total Non-operating Revenues (Expenses) | <u>(65,027)</u> | <u>-</u> | <u>49,010</u> | <u>136,016</u> | <u>119,999</u> |
| Change in net assets | 256,025 | (25,000) | (103,692) | (29,124) | 98,209 |
| Total net assets at the beginning of year (deficit) | <u>2,755,926</u> | <u>1,500,000</u> | <u>(135,420)</u> | <u>563,486</u> | <u>4,683,992</u> |
| Total net assets at end of year (deficit) | <u>\$ 3,011,951</u> | <u>\$ 1,475,000</u> | <u>\$ (239,112)</u> | <u>\$ 534,362</u> | <u>\$ 4,782,201</u> |

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KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2009

| | Human Services Building | Health Insurance | Workers Compensation | General Liability Insurance | Totals |
|---|-------------------------------|---------------------|-------------------------|-----------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Received from customers | \$ 2,353,264 | \$ 17,369,521 | \$ 1,181,885 | \$ 490,314 | \$ 21,394,984 |
| Paid to suppliers for goods and services | (1,460,552) | (18,158,674) | (1,232,424) | (537,671) | (21,389,321) |
| Cash Flows from Operating Activities | <u>892,712</u> | <u>(789,153)</u> | <u>(50,539)</u> | <u>(47,357)</u> | <u>5,663</u> |
| CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES | | | | | |
| Debt retired | (834,150) | - | - | (94,831) | (928,981) |
| Interest paid | (72,777) | - | - | (4,978) | (77,755) |
| Debt issued | 40,000 | - | - | - | 40,000 |
| Miscellaneous income | - | - | - | 122,449 | 122,449 |
| Acquisition and construction of capital assets | (25,785) | - | - | - | (25,785) |
| Cash Flows from Capital and Financing Activities | <u>(892,712)</u> | <u>-</u> | <u>-</u> | <u>22,640</u> | <u>(870,072)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Withdrawal from WMMIC restricted cash | - | - | - | 6,172 | 6,172 |
| Investment income | - | - | 49,010 | 18,545 | 67,555 |
| Cash Flows from Investing Activities | <u>-</u> | <u>-</u> | <u>49,010</u> | <u>24,717</u> | <u>73,727</u> |
| Net Change in Cash and Cash Equivalents | - | (789,153) | (1,529) | - | (790,682) |
| Cash and Cash Equivalents - Beginning of Year | - | 2,836,826 | 1,520,442 | - | 4,357,268 |
| Cash and Cash Equivalents - End of Year | <u>\$ -</u> | <u>\$ 2,047,673</u> | <u>\$ 1,518,913</u> | <u>\$ -</u> | <u>\$ 3,566,586</u> |

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2009

| | Human Services Building | Health Insurance | Workers Compensation | General Liability Insurance | Totals |
|--|-------------------------------|----------------------------|---------------------------|-----------------------------------|------------------------|
| RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating Income (Loss) | \$ 321,052 | \$ (25,000) | \$ (152,702) | \$ (165,140) | \$ (21,790) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities: | | | | | |
| Non-cash items included in operating income: | | | | | |
| Depreciation expense | 484,568 | - | - | - | 484,568 |
| Changes in assets and liabilities: | | | | | |
| Accounts receivable | 8,153 | (37,786) | - | 2,898 | (26,735) |
| Due from other governments | - | 18,485 | - | - | 18,485 |
| Due from other funds | - | (791,448) | - | - | (791,448) |
| Prepaid items | - | (64,401) | - | - | (64,401) |
| Accounts payable | (8,264) | (36,979) | 215 | 32,217 | (12,811) |
| Claims payable | - | 146,800 | 101,948 | 125,874 | 374,622 |
| Due to other funds | 87,203 | - | - | (43,206) | 43,997 |
| Other current liabilities | - | 1,176 | - | - | 1,176 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 892,712</u> | <u>\$ (789,153)</u> | <u>\$ (50,539)</u> | <u>\$ (47,357)</u> | <u>\$ 5,663</u> |

KENOSHA COUNTY
COMBINING BALANCE SHEET - AGENCY FUNDS
December 31, 2009

| | Agency | | | | Totals |
|-------------------------------------|-----------------------------------|---------------------------------|--------------------------------|---------------------------------|-----------------------------------|
| | Clerk of Courts | Child Support | Social Services | Other Agency Funds | |
| ASSETS | | | | | |
| Cash and temporary cash investments | \$ 2,215,294 | \$ 140,354 | \$ 52,899 | \$ 817,124 | \$ 3,225,671 |
| Miscellaneous receivables | 9,226 | - | - | - | 9,226 |
| Total Assets | <u><u>\$ 2,224,520</u></u> | <u><u>\$ 140,354</u></u> | <u><u>\$ 52,899</u></u> | <u><u>\$ 817,124</u></u> | <u><u>\$ 3,234,897</u></u> |
| LIABILITIES | | | | | |
| Other accrued liabilities | <u>\$ 2,224,520</u> | <u>\$ 140,354</u> | <u>\$ 52,899</u> | <u>\$ 817,124</u> | <u>\$ 3,234,897</u> |
| Total Liabilities | <u><u>\$ 2,224,520</u></u> | <u><u>\$ 140,354</u></u> | <u><u>\$ 52,899</u></u> | <u><u>\$ 817,124</u></u> | <u><u>\$ 3,234,897</u></u> |

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

For the Year Ended December 31, 2009

| | Balance January 1, 2009 | Additions | Deductions | Balance December 31, 2009 |
|-------------------------------------|-------------------------------|----------------------|----------------------|---------------------------------|
| <u>Clerk of Courts</u> | | | | |
| Assets: | | | | |
| Cash and temporary cash investments | \$ 3,607,798 | \$ 10,568,164 | \$ 11,960,668 | \$ 2,215,294 |
| Miscellaneous receivables | 259,290 | 258,146 | 508,210 | 9,226 |
| Total Assets | <u>\$ 3,867,088</u> | <u>\$ 10,826,310</u> | <u>\$ 12,468,878</u> | <u>\$ 2,224,520</u> |
| Liabilities: | | | | |
| Other accrued liabilities | \$ 3,867,088 | \$ 10,826,310 | \$ 12,468,878 | \$ 2,224,520 |
| Total Liabilities | <u>\$ 3,867,088</u> | <u>\$ 10,826,310</u> | <u>\$ 12,468,878</u> | <u>\$ 2,224,520</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 | \$ 28,997 | \$ 23,902 | \$ - | \$ 52,899 |
| Total Assets | <u>\$ 28,997</u> | <u>\$ 23,902</u> | <u>\$ -</u> | <u>\$ 52,899</u> |
| Liabilities: | | | | |
| Other accrued liabilities | \$ 28,997 | \$ 23,902 | \$ - | \$ 52,899 |
| Total Liabilities | <u>\$ 28,997</u> | <u>\$ 23,902</u> | <u>\$ -</u> | <u>\$ 52,899</u> |
| <u>Other</u> | | | | |
| Assets: | | | | |
| Cash and temporary cash investments | \$ 744,977 | \$ 2,791,712 | \$ 2,719,565 | \$ 817,124 |
| Total Assets | <u>\$ 744,977</u> | <u>\$ 2,791,712</u> | <u>\$ 2,719,565</u> | <u>\$ 817,124</u> |
| Liabilities: | | | | |
| Other accrued liabilities | \$ 744,977 | \$ 2,791,712 | \$ 2,719,565 | \$ 817,124 |
| Total Liabilities | <u>\$ 744,977</u> | <u>\$ 2,791,712</u> | <u>\$ 2,719,565</u> | <u>\$ 817,124</u> |
| <u>Total</u> | | | | |
| Assets: | | | | |
| Cash and temporary cash investments | \$ 4,522,126 | \$ 13,383,778 | \$ 14,680,233 | \$ 3,225,671 |
| Miscellaneous receivables | 259,290 | 258,146 | 508,210 | 9,226 |
| Total Assets | <u>\$ 4,781,416</u> | <u>\$ 13,641,924</u> | <u>\$ 15,188,443</u> | <u>\$ 3,234,897</u> |
| Liabilities: | | | | |
| Other accrued liabilities | \$ 4,781,416 | \$ 13,641,924 | \$ 15,188,443 | \$ 3,234,897 |
| Total Liabilities | <u>\$ 4,781,416</u> | <u>\$ 13,641,924</u> | <u>\$ 15,188,443</u> | <u>\$ 3,234,897</u> |