

KENOSHA COUNTY
Kenosha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2017

KENOSHA COUNTY
TABLE OF CONTENTS
December 31, 2017

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

KENOSHA COUNTY
TABLE OF CONTENTS (cont.)
December 31, 2017

<i>Required Supplementary Information</i>	93
Other Postemployment Benefits Plan – Schedule of Funded Status	94
Schedule of Proportionate Share of Net Pension Liability (Asset) – Wisconsin Retirement System	95
Schedule of Employer Contributions – Wisconsin Retirement System	95
<i>Notes to Required Supplementary Information</i>	96
<i>Supplementary Information</i>	97
Combining Balance Sheet – Nonmajor Governmental Funds	98
Combining Balance Sheet – Nonmajor Governmental Funds - Special Revenue Funds	99
Combining Balance Sheet – Nonmajor Governmental Funds - Capital Project Funds	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	101
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds - Special Revenue Funds	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds - Capital Projects Funds	103
Combining Statement of Net Position – Internal Service Funds	104
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	105
Combining Statement of Cash Flows - Internal Service Funds	106
Combining Balance Sheet – Agency Funds	108
Combining Statements of Changes in Assets and Liabilities - All Agency Funds	109

KENOSHA COUNTY
TABLE OF CONTENTS (cont.)
December 31, 2017

<i>Additional Independent Auditors Report For Financial Statements</i>	110
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Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

ADDITIONAL AUDITORS' REPORT

Independent Auditors' Report on State Financial Report Form	112
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FEDERAL AND STATE AWARDS

Independent Auditors' Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the <i>State Single Audit Guidelines</i>	113
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Schedule of Expenditures of Federal Awards	115
--	-----

Schedule of Expenditures of State Awards	120
--	-----

Notes to the Schedule of Expenditures of Federal and State Awards	124
--	-----

Schedule of Findings and Questioned Costs	126
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Schedule of Prior Year Audit Findings and Corrective Action Plan	130
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Independent auditors' report

To the County Board of Supervisors
Kenosha County, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin (the "County") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Human Services special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 20 and the schedules relating to pensions and other postemployment benefits on pages 94 through 95 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the basic financial statements.

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Certified Public Accountants

Green Bay, Wisconsin
July 20, 2018

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, 2017.

USING THIS ANNUAL REPORT

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

Reporting the County as a Whole

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

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

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

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

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

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

- General Government includes the County Board, Circuit Court, Juvenile Intake, County Executive, County Clerk, Personnel, Information Systems, Finance, Purchasing, Treasurer, District Attorney, Corporation Counsel, Register of Deeds, Facilities, Medical Examiner, Health Insurance, Workers Compensation, and Liability Insurance.
- Health includes the Health Division and the health-related 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, Federal Equitable Sharing and Emergency Services.
- Social Services includes Division of Children and Family Services, Division of Workforce Development, a portion of the Division of Aging and Disability Services, and Veterans.
- Education and Recreation includes Parks, UW Extension, and the Library.
- Conservation and Development includes Planning and Development, Economic Development, and the Housing Authority.

Business-type activities: Brookside Care Center (Brookside), Highway and the Golf Courses are reported here. For Brookside and the Golf Courses, the County charges a fee to customers to help it cover all or most of the cost of certain services it provides. Highway is funded by grants and tax levy for County highways and via charges to other municipalities for services to roads not owned by the County.

Reporting the County's Most Significant Funds

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

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

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

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

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

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Reporting the County's Most Significant Funds (continued)

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

The County as Trustee

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

THE COUNTY AS A WHOLE

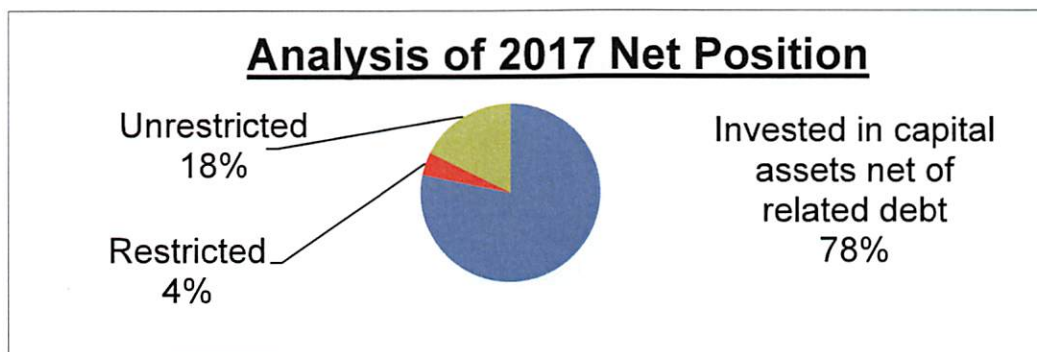
Government-wide Financial Analysis

The condensed financial statements on the next two pages present the net position of the County and changes in net position. These statements are presented with comparisons to 2016.

Net position may serve over time as a useful indicator of a government's financial position. In 2017, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$78,882,834. The largest portion (78 percent) reflects the County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position amount which is subject to external restrictions on how it may be used, comprise 4 percent of the net position.

The remainder of the County's net position total (18 percent) is the category of unrestricted net position which is normally used to meet the County's ongoing obligations to citizens and creditors. At the end of 2017, this category has a balance of \$25,601,241.



KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY AS A WHOLE (continued)

Total assets for the County increased by \$5.8 million mainly resulting from investments in capital assets of \$18.2 million. This was offset by a decrease in current and other assets of \$12.4 million. Deferred outflows of resources decreased from \$36.6 million in 2016 to a new total of \$25.9 million in 2017.

Total liabilities increased by \$3.2 million due to a net increase in long term liabilities. The Governmental type activities show an increase in long-term liabilities because bond proceeds were issued to finance additional capital projects.

The County's total net position decreased by a \$7.5 million. Net investment in capital assets decreased by \$9.6 million, while unrestricted amounts increased by \$1.7 million.

KENOSHA COUNTY
NET POSITION
December 31, 2017
(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 127.66	\$ 127.32	\$ 1.90	\$ 14.62	\$ 129.56	\$ 141.94
Capital assets	157.34	148.55	35.44	26.01	192.78	174.56
Total Assets	285.00	275.87	37.34	40.63	322.34	316.50
Deferred outflows of resources	20.41	29.06	5.47	7.57	25.88	36.63
Long-term liabilities outstanding	140.28	135.15	23.07	24.98	163.35	160.13
Other liabilities	25.17	24.57	1.92	2.56	27.09	27.13
Total liabilities	165.45	159.72	24.99	27.54	190.44	187.26
Deferred inflows of resources	74.22	74.97	4.68	4.55	78.91	79.52
Net position:						
Net investment in capital assets	48.18	45.79	16.43	15.02	51.26	60.81
Restricted	2.73	2.37	0.03	0.04	2.76	2.41
Unrestricted (deficit)	14.82	22.08	(3.32)	1.05	24.86	23.13
Total Net Position	\$ 65.73	\$ 70.24	\$ 13.14	\$ 16.11	\$ 78.88	\$ 86.35

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY AS A WHOLE (continued)

KENOSHA COUNTY
CHANGES IN NET POSITION
Year Ended December 31, 2017
(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 6.86	\$ 6.66	\$ 21.80	\$ 23.25	\$ 28.66	\$ 29.91
Operating grants and contributions	63.06	62.44	3.88	3.77	66.94	66.21
Capital grants and contributions	1.15	0.18	2.40	1.15	3.55	1.33
General revenues:						
Property taxes	66.58	64.20	1.40	1.45	67.98	65.65
Other taxes	14.27	13.76	-	-	14.27	13.76
Grants and contributions not restricted to specific programs	3.94	4.09	-	-	3.94	4.09
Other	0.99	0.94	0.01	0.03	1.00	0.97
Total revenues	<u>156.85</u>	<u>152.27</u>	<u>29.49</u>	<u>29.65</u>	<u>186.34</u>	<u>181.92</u>
Expenses:						
General government	29.14	28.43	-	-	29.14	28.43
Health	23.25	21.16	-	-	23.25	21.16
Public works	2.80	6.68	-	-	2.80	6.68
Public safety	49.15	46.17	-	-	49.15	46.17
Social services	45.69	45.33	-	-	45.69	45.33
Education and recreation	4.49	4.99	-	-	4.49	4.99
Conservation and development	1.12	1.93	-	-	1.12	1.93
Interest on long-term debt	2.48	2.21	-	-	2.48	2.21
Nursing home	-	-	18.69	18.22	18.69	18.22
Highway	-	-	13.47	10.30	13.47	10.30
Golf Course	-	-	3.53	3.24	3.53	3.24
Total expenses	<u>158.12</u>	<u>156.90</u>	<u>35.69</u>	<u>31.76</u>	<u>193.81</u>	<u>188.66</u>
Increase (decrease) in net position before transfers	(1.27)	(4.63)	(6.20)	(2.11)	(7.47)	(6.74)
Transfers	(3.23)	(0.65)	3.23	0.65	-	-
Increase (decrease) in net position	<u>(4.50)</u>	<u>(5.28)</u>	<u>(2.97)</u>	<u>(1.46)</u>	<u>(7.47)</u>	<u>(6.74)</u>
Net position beginning of year	70.24	75.52	16.11	17.57	86.35	93.09
Net position end of year	<u>\$ 65.74</u>	<u>\$ 70.24</u>	<u>\$ 13.14</u>	<u>\$ 16.11</u>	<u>\$ 78.88</u>	<u>\$ 86.35</u>

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY AS A WHOLE (continued)

Revenue for governmental activities increased by a net amount of \$4.6 million when compared to 2016. Key elements of this net increase are as follows:

- Increased property tax of \$2.4 million.
- Increase in sales tax revenue of \$0.5 million.
- Increase in capital grants for joint projects received from the City of Kenosha of \$0.9 million.
- Increase in mental health CCS grants received through Human Services of \$1.9 million.
- Increase in HUD grants and Prevention grants through the Health Department of \$0.9 million.
- Decrease in Income Maintenance revenue and W-2 revenue of \$0.9 million.
- Decrease in prior year revenue adjustments of \$1.1 million.

Expenditures for governmental activities increased by \$1.2 million when compared to 2016. Key elements of this increase are as follows:

- Increase in IT professional services costs of \$0.5 million.
- Increase in purchased services related to the CCS grant increase for Human Services of \$1.9 million.
- Increase in purchased services related to the Health Departments HUD and prevention grants of \$0.9 million.
- Increase in Sheriff patrol salaries costs of \$0.9 million.
- Decrease in health claims and workers compensation claims of \$1.4 million.
- Decrease in grants for economic development of \$0.8 million.

Revenue for the Business-type activities decreased by \$0.2 million in 2017 when compared to 2016. Key elements of this decrease are as follows:

- Increase of Federal/State Highway revenues for road projects of \$2.5 million.
- Decrease of Highway maintenance revenue of \$0.5 million.
- Decrease of Brookside Medicare and Medicaid revenues of \$0.9 million due to decrease of available beds during construction.

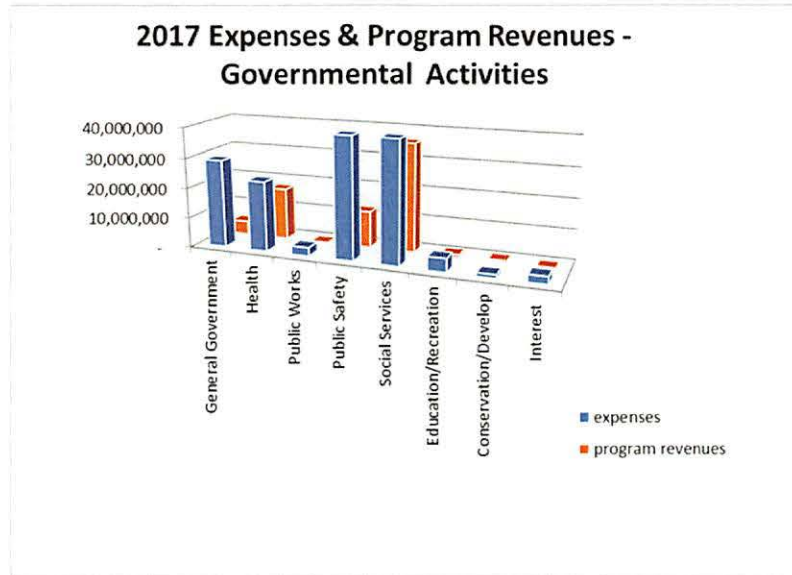
Expenses for Business-type activities increased \$3.9 million in 2017 when compared to 2016. Key elements of this increase are as follows:

- Increase in highway road construction of \$3.2 million.
- Increase in interest expense for Brookside nursing home of \$0.5 million.
- Increase in Brookside contractual services for social services and dietary services of \$0.7 million.

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

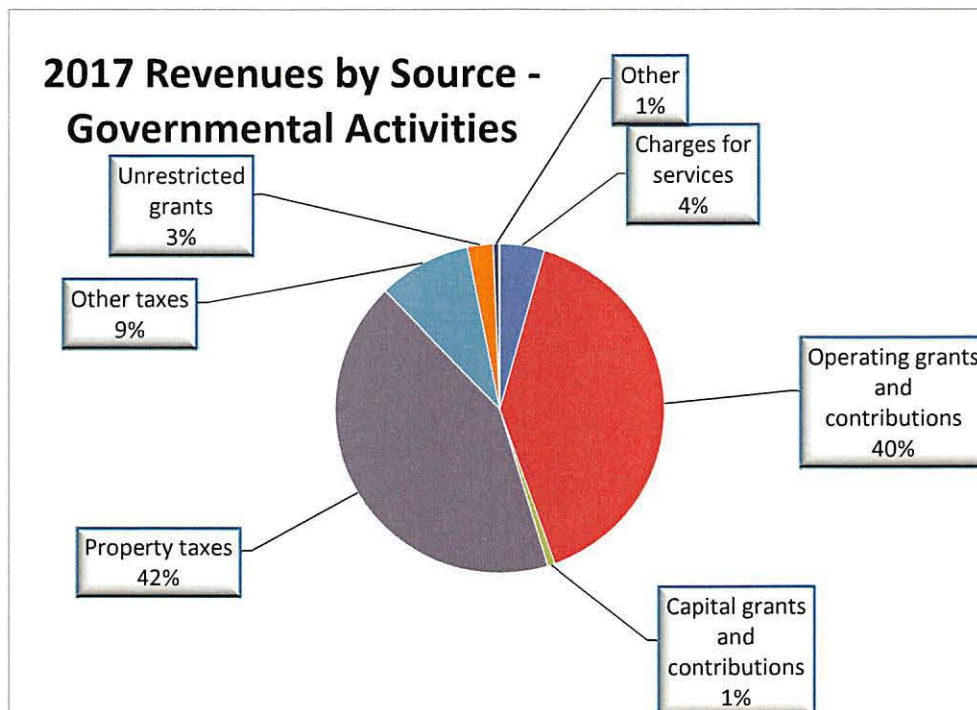
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for 2017.



REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2017.



KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

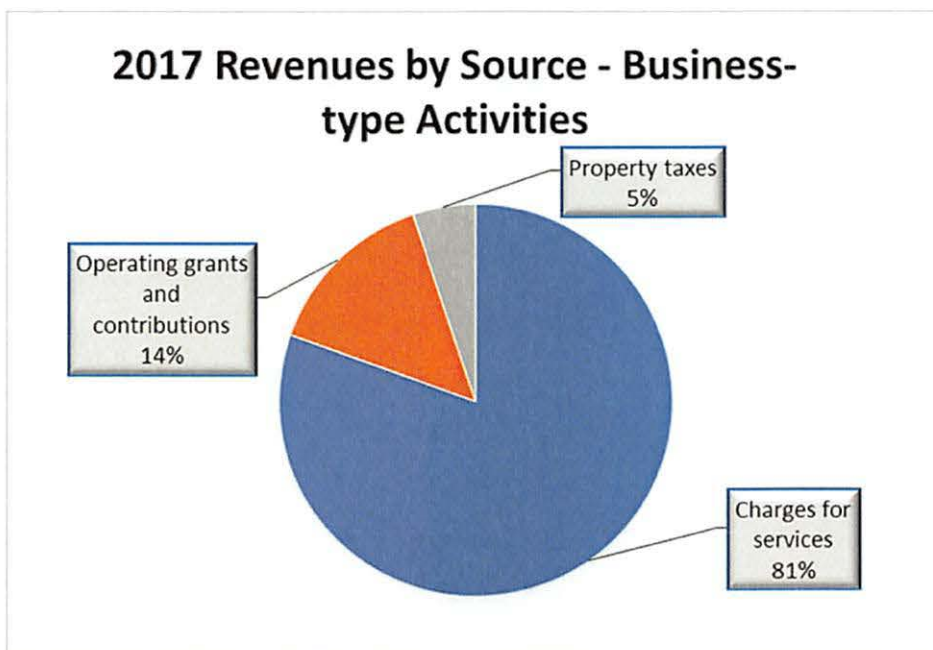
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2017.



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2017.



**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 fund balance, with an increase in unassigned fund balance over the prior year balance of \$1.2 million. Nonspendable fund balances for delinquent taxes decreased by \$1.9 million. Sales tax revenues came in at \$0.6 million higher than expected. Other items impacting the General Fund are discussed below.

Because of the approval of the Health Insurance internal service reserve policy, funds that otherwise would have lapsed to the General Fund remain in the Health Insurance internal service fund for a maximum of \$1.5 million as approved by County Board. The following chart shows total reserve balances when Health Insurance is included:

	2011	2012	2013	2014	2015	2016	2017
General Fund	\$ 8,087,217	\$ 10,229,584	\$11,588,684	\$ 15,080,088	\$ 18,200,731	\$ 18,421,373	\$ 19,640,114
Health Insurance	1,500,001	1,500,001	1,500,001	1,500,001	1,500,001	1,500,000	1,500,001
Total	<u>\$ 9,587,218</u>	<u>\$ 11,729,585</u>	<u>\$13,088,685</u>	<u>\$ 16,580,089</u>	<u>\$ 19,700,732</u>	<u>\$ 19,921,373</u>	<u>\$ 21,140,115</u>

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

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

General Fund (continued)

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

- To maintain the fund balance of the General Fund at levels sufficient to protect the County's creditworthiness as well as its financial positions from unforeseeable emergencies.
- To ensure sufficient liquidity to provide for County obligations as they become due.
- To maintain the proper balance between maintaining a prudent level of reserves that is neither too low nor too high. The policy requires that the County maintain 17% of General Fund expenditures as unassigned fund balance in the General Fund. The County surpassed the 17% threshold by \$8.3 million at year-end 2017. 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 2017 financial statements, \$290,000 of funds from the General Fund was designated to fund a one-time expense for the 2018 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 unassigned fund balance in the General Fund:

Items that affected the General Fund:

Sales Tax - Sales tax collections were higher than expected by \$0.6 million.

Insurance Internal Service Funds – The net health insurance spending was \$1.383 million more than was budgeted. The net effect to the General Fund was a \$487,000 deficit due to \$217,000 charged to the proprietary funds of Brookside and Golf, and \$679,000 vacancy savings. In addition, the worker's compensation and liability insurance spending was \$306,000 over budget with the net effect to the general fund of \$272,000 deficit due to the same factors stated above.

Vacancy Adjustment Surplus - Kenosha County reduces its total budgeted personnel costs using a vacancy adjustment. Historically, the County has an employee turnover rate in excess of 2%. Therefore, it is not necessary to fund 100% of all budgeted positions. In 2017, the budgeted County vacancy adjustment was \$700,000. In 2017, the General Fund was affected with a deficit effect of \$330,000 due to the vacancy adjustment.

Human Services – Revenues from Medicaid and government grants were \$1.7 million less than budgeted.

Sheriff – Fund balance was reduced by an expense deficit of \$1.1 million in the Sheriff's department personnel budget. This was offset by an amount of \$0.8 million revenue greater than budget for housing of federal inmates.

Elected Officials Revenue – Revenues from bond defaults, real estate transfers, and passports exceeded the budget by \$240,000. The tax delinquency and interest on taxes exceeded budget by \$467,000.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Decrease in Tax Delinquencies - The amount of delinquencies at year end 2017 was \$5.8 million compared to year end 2016 delinquencies of \$7.7 million or a decrease of \$1.9 million.

Highway revenues and expenses – Revenues from providing road services to the State, other municipalities and local transportation aids were \$270,000 less than budgeted. This was offset with a surplus in expenses for operational expenses of \$810,000 resulting in a budget surplus of \$540,000.

Debt Service Fund – The Debt Service fund ended with a surplus fund balance of \$1,491,210. This higher than normal amount resulted from premiums from bond issuances. These amounts are to be used for payment of debt service in future years and therefore are reported as "Restricted for Debt Service" in the fund equity section.

Brookside Care Center Fund

The County's lapsing policy changed in 2016 allowing the Brookside Care Center fund to retain any surplus so their activity no longer affects the General Fund. The Brookside Care Center fund must also cover its losses within its operations. In prior years, Brookside was able to cover any losses within the Human Services Department. In 2017, the Brookside Care Center fund experienced a loss of \$3.3 million. This loss was expected due to the construction of the Willowbrook addition during 2017 which resulted in a decrease in available beds. Brookside experienced a decrease in charges for service of \$850,000, and nonoperating expenses increased by \$500,000 for interest and fiscal charges on long-term debt.

Golf Course Fund

Golf fee revenue was \$2.8 million for 2017. Any surplus remains in the Golf Course fund to cover future operations or capital outlays. This is the fifth year in a row in which this fund did not experience a deficit.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Summary of 2017 Operations: Review of Major Elements Impacting the Unassigned Fund Balance in the General Fund

2017 General Fund Year-End Forecast

In 2016, the County's general fund closed with a balance of approximately \$18.4 million or \$7.4 million over the County general fund reserve policy minimum threshold. This year end balance is 28.35% of the audited 2016 General Fund operating expenditures of \$64.98 million.

Prior Year Unassigned Reserves	Year End 2017
	\$18,421,373

Items causing increase to the General Fund

Federal Inmate Housing/Other KSD revenue surplus	\$745,000
Public Works operating expenditures/revenue surplus	\$241,500
Sales Tax	\$619,000
Circuit Court/County Clerk/Register of Deeds revenue surplus	\$240,000
Treasurer Tax Delinquency and Interest on Taxes revenue surplus	\$467,000
Public Safety Building Maintenance revenue	\$237,000
Decrease in Tax Delinquencies net of Profit/Loss Tax Deed Sale revenues	<u>\$1,669,318</u>
Total Increases to General Fund	\$4,218,818

Items causing decrease to the General Fund

Sheriff - Personnel/Other	(\$1,133,000)
Health Insurance deficit	(\$487,838)
Human Services - Institute Placements net against Medicaid revenue deficit	(\$310,855)
Vacancy	(\$330,000)
Workers Comp/Liability Insurances deficit	(\$306,000)
Human Resources reorganization	(\$116,131)
Miscellaneous	(\$86,253)
Reserves to fund budget approved one time expenditures permitted by Reserve policy	<u>(\$230,000)</u>
Total net reduction to Fund Balance	(\$3,000,077)
Year-end unassigned fund balance	<u>\$19,640,114</u>
Less: County Board minimum requirement of 17% of General Fund Expenditures	\$11,312,617
Amount over 17% Minimum	<u>\$8,327,497</u>

Year-End Unassigned General Fund balance	19,640,114
Increase in General Fund Over Year Prior	1,218,741
General Fund Expenditures	66,544,804
Unassigned Reserves as a Percentage of General Fund Expense	29.51%

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

THE COUNTY'S FUNDS (continued)

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 continuing appropriations from the prior year. The carryover of these funds allows the County to complete projects previously authorized by the Board.
- The second category includes budget amendments done to reflect changes in intergovernmental aids and grants.
- The third category includes transfers the Board approved for use between appropriations to prevent budget overruns. All of the transfers in this category were done within the total budget.
- The fourth category includes transfers from the General Fund approved by the County Board.
- The fifth category is reprogrammed surplus funds re-budgeted for a new purpose using surplus funds identified as part of the year-end closeout. The County approved the reprogramming of \$97,000 for various facilities improvements and \$97,108 to use for the Brookside building project.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County continued the trend of growth in the General Fund in 2017 when the unassigned fund balance closed the year at \$19.6 million which is an increase of \$1.2 million from 2016. County unassigned fund balance now has increased for eight consecutive years. This reflects a material recovery from 2009, when the General Fund declined to \$5.9 million.

The County reached a milestone in 2012 when its General Fund unassigned balance exceeded 17% of general fund expenditures, climbing above the policy benchmark for the first time in 6 years. This trend continued in 2017 when the balance reached an all-time high of \$19.6 million which is \$8.3 million above the 17%. Many factors contributed to this event, as explained in this report.

Now, as a result of many factors as reflected on page 14, the County exceeds its reserve policy benchmark. It is worth noting that the County was able to return back to reserve policy compliance without a significant decrease in property tax delinquencies. As the economy continues to improve, a decline in delinquencies has the potential to significantly increase reserves above the policy benchmark.

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

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

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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

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

The recession continued into 2009. The General Fund declined by \$2.5 million to \$6.2 million. The primary reason for the decline in the General Fund has been the increase in property tax delinquencies. From the low point of \$4 million in 2005, tax delinquencies have increased to \$7.7 million in 2017. Had tax delinquencies remained stable, the unassigned General Fund balance would be at about 32% or 15% above the policy benchmark.

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

In 2012, the unassigned General Fund balance increased again due to many factors, including a surplus in health insurance and sales tax collections. Also, for the first time in 6 years, the unassigned General Fund balance was in compliance with County policy when it exceeded 17% of General Fund expenditures.

In 2013, the trend continued when the unassigned General Fund balance increased by \$1.8 million to \$11.6 million, and then in 2014, when the unassigned balance increased by \$3.5 million which represented 25% of general fund expenditures.

State and National events have had and will continue to have a significant impact upon the County. In 2017, the County demonstrated continued economic recovery, as property values of the average home in Kenosha County per equalized valuation (TID IN) increased from a low of \$97,000 in 2013 to \$154,908 in May of 2018. In 2018, we are well beyond economic recovery phase. Kenosha County is one of the strongest economic growth communities nationally. The current 5-year budget forecast reflects sustainability with regard to County operations. Because we are in such a rapid growth economy, reduction in service does not appear to be necessary at this time. If it was necessary, the County is well prepared to deal with this.

The preliminary State 2016 – 2018 biennial budget does not change County levy limits. County operations are financially sustainable under these levy limits.

Other indicators of economic growth are the material decline in delinquencies for Kenosha County from \$8.3 million in 2016 to \$5.8 million in 2017. It is projected to decrease to \$4.8 at year end 2018. Kenosha County also experienced a decline in the unemployment rate to 3.1% at yearend 2017.

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2017, the County had \$192.8 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

The \$6.4 million increase in machinery and equipment reflects the County's continued investment in Broadband infrastructure and computer equipment as well as annual update of vehicles and maintenance equipment. Buildings reflects completed Brookside work, as well as additional building improvements. See Notes to the Financial Statements page 64 through 66 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Construction in progress	\$ 10.41	\$ 1.87	\$ 4.26	\$ 11.03	\$ 14.67	\$ 12.90
Land	21.61	21.57	0.34	0.34	21.95	21.91
Land improvements	16.00	21.79	7.07	6.87	23.07	28.66
Intangible assets	-	-	0.03	0.03	0.03	0.03
Buildings	115.19	106.46	30.70	17.13	145.89	123.59
Machinery & equipment	42.43	40.21	27.31	23.17	69.74	63.38
Infrastructure	53.59	52.11	-	-	53.59	52.11
Total capital assets	259.23	244.01	69.71	58.57	328.96	302.58
Less: accumulated depreciation	(101.90)	(95.44)	(34.27)	(32.56)	(136.17)	(128.00)
Total net capital assets	<u>\$ 157.33</u>	<u>\$ 148.57</u>	<u>\$ 35.44</u>	<u>\$ 26.01</u>	<u>\$ 192.79</u>	<u>\$ 174.58</u>

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt

At year-end, the County had \$124,355,000 in outstanding general obligation debt.

Bonded debt outstanding at 12/31/16	\$ 118,970,000
Principal retired in 2017	(13,185,000)
Notes issued to fund 2017 capital projects	18,570,000
Debt outstanding at 12/31/17	<u>\$ 124,355,000</u>

New principal issued was \$18,570,000. Total general obligation debt outstanding increased by \$5.4 million or 4.5%.

In 2016, Standard and Poor's Ratings Service revised its outlook to positive from stable and increased its 'AA' rating to 'AA+'. The outlook revision reflects S&P's view of the positive trends in economic indicators. Fitch Ratings also revised the County's rating to 'AA+' rating with a stable outlook.

In 2013, Moody's rating decreased from AA1 to AA2. The decline in equalized value was a major contributing factor to this decline. Prior to 2013, the County's credit rating with Moody's last changed in 2009 as part of Moody's recalibration. The Moody's credit rating increased to Aa1. Prior to that, the County received a rating increase from Moody's in 2007, from Aa3 to Aa2. Prior to 2007, the last change in the Moody's rating came in 2004, when it increased from A1 to Aa3. The most recent increase in the County's Standard and Poor's credit rating occurred in 2003 when the County's rating increased from AA- to AA.

Since 1999, the County has experienced an overall decline in total long term obligations despite the increase in total debt outstanding in 2012. County debt hit its highest level of \$112.9 in 1999, including the County's unfunded actuarial pension liability. As of yearend 2017, total County general obligation debt outstanding increased to \$124.3 million compared to \$99.5 million at year end 1999 with the increase due to the debt issued for the Brookside project. Excluding that debt, the balance had little change.

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

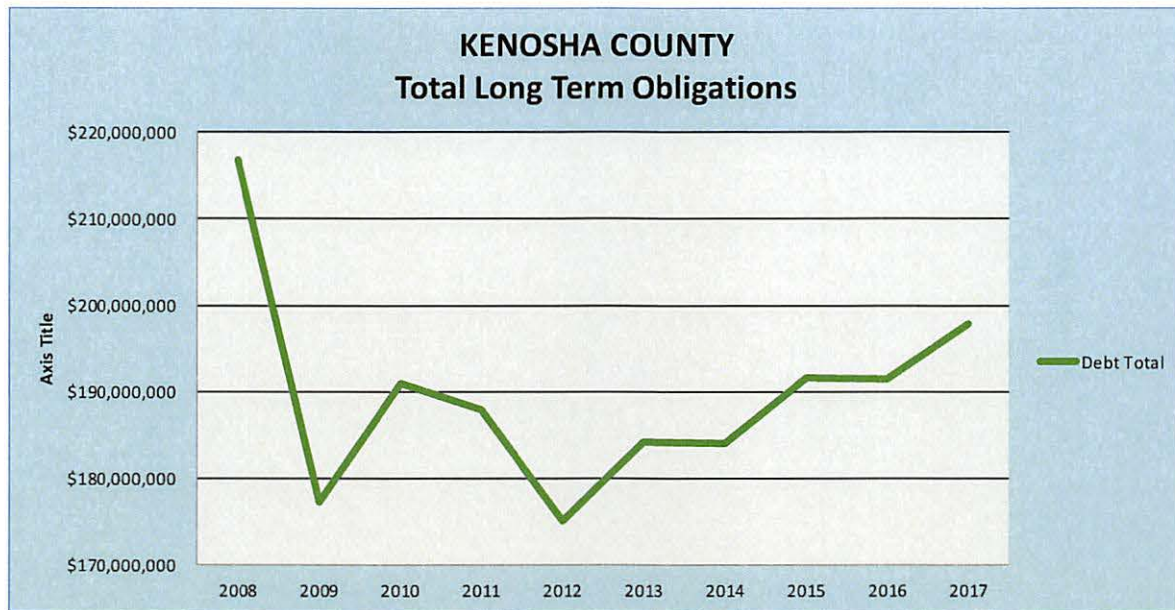
KENOSHA COUNTY TOTAL LONG TERM OBLIGATIONS									
	2010	2011	2012	2013	2014	2015	2016	2017	
General Obligation	\$ 95,765,000	\$ 97,180,000	\$ 101,325,000	\$ 99,110,000	\$ 99,515,000	\$ 117,980,000	\$ 118,970,000	\$ 124,355,000	
OPEB Protective	35,048,490	33,726,650	29,700,000	40,154,327	40,471,845	40,735,463	40,979,068	39,936,357	
OPEB Nonprotective	56,176,150	53,545,927	40,600,000	44,798,295	43,968,115	32,801,555	31,400,351	29,298,724	
Vacation/Casual	4,039,364	3,449,308	3,435,000	109,317	118,925	132,313	120,055	109,836	
	<u>\$ 191,029,004</u>	<u>\$ 187,901,885</u>	<u>\$ 175,060,000</u>	<u>\$ 184,171,939</u>	<u>\$ 184,073,885</u>	<u>\$ 191,649,331</u>	<u>\$ 191,469,474</u>	<u>\$ 193,699,917</u>	

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

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

The OPEB debt in the above table represents the actuarial present value of projected benefits at January 1, 2018. This amount exceeds the actuarial accrued liability reported in the required supplementary information (RSI). The RSI amount represents the present value of benefits already earned.

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



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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

David M. Geertsens, CPA, CGMA
Chief Financial Officer
Kenosha County, Wisconsin

KENOSHA COUNTY
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and temporary cash investments	\$ 26,196,983	\$ 876,398	\$ 27,073,381
Receivables			
Property taxes	65,990,763	1,716,180	67,706,943
Delinquent taxes	10,193,366	-	10,193,366
Other	2,019,641	3,361,615	5,381,256
Due from other governments	14,113,246	1,433,706	15,546,952
Internal balances	6,198,067	(6,198,067)	-
Prepaid items	677,457	77,389	754,846
Inventories	-	628,152	628,152
Restricted cash and investments	1,114,273	-	1,114,273
Deposit with Wisconsin Municipal Mutual Insurance Co.	1,157,860	-	1,157,860
Capital assets			
Land, improvements, and construction in progress	48,016,273	4,597,489	52,613,762
Other capital assets, net of depreciation	109,319,653	30,843,356	140,163,009
Total Capital Assets	<u>157,335,926</u>	<u>35,440,845</u>	<u>192,776,771</u>
Total Assets	<u>284,997,582</u>	<u>37,336,218</u>	<u>322,333,800</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of bond	208,630	-	208,630
Deferred outflows related to pension	20,202,007	5,472,713	25,674,720
Total Deferred Outflows of Resources	<u>20,410,637</u>	<u>5,472,713</u>	<u>25,883,350</u>
LIABILITIES			
Accounts payable	6,296,093	1,666,133	7,962,226
Claims payable	5,287,419	-	5,287,419
Accrued compensation	4,369,973	-	4,369,973
Accrued interest	921,527	-	921,527
Other current liabilities	21,818	252,933	274,751
Special deposits	45,979	23,155	69,134
Due to other governments	7,547,078	-	7,547,078
Unearned revenue	672,645	13,347	685,992
Long-term liabilities			
Unamortized premium on bonds	-	719,976	719,976
Net pension liability	2,608,233	711,579	3,319,812
Due within one year	20,164,409	39,999	20,204,408
Due in more than one year	117,508,560	22,275,816	139,784,376
Total Liabilities	<u>165,443,734</u>	<u>25,702,938</u>	<u>191,146,672</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	8,234,234	2,246,467	10,480,701
Deferred property tax levy	65,990,763	1,716,180	67,706,943
Total Deferred Inflows of Resources	<u>74,224,997</u>	<u>3,962,647</u>	<u>78,187,644</u>
NET POSITION			
Net investment in capital assets	48,176,452	16,430,869	51,262,945
Restricted for:			
Debt service	569,683	-	569,683
Specific purpose: grants and loans	1,420,649	-	1,420,649
Non-expendable fund use	-	28,316	28,316
Unrestricted	15,572,704	(3,315,838)	25,601,241
Total Net Position	<u>\$ 65,739,488</u>	<u>\$ 13,143,347</u>	<u>\$ 78,882,835</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	\$ 29,138,932	\$ 2,593,348	\$ 1,898,464	\$ -	\$ (24,647,120)	\$ -	\$ (24,647,120)
Health	23,246,641	1,610,937	15,624,273	-	(6,011,431)	-	(6,011,431)
Public works	2,799,629	-	-	-	(2,799,629)	-	(2,799,629)
Public safety	49,153,106	2,121,683	9,070,015	900,000	(37,061,408)	-	(37,061,408)
Social services	45,686,572	25,823	35,788,942	101,108	(9,770,699)	-	(9,770,699)
Education and recreation	4,489,284	182,171	568,171	76,343	(3,662,599)	-	(3,662,599)
Conservation and development	1,118,303	328,476	118,448	75,000	(596,379)	-	(596,379)
Interest on long-term debt	2,484,338	-	-	-	(2,484,338)	-	(2,484,338)
Total Governmental Activities	158,116,805	6,862,438	63,068,313	1,152,451	(87,033,603)	-	(87,033,603)
Business-type activities:							
Brookside Care Center	18,693,328	14,478,742	1,086,900	-	-	(3,127,686)	(3,127,686)
Highway	13,469,825	4,436,089	2,796,550	2,403,136	-	(3,834,050)	(3,834,050)
Golf Course	3,527,835	2,883,465	-	-	-	(644,370)	(644,370)
Total Assets							
Total Business-type Activities	35,690,988	21,798,296	3,883,450	2,403,136	-	(7,606,106)	(7,606,106)
Totals	\$ 193,807,793	\$ 28,660,734	\$ 66,951,763	\$ 3,555,587	(87,033,603)	(7,606,106)	(94,639,709)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					52,169,243	1,399,674	53,568,917
Property taxes, levied for debt service					14,405,766	-	14,405,766
Sales tax - County					14,268,869	-	14,268,869
Grants and contributions not restricted to specific programs					3,943,180	-	3,943,180
Unrestricted investment earnings					387,611	17,114	404,725
Miscellaneous					577,796	309	578,105
Transfers					(3,226,118)	3,226,118	-
Total general revenues and transfers					82,526,347	4,643,215	87,169,562
Change in net position					(4,507,256)	(2,962,891)	(7,470,147)
Net position - beginning					70,246,744	16,106,237	86,352,981
Net position - ending					\$ 65,739,488	\$ 13,143,346	\$ 78,882,834

See accompanying notes to the financial statements.

**KENOSHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 19,112,023	\$ 592,228	\$ 1,491,210	\$ 3,890,128	\$ 25,085,589
Receivables					
Property taxes	34,321,828	13,399,834	15,333,552	2,708,444	65,763,658
Delinquent taxes	10,193,366	-	-	-	10,193,366
Miscellaneous	247,033	336,016	-	151,854	734,903
Due from other governments	5,180,874	7,071,230	-	1,861,142	14,113,246
Due from other funds	-	-	-	4,345,749	4,345,749
Prepaid items	613,573	-	-	6,557	620,130
Loans receivable	-	-	-	1,221,039	1,221,039
TOTAL ASSETS	\$ 69,668,697	\$ 21,399,308	\$ 16,824,762	\$ 14,184,913	\$ 122,077,680
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 711,273	\$ 2,393,815	\$ -	\$ 2,345,203	\$ 5,450,291
Accrued compensation	4,369,973	-	-	-	4,369,973
Special deposits	3,181	2,846	-	39,953	45,980
Due to other governments	3,055,095	3,439,060	-	1,237,173	7,731,328
Due to other funds	-	1,829,978	-	772,259	2,602,237
Other unearned revenue	85,899	257,673	-	327,008	670,580
Total Liabilities	<u>8,225,421</u>	<u>7,923,372</u>	<u>-</u>	<u>4,721,596</u>	<u>20,870,389</u>
Deferred Inflows of Resources					
Deferred property tax levy	34,321,828	13,399,834	15,333,552	2,708,444	65,763,658
Revolving loan fund outstanding loans	-	-	-	1,221,039	1,221,039
Total deferred inflows of resources	<u>34,321,828</u>	<u>13,399,834</u>	<u>15,333,552</u>	<u>3,929,483</u>	<u>66,984,697</u>
Fund Balances					
Nonspendable					
Prepaid items	613,573	-	-	6,557	620,130
Delinquent taxes	5,800,789	-	-	-	5,800,789
Restricted					
Debt service	-	-	1,491,210	-	1,491,210
Housing Authority revolving loan fund	-	-	-	17,354	17,354
Federal Equitable Sharing funds	-	-	-	106,154	106,154
Aging	-	76,102	-	-	76,102
Committed					
Health Department	-	-	-	20,683	20,683
Federated Library System	-	-	-	42	42
Geographic Information Systems	-	-	-	14,696	14,696
Assigned					
Encumbrances	262,884	-	-	-	262,884
Subsequent year expenditures	804,088	-	-	4,760,563	5,564,651
Capital projects	-	-	-	1,124,406	1,124,406
Unassigned	19,640,114	-	-	(516,621)	19,123,493
Total Fund Balances	<u>27,121,448</u>	<u>76,102</u>	<u>1,491,210</u>	<u>5,533,834</u>	<u>34,222,594</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 69,668,697	\$ 21,399,308	\$ 16,824,762	\$ 14,184,913	\$ 122,077,680

See accompanying notes to the financial statements.

KENOSHA COUNTY
Reconciliation of the Governmental Fund Balance Sheet
and the Statement of Net Position
December 31, 2017

Fund Balance - Total Governmental Funds	\$ 34,222,594
This is the amount of net total capital assets (\$157,335,925) less capital assets reported in internal service funds (\$1,390,500).	155,945,425
Long-term liabilities, including bonds and notes payable are not due and payable in the current period and therefore are not reported in the funds. See Note II.A.	(137,672,969)
Loss on refunding of debt is amortized over the life of the new debt and the unamortized balance shown as deferred outflows.	208,630
Interest expense is not accrued in the governmental funds.	(921,527)
Revenue from loans receivable made are recorded as revenue in government-wide as deferred inflow until collected in the governmental statements.	1,221,039
The County's proportional share of the Wisconsin Retirement System pension plan is not an available resource, therefore it is not reported in the fund financial statements.	9,359,540
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>3,376,756</u>
Total Net Position - Governmental Activities	<u><u>\$ 65,739,488</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, 2017

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 50,636,753	\$ 13,006,569	\$ 14,405,766	\$ 2,578,784	\$ 80,627,872
Licenses and permits	154,618	-	-	471,886	626,504
Intergovernmental revenues	9,797,991	45,039,346	-	12,680,505	67,517,842
Charges for services	2,896,718	29,123	-	1,776,792	4,702,633
Fines, forfeits and penalties	1,098,320	-	-	-	1,098,320
Investment income	284,833	-	-	70,397	355,230
Miscellaneous income	278,586	61,763	-	228,324	568,673
Total Revenues	<u>65,147,819</u>	<u>58,136,801</u>	<u>14,405,766</u>	<u>17,806,688</u>	<u>155,497,074</u>
EXPENDITURES					
Current					
General government	23,727,991	-	-	20,134	23,748,125
Health	-	14,108,967	-	8,909,864	23,018,831
Public safety	39,244,925	-	-	5,242,718	44,487,643
Social services	333,476	44,631,458	-	-	44,964,934
Educational and recreation	2,183,175	-	-	1,978,465	4,161,640
Conservation and development	976,102	-	-	59,849	1,035,951
Capital Outlay	82,870	-	-	14,908,461	14,991,331
Debt Service					
Principal retirement	-	-	13,185,000	-	13,185,000
Interest, fiscal charges and debt issuance costs	-	-	2,501,846	201,117	2,702,963
Total Expenditures	<u>66,548,539</u>	<u>58,740,425</u>	<u>15,686,846</u>	<u>31,320,608</u>	<u>172,296,418</u>
Excess (deficiency) of revenues over expenditures	<u>(1,400,720)</u>	<u>(603,624)</u>	<u>(1,281,080)</u>	<u>(13,513,920)</u>	<u>(16,799,344)</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	\$ -	\$ -	\$ -	\$ 12,991,010	\$ 12,991,010
Premium on issuance of debt	-	-	1,283,340	75,060	1,358,400
Transfers in	1,297,248	592,228	-	271,070	2,160,546
Transfers out	(615,031)	-	-	(1,537,426)	(2,152,457)
Total Other Financing Sources (Uses)	<u>682,217</u>	<u>592,228</u>	<u>1,283,340</u>	<u>11,799,714</u>	<u>14,357,499</u>
Net change in fund balance	(718,503)	(11,396)	2,260	(1,714,206)	(2,441,845)
FUND BALANCES					
Beginning of year	<u>27,839,951</u>	<u>87,498</u>	<u>1,488,950</u>	<u>7,248,040</u>	<u>36,664,439</u>
FUND BALANCES - END OF YEAR	<u>\$ 27,121,448</u>	<u>\$ 76,102</u>	<u>\$ 1,491,210</u>	<u>\$ 5,533,834</u>	<u>\$ 34,222,594</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds	\$	(2,441,845)
--	----	-------------

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 (\$17,915,690), is greater than depreciation (\$8,657,479) in the current period.		9,258,211
--	--	-----------

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase (decrease) net position.		22,966
---	--	--------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(28,177)
--	--	----------

Bond issues provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded debt issues. See Note II.B.		(6,393,737)
--	--	-------------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. See Note II.B.		(1,405,326)
--	--	-------------

Changes in the net pension (asset) liability and related deferred inflows/outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience in the pension plan.		(3,448,512)
--	--	-------------

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 expense of certain internal service funds is reported with governmental activities, plus capital assets acquired.		(70,836)
---	--	----------

	\$	(4,507,256)
--	----	-------------

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 49,946,420	\$ 49,636,877	\$ 50,636,753	\$ 999,876
Licenses and permits	163,400	163,400	154,618	(8,782)
Intergovernmental revenues	14,814,174	9,809,712	9,797,991	(11,721)
Charges for services	2,854,485	2,980,679	2,896,718	(83,961)
Fines, forfeits and penalties	1,114,489	1,186,598	1,098,320	(88,278)
Investment income	220,000	220,000	284,833	64,833
Miscellaneous income	432,559	672,848	278,586	(394,262)
Continuing appropriations	275,000	1,223,777	-	(1,223,777)
Total Revenues	<u>69,820,527</u>	<u>65,893,891</u>	<u>65,147,819</u>	<u>(746,072)</u>
Expenditures				
Current				
General government	23,736,767	24,096,775	23,727,991	368,784
Public safety	42,426,806	39,442,646	39,244,925	197,721
Social services	316,499	319,086	333,476	(14,390)
Education/recreation	2,342,134	2,473,391	2,183,175	290,216
Conservation and development	998,321	1,038,155	976,102	62,053
Capital Outlay	-	169,229	82,870	86,359
Total Expenditures	<u>69,820,527</u>	<u>67,539,282</u>	<u>66,548,539</u>	<u>990,743</u>
Excess (deficiency) of revenues over expenditures	-	(1,645,391)	(1,400,720)	244,671
Other Financing Sources (Uses)				
Transfers in	-	1,297,248	1,297,248	-
Transfers out	-	(615,031)	(615,031)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>682,217</u>	<u>682,217</u>	<u>-</u>
Net change in fund balance	-	(963,174)	(718,503)	244,671
Fund balance - beginning	<u>27,839,951</u>	<u>27,839,951</u>	<u>27,839,951</u>	<u>-</u>
Fund balance - ending	<u>\$ 27,839,951</u>	<u>\$ 26,876,777</u>	<u>\$ 27,121,448</u>	<u>\$ 244,671</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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 13,006,569	\$ 13,006,569	\$ 13,006,569	\$ -
Intergovernmental revenues	46,351,109	46,727,099	45,039,346	(1,687,753)
Charges for services	17,000	17,000	29,123	12,123
Miscellaneous income	19,859	191,502	61,763	(129,739)
Continuing appropriations	34,100	87,498	-	(87,498)
Total Revenues	<u>59,428,637</u>	<u>60,029,668</u>	<u>58,136,801</u>	<u>(1,892,867)</u>
Expenditures				
Current				
Health	13,449,820	14,109,727	14,108,967	760
Social services	45,978,817	45,919,941	44,631,458	1,288,483
Total Expenditures	<u>59,428,637</u>	<u>60,029,668</u>	<u>58,740,425</u>	<u>1,289,243</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(603,624)</u>	<u>(603,624)</u>
Other Financing Sources				
Transfers in	-	592,228	592,228	-
Total Other Financing Sources	<u>-</u>	<u>592,228</u>	<u>592,228</u>	<u>-</u>
Net change in fund balance	-	592,228	(11,396)	(603,624)
Fund balance - beginning	<u>87,498</u>	<u>87,498</u>	<u>87,498</u>	<u>-</u>
Fund balance - ending	<u>\$ 87,498</u>	<u>\$ 679,726</u>	<u>\$ 76,102</u>	<u>\$ (603,624)</u>

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
ASSETS					
Current assets					
Cash and cash equivalents	\$ -	\$ 114,311	\$ 762,087	\$ 876,398	\$ 1,111,394
Accounts receivable	3,353,400	-	8,215	3,361,615	63,698
Property taxes receivable	-	1,716,180	-	1,716,180	227,105
Due from other governments	-	1,433,706	-	1,433,706	-
Due from other funds	-	1,500,000	-	1,500,000	4,800,000
Inventories	-	576,489	51,663	628,152	-
Prepaid items	77,389	-	-	77,389	57,328
Total current assets	3,430,789	5,340,686	821,965	9,593,440	6,259,525
Noncurrent assets					
Restricted cash and investments	-	-	-	-	1,114,273
Deposit in WMMIC	-	-	-	-	1,157,860
Capital assets					
Land and construction in progress	4,259,434	60,409	277,646	4,597,489	682,623
Intangible assets	-	-	29,508	29,508	-
Buildings and improvements	18,987,719	9,408,619	9,375,373	37,771,711	7,479,351
Machinery and equipment	9,359,992	14,295,810	3,658,025	27,313,827	632,512
Accumulated depreciation/amortization	(8,935,239)	(17,041,588)	(8,294,863)	(34,271,690)	(7,403,986)
Total capital assets	23,671,906	6,723,250	5,045,689	35,440,845	1,390,500
Total noncurrent assets	23,671,906	6,723,250	5,045,689	35,440,845	3,662,633
Total Assets	27,102,695	12,063,936	5,867,654	45,034,285	9,922,158
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	3,332,859	1,779,788	360,066	5,472,713	-
LIABILITIES					
Current liabilities					
Accounts payable	737,791	891,356	36,986	1,666,133	661,551
Claims payable	-	-	-	-	5,287,419
Due to other funds	7,698,067	-	-	7,698,067	345,445
Special deposits	23,155	-	-	23,155	-
Other current liabilities	212,933	-	-	212,933	21,818
Current portion of unamortized (discount) premium on debt	39,999	-	-	39,999	-
Unearned revenue	-	-	13,347	13,347	2,064
Total current liabilities	8,711,945	891,356	50,333	9,653,634	6,318,297
Noncurrent liabilities					
Unamortized premium on bonds	719,976	-	-	719,976	-
Net pension liability	435,506	230,670	45,403	711,579	-
Long-term obligations	21,349,623	882,988	83,204	22,315,815	-
Total noncurrent liabilities	22,505,105	1,113,658	128,607	23,747,370	-
Total Liabilities	31,217,050	2,005,014	178,940	33,401,004	6,318,297
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	1,374,900	728,228	143,339	2,246,467	-
Deferred property tax levy	-	1,716,180	-	1,716,180	227,105
	1,374,900	2,444,408	143,339	3,962,647	227,105
NET POSITION					
Net investment in capital assets	4,661,930	6,723,250	5,045,689	16,430,869	1,390,500
Restricted for non-expendable fund use	28,316	-	-	28,316	-
Unrestricted (deficit)	(6,846,642)	2,671,052	859,752	(3,315,838)	1,986,256
Total Net Position	\$ (2,156,396)	\$ 9,394,302	\$ 5,905,441	\$ 13,143,347	\$ 3,376,756

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
OPERATING REVENUES					
Charges for services	\$ 14,478,742	\$ 4,436,090	\$ 2,883,465	\$ 21,798,297	\$ 26,132,725
Total Operating Revenues	<u>14,478,742</u>	<u>4,436,090</u>	<u>2,883,465</u>	<u>21,798,297</u>	<u>26,132,725</u>
OPERATING EXPENSES					
Operations and maintenance	15,750,736	14,265,164	2,839,499	32,855,399	26,020,416
General and administrative	1,910,692	566,986	-	2,477,678	-
Depreciation and amortization	568,356	989,458	688,337	2,246,151	498,952
Total Operating Expenses	<u>18,229,784</u>	<u>15,821,608</u>	<u>3,527,836</u>	<u>37,579,228</u>	<u>26,519,368</u>
Operating (Loss)	<u>(3,751,042)</u>	<u>(11,385,518)</u>	<u>(644,371)</u>	<u>(15,780,931)</u>	<u>(386,643)</u>
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	(321,107)	1,720,781	-	1,399,674	216,005
Intergovernmental grants	1,086,900	5,199,686	-	6,286,586	79,157
Proceeds from debt issued	46,000	5,251,990	160,000	5,457,990	121,000
Investment income	310	-	-	310	32,381
Miscellaneous income	16,650	464	-	17,114	-
Amortization of debt premium	39,999	-	-	39,999	-
Interest and fiscal charges	(503,543)	-	-	(503,543)	(4,736)
Total Non-Operating Revenues (Expenses)	<u>365,209</u>	<u>12,172,921</u>	<u>160,000</u>	<u>12,698,130</u>	<u>443,807</u>
Income (Loss) Before Transfers	<u>(3,385,833)</u>	<u>787,403</u>	<u>(484,371)</u>	<u>(3,082,801)</u>	<u>57,164</u>
TRANSFERS					
Transfers in	97,108	22,803	-	119,911	-
Transfers out	-	-	-	-	(128,000)
Total Transfers	<u>97,108</u>	<u>22,803</u>	<u>-</u>	<u>119,911</u>	<u>(128,000)</u>
Change in net position	<u>(3,288,725)</u>	<u>810,206</u>	<u>(484,371)</u>	<u>(2,962,890)</u>	<u>(70,836)</u>
Net position - January 1	<u>1,132,329</u>	<u>8,584,096</u>	<u>6,389,812</u>	<u>16,106,237</u>	<u>3,447,592</u>
Net position - December 31	<u>\$ (2,156,396)</u>	<u>\$ 9,394,302</u>	<u>\$ 5,905,441</u>	<u>\$ 13,143,347</u>	<u>\$ 3,376,756</u>

See accompanying notes to the financial statements.

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KENOSHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 14,037,046	\$ 5,590,873	\$ 2,878,846	\$ 22,506,765	\$ 26,266,048
Paid to suppliers and employees for goods and services	(17,879,932)	(15,023,518)	(2,841,474)	(35,744,924)	(25,982,348)
Cash Flows from Operating Activities	(3,842,886)	(9,432,645)	37,372	(13,238,159)	283,700
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	(321,107)	1,720,781	-	1,399,674	216,005
Interfund sources (uses)	3,747,476	(1,500,000)	-	2,247,476	(503,964)
Intergovernmental grants	1,086,900	5,199,686	-	6,286,586	79,157
Miscellaneous income	16,650	464	-	17,114	-
Transfers	97,108	22,803	-	119,911	-
Cash Flows from Noncapital Financing Activities	4,627,027	5,443,734	-	10,070,761	(208,802)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid	(503,543)	-	-	(503,543)	-
Debt issued (net of issuance cost)	46,000	5,251,990	160,000	5,457,990	121,000
Miscellaneous income	39,999	-	-	39,999	-
Acquisition and construction of capital assets	(9,977,212)	(1,531,093)	(233,443)	(11,741,748)	-
Disposal of capital assets	-	61,909	-	61,909	-
Transfers	-	-	-	-	(128,000)
Cash Flows from Capital and Related Financing Activities	(10,394,756)	3,782,806	(73,443)	(6,685,393)	(7,000)
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit to WMMIC restricted cash	-	-	-	-	(278,406)
Investment income	309	-	-	309	32,381
Cash Flows from Investing Activities	309	-	-	309	(246,025)
Net Change in Cash and Cash Equivalents	(9,610,306)	(206,105)	(36,071)	(9,852,482)	(178,127)
Cash and Cash Equivalents - Beginning of Year	9,610,306	320,416	798,158	10,728,880	1,289,521
Cash and Cash Equivalents - End of Year	\$ -	\$ 114,311	\$ 762,087	\$ 876,398	\$ 1,111,394

See accompanying notes to the financial statements.

**KENOSHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017**

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
RECONCILIATION OF OPERATING (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating (Loss)	\$ (3,751,042)	\$ (11,385,518)	\$ (644,371)	\$ (15,780,931)	\$ (386,643)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:					
Depreciation expense and amortization	568,356	989,458	688,337	2,246,151	498,952
Change in net pension liability (assets) and deferred inflows/outflows related to pension	362,683	276,866	52,727	692,276	-
Changes in assets and liabilities:					
Accounts receivable	(441,696)	259,406	(4,619)	(186,909)	133,323
Due from other governments	-	895,377	-	895,377	-
Inventories	40,457	(40,192)	(12,689)	(12,424)	-
Prepaid items	(77,389)	-	-	(77,389)	103,648
Accounts payable	(543,232)	(70,757)	(5,698)	(619,687)	(22,500)
Claims payable	-	-	-	-	(43,080)
Due to other governments	-	(20,860)	-	(20,860)	-
Special deposits	20,253	-	-	20,253	-
Unearned revenue	-	-	(2,169)	(2,169)	-
OPEB payable	-	(336,425)	(34,146)	(370,571)	-
Other current liabilities	(21,276)	-	-	(21,276)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (3,842,886)	\$ (9,432,645)	\$ 37,372	\$ (13,238,159)	\$ 283,700
Noncash investing, capital and financing activities:					
Infrastructure transferred to governmental activities	\$ -	\$ 1,985,183	\$ -	\$ 1,985,183	\$ -

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ASSETS & LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
December 31, 2017

ASSETS

Cash and temporary cash investments	\$ 3,706,068
Miscellaneous receivables	<u>266,925</u>
Total Assets	<u><u>\$ 3,972,993</u></u>

LIABILITIES

Other accrued liabilities	<u>\$ 3,972,993</u>
Total Liabilities	<u><u>\$ 3,972,993</u></u>

See accompanying notes to the financial statements.

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2017

NOTE	Page
I. Summary of Significant Accounting Policies	39
A. Reporting Entity	39
B. Government-Wide and Fund Financial Statements	39
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	43
D. Assets, Liabilities, and Net Position or Equity	45
1. Deposits and Investments	45
2. Receivables	46
3. Inventories and Prepaid Items	48
4. Restricted Assets	48
5. Capital Assets	48
6. Other Assets	49
7. Compensated Absences	49
8. Long-Term Obligations/Conduit Debt	50
9. Claims and Judgments	51
10. Equity Classifications	51
II. Reconciliation of Government-Wide and Fund Financial Statements	52
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	52
B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities	53
III. Stewardship, Compliance, and Accountability	55
A. Budgetary Information	55
B. Governmental Funds - Excess Expenditures Over Appropriations	55
C. Deficit Balances	55
D. Limitations on the County's Tax Levy Rate and its Ability to Issue New Debt	56
IV. Detailed Notes on All Funds	57
A. Deposits and Investments	57
B. Receivables	63
C. Capital Assets	64
D. Interfund Receivables/Payables and Transfers	67
E. Long-Term Obligations	69
F. Pension Plan	72
G. Restricted Assets	77
H. Lease Disclosures	78
I. Governmental Activities Net Position	78

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS (cont.) December 31, 2017

NOTE	<u>Page</u>
V. Other Information	81
A. Risk Management	81
B. Commitments and Contingencies	85
C. Joint Venture	85
D. Other Postemployment Benefits	86
E. Upcoming Accounting Pronouncements	92

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category, loss on refunding of bond which is amortized over the life of the debt and so is not realized until future periods and the County's proportionate share of the Wisconsin Retirement System pension plan which is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. One of these items that qualifies for reporting in this category is the County's property tax levy.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. Another item is the inflow related to the County's allocated portion of the Wisconsin Retirement System. The County also has an additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, loans. These amounts are deferred and recognized as an inflow of resources in the period the loan is repaid.

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

Fund Financial Statements (cont.)

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

The County reports the following major governmental funds:

- General – accounts for and reports all financial resources not accounted for and reported 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 non-major governmental and enterprise funds:

- **Special Revenue Funds** – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. These specific restricted or committed revenues should be the foundation for a special revenue fund. These funds are:

Housing Authority	Federated Library System
Health Department	Geographic Information Systems
Federal Inmate	Sheriff Federal Equitable Sharing
Federal Equitable Sharing	

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

Parkland Development	Energy Reduction Technology
Public Safety Access Point	Other Capital Projects
Public Safety Building	

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

In addition, the County reports the following fund types:

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

Human Services Building	Workers' Compensation
Health Insurance	General Liability Insurance

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

Clerk of Courts	Social Services
Child Support	Other Agency Funds

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

Fund Financial Statements (cont.)

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

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

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

Investments are stated at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

1. Deposits and Investments (cont.)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017 the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

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

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

2. Receivables (cont.)

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

Property tax calendar – 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale – 2016 delinquent real estate taxes	October 2020

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

The County has a 0.5% sales tax which is collected by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale related to it takes place. At December 31, 2017, 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 inflow in the governmental funds for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are issued from the repayments, expenditures are recorded. In the government-wide statements, revenue is recorded when new loans are made. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Financial Statements

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

5. Capital Assets (cont.)

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

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

Fund Financial Statements

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

6. Other Assets

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

7. Compensated Absences

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

7. Compensated Absences (cont.)

Non-classified employees are subject to a PTO (paid time off) bank in which unused benefit time is not matured at resignation or retirement. Previously, these employees earned vacation and casual benefit days during the current year for the following year. Currently, two bargaining units will accrue a full year of compensated benefit time that can mature. All other employees will have PTO banks and the benefit time will not be a liability to the County.

Accumulated liabilities at December 31, 2017 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 obligations consist 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 refunding are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts is shown as an increase or decrease in the liability section of the balance sheet.

In September 2009, the County Board authorized issuance of conduit debt titled "Kenosha County, Wisconsin Community Facility Revenue Bond, Series 2009" whose principal may not exceed \$8,300,000. The purpose of the bond is to assist a nonprofit community organization in the construction of a facility within the County. In 2013, this agency refinanced this bond at \$5,713,550. Final maturity of the bond is September 2030. The bond is secured by various assets of the borrower. The balance of the debt as of December 31, 2017 is \$4,994,040.

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

9. Claims and Judgments

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

10. Equity Classifications

Government-Wide Financial Statements

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

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

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

	Governmental Activities	Business- type Activities	Adjustment	Total
Net investment in capital assets	\$ 48,176,452	\$16,430,869	\$(13,344,376)	\$51,262,945
Restricted	\$ 1,990,332	\$ 28,316	\$ -	\$ 2,018,648
Unrestricted (deficit)	\$ 15,572,704	\$(3,315,839)	\$ 13,344,376	\$25,601,241

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, 2017

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

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

10. Equity Classifications (cont.)

Fund Financial Statements

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

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

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

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

Following are details of these differences:

Bonds and notes payable(excluding internal service fund debt)	\$ 106,065,000
Bond premiums net of discounts	3,094,474
Post-retirement health insurance benefits	28,403,659
Vacation/casual day accrual	<u>109,836</u>
Combined adjustment for long-term liabilities	<u>\$ 137,672,969</u>

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

Internal Service Funds:

Human Services Building	\$ 1,876,755
Health Insurance	<u>1,500,001</u>
Total	<u>\$ 3,376,756</u>

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$(6,393,737) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (12,991,010)
Proceeds used in proprietary activities	(5,578,990)
Current year net premiums	(1,358,400)
Current year net premium amortization	349,663
Principal repayments:	
General obligation debt	<u>13,185,000</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (6,393,737)</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$(1,405,326) difference are as follows:

Post-retirement health insurance benefits	\$ (1,289,243)
Vacation/casual day accrual	10,219
Amortization of loss on refunding	(41,726)
Accrued interest	<u>(84,576)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,405,326)</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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. Continuing appropriations to the following year are included in assigned fund balance (for government funds) as follows:

General Fund	\$ 804,088
Special Revenue Funds	\$ 10,305
Capital Projects Funds	\$ 5,358,043

B. GOVERNMENTAL FUNDS - EXCESS EXPENDITURES OVER APPROPRIATIONS

The County controls expenditures at the business unit level which is defined as a cost center. There were no expenditure line item accounts that experienced expenditures which exceed appropriations.

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. The County's Public Safety Building Capital Projects Fund had a deficit of \$679,783 at December 31, 2017. Future borrowing or transfers from other funds are expected to finance the deficit.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

The State budget repealed the county operating tax (mill) rate limit. Counties remain subject to levy limits and current law provisions pertain to the issuance of debt.

The State budget continues the property tax "freeze" by limiting levy growth (with some exceptions) to the greater of 0.0 percent or the change in property values due to net new construction. Levy limit exceptions for debt service, service consolidations, and annexations are retained. The budget increases the carry forward of unused levy capacity ("use it or lose it") from 0.5 percent of the prior year's levy to 1.5 percent. In order for a county to carryforward unused levy capacity of up to 0.5 percent, a simple majority vote of the board is required. In order for a county to carry forward between 0.5 percent and 1.5 percent, a super majority vote of the board is required.

The budget also includes an exception to the pre-2005 negative debt adjustment for counties that do not carry forward unused levy capacity from the prior year.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

The County has an agreement with Johnson Bank for collateralization of its deposits and investments. The bank has pledged \$5,822,295 of various governmental securities as collateralization for the County's deposits.

The County maintains a cash and investment pool that is available for use by all funds. The carrying amount of the various fund types on December 31, 2017 are as follows:

General	\$	19,112,023
Special Revenue		1,043,070
Capital Projects		3,439,287
Debt Service		1,491,210
Enterprise		876,398
Internal Service		3,383,527
Agency		3,706,068
	\$	<u>33,051,583</u>

The distribution of deposits and investments is as follows:

Petty Cash	\$	28,210
Deposits with financial institutions		4,217,408
Deposits with external administrators		2,272,133
Investments		26,533,832
	\$	<u>33,051,583</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits – Custodial Credit Risk

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

As of December 31, 2017, the carrying amount of the County's deposits was \$4,217,408 and the bank balance was \$6,768,568. As of December 31, 2017, \$5,822,295 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits of which all were collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name. In addition, the County maintains petty cash funds in the amount of \$28,210.

Investments

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

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

Investments are stated at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair values are based on quoted market prices. No investments are recorded at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

Investment Risk Factors

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

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

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies, such as Moody's Investors Service (Moody's) or Standard and Poor's (S&P). The lower the rating is, the greater the risk, 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 credit risk profile for fixed income securities at December 31, 2017 is as follows:

U.S. Government Guaranteed		
Investment	Moody's Rating	Amount
AIM		
Government & Agency- Institutional	AAA	\$ 5,717,892
Treasury - Institutional	AAA	253,335
DANA		
International Bank for Reconstruction and Development	AAA	303,114
Federal Farm Credit Bank	AAA	403,761
Federal Home Loan Mortgage Corp.	AAA	3,304,137
Federal National Mortgage Association	AAA	2,665,261
Government National Mortgage Association	AAA	11,906
Small Business Association	AAA	1,028,650
Total U.S. Government Guaranteed		13,688,056
Pooled Funds		
Wisconsin Local Government		
Investment Pool	Unrated	12,702,967
Money Market Accounts		
DANA Money Market Account	AAA	142,810
Total Money Market Accounts		142,810
Grand Total		\$ 26,533,833

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017 are as follows:

Issuer	Amount	Percentage
Federal National Mortgage Association	\$ 2,665,261	10%
U.S.Treasury/U.S. Agencies	6,274,341	24%
Federal Home Loan Mortgage Corp.	3,304,137	12%
Other issuers (none over 5%)	14,290,093	54%
	<u>\$ 26,533,832</u>	<u>100%</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

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.

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, 2017 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. (FHLMC)	\$ 3,304,137	Average 274 days
International Bank for Reconstruction and Development (World Bank)	303,114	Average 814 days
Federal Farm Credit Bank	403,761	Average 595 days
Federal National Mortgage Association (FNMA)	2,665,261	Average 168 days
Government National Mortgage Association	11,906	Average 241 days
Small Business Association	1,028,650	Average 113 days
	<u>\$ 7,716,829</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, 2017 is as follows:

<u>Fund Name</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Wisconsin Local Government Investment Pool	\$ 12,702,967	29 days
AIM Short Term Government & Agency	5,717,892	19 days
AIM Short Term Treasury	253,335	12 days
	<u>\$ 18,674,194</u>	

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
U.S. Treasuries	\$ -	\$ 253,335	\$ -
U.S. Agencies	-	7,162,209	-
Money market mutual funds	142,810	-	-
World Bank	-	303,114	-
FNMA	-	2,665,261	-
FHLMC	-	3,304,137	-
	<u>\$ 142,810</u>	<u>\$ 13,688,056</u>	<u>\$ -</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

B. RECEIVABLES

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the financial statements.

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 cannot be determined.

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

For the year ended December 31, 2017, collections in the first sixty days aggregated \$844,070. Therefore, the delinquent property tax nonspendable fund balance is \$6,644,859 less \$844,070 or \$5,800,789.

At December 31, 2017, delinquent property taxes by year levied consists of the following:

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax Certificates			
2016	\$ 2,487,424	\$ 402,023	\$ 2,085,401
2015	1,495,637	241,728	1,253,909
2014	981,362	158,610	822,752
2013	618,643	99,986	518,657
2012	416,568	67,327	349,241
2011	265,926	42,980	222,946
2010	171,212	27,672	143,540
2009 and prior	208,087	33,630	174,457
Total Tax Certificates	<u>6,644,859</u>	<u>\$ 1,073,956</u>	<u>\$ 5,570,903</u>
Delinquent Special Assessments	1,981,098		
Tax Deeds held by County	1,611,247		
Other	<u>(43,838)</u>		
Total Delinquent Property Taxes Receivable	<u>\$ 10,193,366</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, 2017, the County has not exceeded its maximum retention cap. If it does, a liability to the state will be recorded.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 2017 including new infrastructure assets. The deletion column represents the assets that were discarded in 2017.

Capital asset valuation and activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental Activities, excluding Internal Service Capital Assets					
Capital Assets not being depreciated:					
Construction in Progress	\$ 1,839,806	\$ 8,323,826	\$ (174,064)	\$ 417,510	\$ 10,407,078
Land Improvements	15,800,904	202,300	-	-	16,003,204
Land	20,889,496	33,392	-	478	20,923,366
Total Capital Assets not being depreciated	38,530,206	8,559,518	(174,064)	417,988	47,333,648
Other Capital Assets:					
Land Improvements	5,985,098	109,053	-	(475)	6,093,676
Buildings	99,008,960	2,645,103	(32,724)	-	101,621,339
Machinery & Equipment	39,573,907	4,790,897	(2,164,822)	(404,627)	41,795,355
Infrastructure	52,102,304	1,985,183	(492,900)	-	53,594,587
Total Other Capital Assets at Historical Cost	196,670,269	9,530,236	(2,690,446)	(405,102)	203,104,957
Less: Accumulated Depreciation					
Land Improvements	(3,453,969)	(182,244)	-	-	(3,636,213)
Buildings	(35,541,665)	(2,167,018)	19,855	-	(37,688,828)
Machinery & Equipment	(26,666,016)	(3,672,888)	2,104,268	83,503	(28,151,133)
Infrastructure	(22,874,576)	(2,635,329)	492,900	-	(25,017,005)
Total Accumulated Depreciation	(88,536,226)	(8,657,479)	2,617,023	83,503	(94,493,179)
Net Total Other Capital Assets	108,134,043	872,757	(73,423)	(321,599)	108,611,778
Net Subtotal Non-Internal Service Capital Assets	146,664,249	9,432,275	(247,487)	96,389	155,945,426
Internal Service Capital Assets					
Capital Assets not being depreciated:					
Construction in Progress	27,362	-	(27,362)	-	-
Land	682,623	-	-	-	682,623
Total Capital Assets not being depreciated	709,985	-	(27,362)	-	682,623
Other Capital Assets:					
Buildings	7,451,991	27,360	-	-	7,479,351
Machinery & Equipment	632,512	-	-	-	632,512
Total Other Capital Assets	8,084,503	27,360	-	-	8,111,863
Less: Accumulated Depreciation	(6,905,034)	(498,952)	-	-	(7,403,986)
Net Total Other Capital Assets	1,179,469	(471,592)	-	-	707,877
Net Subtotal Internal Service Capital Assets	1,889,454	(471,592)	(27,362)	-	1,390,500
Net Total Government Activities Capital Assets	\$ 148,553,703	\$ 8,960,683	\$ (274,849)	\$ 96,389	\$ 157,335,926

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Depreciation expense was charged to functions as follows:	
General Government	\$ 5,201,499
Public Safety	927,953
Public Works	2,635,329
Social Services	22,529
Education & Recreation	292,065
Health	36,776
Conservation & Development	40,280
Total Governmental Activities- Depreciation Expense	<u>\$ 9,156,431</u>

Total depreciation includes \$498,952 recorded to the internal service fund Human Services Building.

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	\$ 41,977,559	\$ 1,832,983	\$ (492,900)	\$ 43,317,642
Bridges	5,926,162	-	-	5,926,162
Traffic signals	3,490,383	-	-	3,490,383
Sewer drainage	384,000	-	-	384,000
Culverts	324,200	152,200	-	476,400
Infrastructure	<u>52,102,304</u>	<u>1,985,183</u>	<u>(492,900)</u>	<u>53,594,587</u>
Less Accumulated Depreciation				
Roadways	(18,138,781)	(2,360,912)	492,900	(20,006,793)
Bridges	(2,124,756)	(117,578)	-	(2,242,334)
Traffic signals	(2,292,755)	(139,511)	-	(2,432,266)
Sewer drainage	(254,000)	(7,800)	-	(261,800)
Culverts	(64,284)	(9,528)	-	(73,812)
Total Accumulated Depreciation	<u>(22,874,576)</u>	<u>(2,635,329)</u>	<u>492,900</u>	<u>(25,017,005)</u>
Net Infrastructure	<u>\$ 29,227,728</u>	<u>\$ (650,146)</u>	<u>\$ -</u>	<u>\$ 28,577,582</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

C. CAPITAL ASSETS (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Business - type Activities					
Capital Assets not being depreciated/amortized:					
Land	\$ 338,258	\$ -	\$ -	\$ -	\$ 338,258
Construction In Progress	11,026,015		(6,766,784)	-	4,259,231
Total Capital Assets not being depreciated/amortized	11,364,273	-	(6,766,784)	-	4,597,489
Other Capital Assets:					
Intangible Assets	29,508	-	-	-	29,508
Land Improvements	6,870,786	200,567	-	-	7,071,353
Buildings	17,126,013	13,574,342	-	-	30,700,355
Machinery & Equipment	23,167,213	4,733,622	(598,986)	11,981	27,313,830
Total Other Capital Assets at Historical Cost	47,193,520	18,508,531	(598,986)	11,981	65,115,046
Less: Accumulated Depreciation/Amortization					
Intangible Assets	(8,853)	(20,655)	-	-	(29,508)
Land Improvements	(3,828,587)	(217,490)	-	-	(4,046,077)
Buildings	(13,459,999)	(808,950)	-	-	(14,268,949)
Machinery & Equipment	(15,253,198)	(1,199,056)	512,434	12,664	(15,927,156)
Total Accumulated Depreciation/Amortization	(32,550,637)	(2,246,151)	512,434	12,664	(34,271,690)
Net Total Other Capital Assets	14,642,883	16,262,380	(86,552)	24,645	30,843,356
Net Total Business - type Activities Capital Assets	\$ 26,007,156	\$ 16,262,380	\$ (6,853,336)	\$ 24,645	\$ 35,440,845

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Brookside Care Center	\$ 568,356
Highway	989,458
Golf Course	688,337
Total Business-type Activities - Depreciation/ Amortization Expense	<u>\$2,246,151</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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>
Other Capital Projects		\$ 4,345,749
Health Insurance		2,400,000
Workers Compensation		1,900,000
Highway		1,500,000
Human Services Building		500,000
	Human Services	(1,829,978)
	Health Department	(755,946)
	Western Kenosha County Communication	(16,313)
	Brookside Care Center	(7,698,067)
	General Liability Insurance	(345,445)
		<u>\$ -</u>

All of these balances will be repaid within the year.

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

Amounts owed between governmental and business-type activities are shown as "internal balances" on the statement of net position.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

The following is a schedule of interfund transfers:

fund	Fund Transferred To	Fund Transferred From	Amount		Principal Purpose
			In	Out	
200 Human Services			592,228		To cover deficits caused by year end health insurance expense allocation per adopted budget resolution.
700 Highway			22,803		
200		General Fund		615,031	
100 General Fund		Federal Inmate	1,297,248	1,297,248	To record lapsing funds transferred at year end per adopted budget resolution.
280 Sheriff Federal Equitable Sharing Fund			174,070		To transfer Federal Equitable dollars for use by County Sheriff.
270		Federal Equitable Sharing Fund		174,070	
605 Brookside Care Center			97,108		To transfer funds for approved repurposed surplus.
411		Other Capital Projects		66,108	
204		Human Services Building		31,000	
411 Other Capital Projects			97,000		Per Year End Closeout resolution, repurpose funds for capital projects.
204		Human Services Building		97,000	

The Highway enterprise fund financed infrastructure of the governmental activities in 2017 totaling \$1,985,183. These costs are reported as highway expenses in the fund statement and governmental activity capital assets in the government-wide statements.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 100,680,000	\$ 18,570,000	\$ 13,185,000	\$ 106,065,000	\$ 14,740,000
Add/(Subtract) Deferred Amounts For:					
Bond premiums net of discounts	2,085,737	1,358,400	349,663	3,094,474	422,159
Total Bonds And Notes Payable	102,765,737	19,928,400	13,534,663	109,159,474	15,162,159
Other Liabilities:					
Post Retirement Benefits	27,114,416	3,910,668	2,621,425	28,403,659	4,952,211
Vested Vacation and Casual Days	120,055	-	10,219	109,836	50,039
Total Other Liabilities	27,234,471	3,910,668	2,631,644	28,513,495	5,002,250
Total Governmental Activities- Long-Term Obligations	\$ 130,000,208	\$ 23,839,068	\$ 16,166,307	\$ 137,672,969	\$ 20,164,409
	Ending Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 18,290,000	\$ -	\$ -	\$ 18,290,000	\$ -
Add/(Subtract) Deferred Amounts For:					
Bond premiums net of discounts	759,974	-	39,999	719,975	39,999
Total Bonds And Notes Payable	19,049,974	-	39,999	19,009,975	39,999
Other Liabilities:					
Post Retirement Benefits	4,586,829	427,689	948,703	4,065,815	-
Total Other Liabilities	4,586,829	427,689	948,703	4,065,815	-
Total Business-type Activities- Long-Term Obligations	\$ 23,636,803	\$ 427,689	\$ 988,702	\$ 23,075,790	\$ 39,999

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017, was \$732,754,650. Total general obligation debt outstanding at year end was \$124,355,000.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2017</u>
Governmental Activities - General Obligation Debt					
Refunding Bonds	2010	2022	0.50% - 3.75%	7,305,000	\$ 4,005,000
Promissory Notes	2011	2021	2.00% - 3.00%	10,030,000	5,680,000
Building Bonds	2011	2031	2.00% - 4.25%	2,810,000	2,205,000
Promissory Notes	2012	2022	1.00% - 2.50%	15,750,000	9,685,000
Building Bonds	2012	2032	2.00% - 3.50%	2,805,000	2,355,000
Promissory Notes	2013	2023	2.00% - 2.60%	9,765,000	7,565,000
Refunding Bonds	2013	2019	1.00% - 3.00%	11,115,000	2,765,000
Promissory Notes	2014	2024	2.00% - 3.00%	11,925,000	11,120,000
Refunding Bonds	2015	2030	0.05% - 4.00%	21,555,000	17,380,000
Promissory Notes	2015	2025	2.00% - 4.00%	12,305,000	10,945,000
Promissory Notes	2016	2026	2.00% - 3.00%	13,965,000	13,790,000
Promissory Notes	2017	2027	2.25% - 4.00%	13,255,000	13,255,000
Law Enforcement Enhancement Bonds	2017	2037	2.75% - 4.00%	5,315,000	5,315,000

Total Governmental Activities - General Obligation Debt					<u>\$ 106,065,000</u>
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	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2017</u>
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Business-type Activities - General Obligation Debt

Refunding Bonds	2015	2035	3.00% - 4.00%	18,290,000	\$ 18,290,000
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Total Business-type Activities - General Obligation Debt					<u>\$ 18,290,000</u>
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Total Debt					<u>\$ 124,355,000</u>
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KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 14,740,000	\$ 2,885,116	\$ -	\$ 638,800
2019	13,285,000	2,555,664	-	638,800
2020	12,845,000	2,205,657	-	638,800
2021	12,345,000	1,842,149	965,000	638,800
2022	11,355,000	1,499,513	1,000,000	609,850
2023-2027	33,285,000	4,947,444	5,465,000	2,581,100
2028-2032	6,275,000	1,333,006	6,395,000	1,641,175
2033-2037	1,935,000	456,373	4,465,000	362,000
Totals	<u>\$ 106,065,000</u>	<u>\$ 17,724,922</u>	<u>\$ 18,290,000</u>	<u>\$ 7,749,325</u>

Other Debt Information

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

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

In prior years, the County advance refunded \$12,175,000 of general obligation note issues. As a result, the refunded notes are also considered to be defeased and the liability has been removed from the financial statements.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

F. PENSION PLAN

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. 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 participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

F. PENSION PLAN (cont.)

General Information about the Pension Plan (cont.)

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period ending December 31, 2016, the WRS recognized \$3,879,598 in contributions from the employer.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

F. PENSION PLAN (cont.)

General Information about the Pension Plan (cont.)

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including executives, and elected officials)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017 the County reported a liability (asset) of \$3,319,812 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the County's proportion was 0.40277308%, which was an increase of 0.00286707% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017 the County recognized pension expense of \$8,596,531.

At December 31, 2017 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,265,845	\$ 10,440,521
Changes in assumptions	3,470,992	-
Net differences between projected and actual earnings on pension plan investments	16,524,972	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	167,643	40,180
Employer contributions subsequent to the measurement date	4,245,268	-
Total	<u>\$ 25,674,720</u>	<u>\$ 10,480,701</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

F. PENSION PLAN (cont.)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)

The \$4,245,268 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Expense
2017	\$ 4,456,505
2018	4,456,505
2019	3,030,289
2020	(999,841)
2021	5,293
Total	<u>\$10,948,751</u>

Actuarial assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. The 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

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

F. PENSION PLAN (cont.)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)

Long-term expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns				
As of December 31, 2016				
Core Fund Asset Class	Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50 %	45 %	8.3 %	5.4 %
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
Variable Fund Asset Class				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%				
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations				

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

F. PENSION PLAN (cont.)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 43,674,253	\$ 3,319,812	\$ (27,754,936)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>

At December 31, 2017 the County reported a payable of \$326,257 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

G. 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 \$531,073 is restricted for liability insurance at WMMIC.

Also, the County has cash in the amount of \$583,200 restricted for health insurance claims with the plan manager, Humana Insurance Company.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

H. LEASE DISCLOSURES

Lessor – Operating Leases

The County leases a portion (42%) of the Public Safety Building facility to the City of Kenosha and the Kenosha City-Joint Services Board under operating leases that are renewed on a year to year basis. The 2017 revenues of \$950,305 related to these leases were recorded in the General Fund. The provisions of the lease agreement allow for an annual adjustment of the lease amount based on the actual costs to the County of maintaining the facility. The book value of the entire building is \$27,055,720 with a net book value of \$15,688,396.

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

Capital Leases – Lessee/Lessor

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

I. GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION

Governmental and business-type activities net position reported on the government-wide statement of net position at December 31, 2017 includes the following:

Governmental Activities

Net Investment in capital assets

Land and land improvements	\$ 48,016,273
Other capital assets, net of accumulated depreciation	109,319,653
Less: capital related long-term debt outstanding (net of unspent proceeds of debt)	<u>(109,159,474)</u>

Total net investment in capital assets	<u><u>\$ 48,176,452</u></u>
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Restricted for:

Specific purpose - grants and loans	\$ 1,420,649
Debt service (net of accrued interest)	569,683
	<u><u>\$ 1,990,332</u></u>

Unrestricted	<u><u>\$ 15,572,704</u></u>
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KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

I. GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION (cont.)

Business-Type Activities

Net Investment in capital assets	
Net Total Capital Assets	\$ 35,440,845
Less: capital related long-term debt outstanding	(19,009,976)
Total net investment in capital assets	<u>\$ 16,430,869</u>
Restricted for:	
Non-expendable fund use	<u>\$ 28,316</u>
Unrestricted	<u>\$ 3,315,839</u>

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2017 include the following:

Nonspendable

Major Funds

General Fund	
Prepaid items	\$ 613,573
Delinquent taxes	5,800,789
Total Nonspendable - Major Funds	<u>\$ 6,414,362</u>

Nonmajor Funds

Health Department	
Prepaid items	\$ 6,557
Total Nonspendable-Nonmajor Funds	<u>\$ 6,557</u>

Restricted

Major Funds

Debt Service	\$ 1,491,210
Human Service-Aging	76,102
Total Restricted - Major Funds	<u>\$ 1,567,312</u>

Nonmajor - Special Revenue Funds

Housing Authority -revolving loan fund	\$ 17,354
Federal Equitable Sharing	64,258
Sheriff Equitable Sharing	41,896
Total Restricted - Nonmajor Funds	<u>\$ 123,508</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

I. GOVERNMENTAL ACTIVITIES NET POSITION (cont.)

Governmental Activities (cont.)

Committed

Nonmajor Funds - Special Revenue	
Health Department - for Health Department use only	\$ 20,683
Federated Library Fund - for Library use only	42
Geographic Information Systems - GIS use only	14,696
Total Committed - Nonmajor	<u>\$ 35,421</u>

Assigned

Major Funds

General Fund	
Encumbrances	\$ 262,884
Subsequent year expenditures	804,088
Total Assigned - Major Funds	<u>\$ 1,066,972</u>

Nonmajor Funds

Special Revenue	
Subsequent year expenditures	\$ 10,305
Capital Projects	
Subsequent year expenditures	\$ 4,750,258
Capital Projects - Capital use only	1,124,406
Total Assigned - Nonmajor Funds	<u>\$ 5,884,969</u>

Unassigned

Major Funds	
General Fund	\$ 19,640,114
Total Unassigned - Major Fund	<u>\$ 19,640,114</u>
Nonmajor Funds	
Public Safety Building	\$ (679,783)
Public Safety Access Point	163,162
Total Unassigned - Nonmajor Fund	<u>\$ (516,621)</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE V – OTHER INFORMATION

A. 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

The County, together with certain other units of government within the State of Wisconsin, created the Wisconsin Municipal Mutual Insurance Company (WMMIC), a non-assessable mutual company which provides liability insurance and risk management services to its members. The County became a member of WMMIC in 1992 by issuing a general obligation note for \$1,157,860 and investing the proceeds in WMMIC. The scope of insurance protection provided by WMMIC is broad, covering automobile liability, general liability, law enforcement liability, public official's errors and omissions, civil rights, incidental medical malpractice, personal injury, equal rights, and American with Disabilities Act at policy limits of \$10,000,000 per occurrence and \$30,000,000 annual aggregate on an excess basis above members per occurrence and annual aggregate self-insured retentions. The County's self-insured retention limit is \$300,000 for each occurrence and \$950,000 for the annual aggregate.

WMMIC's exposure in its layer of insurance is limited to \$1,000,000 per occurrence in that the company purchases \$9,000,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage. 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, La Crosse, 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, 2017

NOTE V – OTHER INFORMATION (cont.)

A. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

The participant's share in the operation of WMMIC as of December 31, 2017 is as follows:

	<u>Percentage</u>
Brown County	6.99
Chippewa County	3.22
Dane County	9.06
Dodge County	3.81
Eau Claire County	3.83
Eau Claire, City of	3.20
Jefferson County	2.77
Kenosha County	6.02
La Crosse County	3.47
La Crosse, City of	1.33
Madison, City of	14.94
Manitowoc County	5.56
Marathon County	6.01
Outagamie County	5.95
Rock County	4.98
St. Croix County	3.58
Walworth County	5.50
Waukesha County	<u>9.78</u>
Total	<u>100.00</u>

The County's investment in WMMIC is reported on the General Liability Insurance Fund balance sheet as a deposit. The amount reported is the original capitalization of \$1,157,860. For 2017, WMMIC prepared its statutory financial statements in accordance with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin (OCI). This reflects a change in basis in presentation since 2005 when the financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Therefore, in 2017, 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, 2017 is \$1,896,080. The financial statements can be obtained from WMMIC at their address of 4785 Hayes Road, Madison, Wisconsin, 53704-7364.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

A. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

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

Claims Liability – WMMIC	<u>2017</u>	<u>2016</u>
Unpaid claims, including IBNR – beginning of year	\$ 1,074,674	\$ 1,007,756
Current year claims and changes in estimates	447,255	342,320
Claim payments	<u>(312,335)</u>	<u>(275,402)</u>
Unpaid Claims – end of year	<u>\$ 1,209,594</u>	<u>\$ 1,074,674</u>

Self-Insurance – Workers' Compensation

The County has also established a Risk Management program for workers' compensation. All funds of the County participate in this program. The workers' compensation internal service fund is maintained to provide for self-insured workers compensation insurance coverage and employee safety and loss control programs. The County contracts with a third-party claims administrator for adjusting workers' compensation claims. An excess insurance policy covers individual claims in excess of the County's \$650,000 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, 2017, the County has established a future claims insurance reserve in the amount of \$2,449,825 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 non-incremental costs to the claims liability.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE V – Other Information (cont.)

A. RISK MANAGEMENT (cont.)

Self-Insurance – Workers' Compensation (cont.)

Claims Liability	<u>2017</u>	<u>2016</u>
Unpaid claims, including IBNR – beginning of year	\$ 2,385,854	\$ 2,077,475
Current year claims and changes in estimates	1,386,656	1,811,627
Claim payments	<u>(1,322,685)</u>	<u>(1,503,248)</u>
Unpaid Claims – end of year	<u>\$ 2,449,825</u>	<u>\$ 2,385,854</u>

Self-Insurance – Health Insurance

In the Health Insurance internal service fund, revenues from County departments and other sources totaled \$21,763,334. Expenditures in the same fund totaled \$23,147,128. A deficit of \$1,383,794 was allocated in the form of a chargeback resulting in additional revenue equal to the deficit from the County departments.

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

Claims Liability	<u>2017</u>	<u>2016</u>
Unpaid claims, including IBNR – beginning of year	\$ 1,806,000	\$ 1,706,000
Current year claims and changes in estimates	18,078,403	19,923,604
Claim payments	<u>(18,256,403)</u>	<u>(19,823,604)</u>
Unpaid Claims – end of year	<u>\$ 1,628,000</u>	<u>\$ 1,806,000</u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE V – Other Information (cont.)

B. 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 2017, the County borrowed \$18,570,000 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, Highway and Capital Projects-Other Fund totaled \$262,884 at year end and is included in Assigned Fund Balance for encumbrances.

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

C. JOINT VENTURE

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

The Board consists of three members appointed by the County, three by the City of Kenosha and one independent member confirmed by both. County representatives are the County Executive, the County Board Chairman and the chairman of the County Judiciary Committee or their designees. The Board has the authority to adopt its own budget and control the financial affairs of the organization. The County made payments totaling \$4,315,096 to the Board for 2017.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE V – Other Information (cont.)

C. JOINT VENTURE (cont.)

The current 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, 2017 is available directly from the Board's office.

D. OTHER POSTEMPLOYMENT BENEFITS

The County adopted the Other Post-Employment Benefit Health Insurance Policy with an effective date of January 1, 2013. All of the following actuarially determined liability estimates were calculated taking this adoption into consideration.

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 classified or non-classified sworn active employees who are between the ages of 50 and Medicare eligibility age as of effective date are eligible.

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 Active employees hired before January 1, 2012 who have had at least ten years of continuous employment as of the effective date are eligible.

Benefits Eligible active employees who as of the date of retirement are at least 60 years of age and have had at least 15 years of continuous employment are eligible to receive post-employment health insurance benefit which includes paying the same copayments, deductibles, and premium contributions and remaining in the same risk pool as active employees. Eligibility continues until employee is eligible for Medicare. After Medicare eligible age, the retiree may purchase coverage under the County-sponsored Medicare supplement plan or another Medicare supplement plan at their own expense.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

All Others (cont.)

Benefits (cont.)

Eligible active employees who retire at age 55, 56, 57, 58, or 59 with 15 years of continuous employment with the County as of the date of retirement may find alternative health insurance coverage and then return to the County health insurance plan (one re-entry allowed per retiree) at or after age 60 subject to the terms described in the preceding paragraph if the retiree has no other health coverage. In addition, eligible active employees who retire after age 60 with at least 15 years of continuous employment with the County as of the date of retirement may find alternative coverage and then return to the County health insurance plan (one re-entry allowed per retiree) subject to the terms described in the preceding paragraph if the other coverage ends. Under either of these options, proof of other insurance is required. All employees hired after December 31, 2011 are not eligible for post-employment retiree health insurance benefits.

COBRA- Employees may be eligible to continue coverage under the County health insurance plan by paying the monthly budgeted premium cost (at an implicit subsidized rate-see definition section) adding the allowed administrative cost in accordance with State and Federal law concerning a qualifying event. This may occur as the result of resignation, layoff, reduction in hours, injury or illness and other leaves of absence.

Consolidation of Years of Service- An employee who is reemployed by the County within three years of his/her resignation may request a bridge in service from the Director of Human Resources if that employee had a minimum of ten years of previous service with the County and had resigned in good standing. Such a request may be made only after the employee has been reemployed for a period of 24 months.

National Health Insurance- In the case a plan of national health insurance should be established, the County reserves the right to make changes to a retiree's health insurance benefit. Such changes could include but are not limited to the reduction or cessation of the County's contributions for that benefit, changes in plan design, or changes in the benefits available under the plan. For example (and without limitation), the County could reduce its contribution or the benefits available in proportion to benefits which may be provided by the government under any plan.

For active employees who are not eligible for a post-employment health insurance benefit as described in the preceding paragraphs, the County agrees to include retired/former employees in the group for which the County shall negotiate a comprehensive hospital-surgical-major medical coverage policy. Retiring/terminating employees (other than employees who are terminated for cause) who are at least 55 years of age as of the date of retirement/termination may enroll in the County health insurance plan at the monthly budgeted premium cost (see definition section) and may maintain coverage until they become eligible to enroll in Medicare.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

All Others (cont.)

Benefits (cont.)

If a retiree and the retiree's spouse are both participating in the County health insurance plan under this policy and the retiree becomes eligible to enroll in Medicare and is therefore no longer eligible for coverage under the County health insurance plan, the spouse may purchase single coverage under the County health insurance plan at the budgeted premium cost until he/she becomes eligible to enroll in Medicare.

Active employees who otherwise had qualified for a post-employment health benefit who retire as the result of a disability are eligible to purchase County health insurance benefits in the specific plan they were previously enrolled in at the monthly budgeted premium cost and may continue coverage under the plan until becoming eligible to enroll in Medicare. Medicare-eligible retirees may purchase coverage under the County-sponsored Medicare supplement plan or another Medicare supplement plan at their own expense.

In the event a retired employee who otherwise had qualified for a post-employment health benefit who has family coverage under the County health insurance plan dies before reaching Medicare eligibility age, his/her surviving spouse may continue coverage under the County health insurance plan until becoming eligible for Medicare by paying the monthly budgeted premium cost (at an implicit subsidized rate) for single coverage. Medicare-eligible spouses of retired employees may purchase coverage under the County-sponsored Medicare supplement plan or another Medicare supplement plan at their own expense.

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE V – Other Information (cont.)

D. 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)	\$ 4,338,357
Interest on Net OPEB Obligation	951,037
Adjustment for ARC adjustment	<u>(1,570,262)</u>
Annual OPEB Cost (Expense)	3,719,132
Actuarial estimated employer contribution (PAYGO)	<u>(2,950,902)</u>
Increase in Net OPEB Obligation	768,230
Net OPEB obligation—beginning of year	<u>31,701,244</u>
Net OPEB obligation—end of year	<u><u>\$ 32,469,474</u></u>

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The increase in the net OPEB obligation of \$768,229 was allocated to the County's functions as follows:

General Government	\$ (212,951)
Public Safety	1,826,992
Social Services	(162,158)
Health	(73,698)
Education & Recreation	(52,997)
Conservation & Development	(35,945)
Brookside Care Center	(150,443)
Golf	(34,146)
Highway	(336,425)
	<u>\$ 768,229</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 through 2017 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2015	\$ 3,964,586	84%	\$ 31,080,531
12/31/2016	\$ 4,024,713	85%	\$ 31,701,244
12/31/2017	\$ 3,719,132	79%	\$ 32,469,474

The funded status of the plan as of January 1, 2018, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$46,119,397
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$46,119,397</u>
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	\$57,187,343
UAAL as a percentage of covered payroll	81%

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE V – Other Information (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Funded Status and Funding Progress. Using a January 1, 2018 valuation date, the present value of the County's retiree medical plan actuarial accrued liability for benefits was \$69.24 million. This liability is comprised of the actuarial accrued liability for past service component of \$46.12 million, current service component (normal cost) of \$1.99 million, and future service component of \$21.13 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, 2018, actuarial valuation, the projected unit credit actuarial cost method was used because this method allocates costs based on each employee's length of service. The County adopted the Other Post-Employment Benefit Health Insurance Policy with an effective date of January 1, 2013. All of the preceding actuarially determined liability estimates were calculated taking this adoption into consideration.

The County has not established a separate, irrevocable trust to fund the annual OPEB cost. As a result, actuarial assumptions included a 3.0 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 5.8 percent per annum for 2018 grading down to an ultimate rate of 5.5 percent over a 22 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.

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE V – Other Information (cont.)

E. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued a new standard addressing accounting and financial reporting for post-employment benefits other than pensions (OPEB). GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The County will, after adoption of GASB No. 75, recognize on the face of the financial statements, its OPEB liability. GASB No. 75 is effective for fiscal years beginning after June 15, 2017. The County's actuary is estimating that the total OPEB liability would be \$39.39 million as of December 31, 2017.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

KENOSHA COUNTY
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDED STATUS

For the Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Unit Credit Method	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/2006	\$ -	\$ 88,242,000	\$88,242,000	0%	\$ 48,948,227	180%
01/01/2010	\$ -	\$ 54,685,077	\$54,685,077	0%	\$ 51,529,625	106%
01/01/2012	\$ -	\$ 53,005,725	\$53,005,725	0%	\$ 50,972,618	104%
01/01/2013	\$ -	\$ 55,184,000	\$55,184,000	0%	\$ 52,176,603	106%
01/01/2014	\$ -	\$ 56,252,528	\$56,252,528	0%	\$ 50,457,611	111%
01/01/2015	\$ -	\$ 47,989,583	\$47,989,583	0%	\$ 52,348,117	92%
01/01/2016	\$ -	\$ 48,176,153	\$48,176,153	0%	\$ 54,998,853	88%
01/01/2018	\$ -	\$ 46,119,397	\$46,119,397	0%	\$ 57,187,343	81%

The actuarial accrued liability increased in 2013 due to a change in the actuary assumption used for the interest discount rate in the overall liability calculation. The County's actuary firm reduced the discount rate from 4% to 3%. Per the actuary, this lower rate is used for all pay-as-you-go plans with a valuation date of January 1, 2014 where the general assets are invested primarily in cash. This change is reflected above. However, the change to the annual retirement contribution amount, reflected below, commenced in calendar year 2014.

KENOSHA COUNTY
SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2017

Schedule of Proportionate Share of the Net Pension Liability (Asset)

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll (Plan Year)	Proportionate Share of the Net Pension Liability (Asset) as a	Plan Fiduciary
				Percentage of Covered Employee Payroll	Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.40241775%	(9,884,481)	52,348,117	18.88%	102.74%
12/31/16	0.39990601%	6,498,395	53,343,061	12.18%	98.20%
12/31/17	0.40277308%	3,319,812	54,998,853	6.04%	99.12%

Schedule of Employer Contributions

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll (Fiscal Year)	Contributions as
					a Percentage of Covered Employee Payroll
12/31/15	3,870,441	3,870,441	-	53,343,061	7.26%
12/31/16	3,879,598	3,879,598	-	54,998,853	7.05%
12/31/17	4,245,268	4,245,268	-	57,187,343	7.42%

See Notes to Required Supplementary Information.

KENOSHA COUNTY

Notes to Required Supplementary Information December 31, 2017

NOTE A – GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 68 AND 71

The County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* for the fiscal year ended December 31, 2015. Information for prior years is not available. The amounts presented for each fiscal year were determined as of the calendar year end that occurred with in the fiscal year.

NOTE B – WISCONSIN RETIREMENT SYSTEM

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. There were no changes in the assumptions.

SUPPLEMENTARY INFORMATION

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2017**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 450,842	\$ 3,439,286	\$ 3,890,128
Receivables			
Property taxes	2,686,253	22,191	2,708,444
Miscellaneous	135,541	16,313	151,854
Due from other governments	961,142	900,000	1,861,142
Due from other funds	-	4,345,749	4,345,749
Prepaid items	6,557	-	6,557
Loans receivable	1,221,039	-	1,221,039
TOTAL ASSETS	\$ 5,461,374	\$ 8,723,539	\$ 14,184,913
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 255,384	\$ 2,089,819	\$ 2,345,203
Special deposits	39,953	-	39,953
Due to other governments	-	1,237,173	1,237,173
Due to other funds	755,946	16,313	772,259
Other unearned revenue	327,008	-	327,008
Total Liabilities	1,378,291	3,343,305	4,721,596
Deferred Inflows of Resources			
Deferred property tax revenue	2,686,253	22,191	2,708,444
Revolving loan fund outstanding loans	1,221,039	-	1,221,039
Total deferred inflows of resources	3,907,292	22,191	3,929,483
Fund Balance			
Nonspendable			
Prepaid items	6,557	-	6,557
Restricted			
Housing Authority revolving loan fund	17,354	-	17,354
Federal Equitable Sharing funds	106,154	-	106,154
Committed			
Health Department	20,683	-	20,683
Federated Library System	42	-	42
Geographic Information Systems	14,696	-	14,696
Assigned			
Subsequent year expenditures	10,305	4,750,258	4,760,563
Capital Projects	-	1,124,406	1,124,406
Unassigned (deficit)	-	(516,621)	(516,621)
Total Fund Balances	175,791	5,358,043	5,533,834
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 5,461,374	\$ 8,723,539	\$ 14,184,913

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2017

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Federal Equitable Sharing	Sheriff's Equitable Sharing	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and investments	\$ 17,354	\$ -	\$ 299,967	\$ 27,227	\$ 64,398	\$ 41,896	\$ 450,842
Receivables							
Property taxes	-	1,101,506	1,584,747	-	-	-	2,686,253
Miscellaneous	-	135,541	-	-	-	-	135,541
Due from other governments	-	952,102	9,040	-	-	-	961,142
Prepaid items	-	6,557	-	-	-	-	6,557
Loans receivable	1,221,039	-	-	-	-	-	1,221,039
TOTAL ASSETS	\$ 1,238,393	\$ 2,195,706	\$ 1,893,754	\$ 27,227	\$ 64,398	\$ 41,896	\$ 5,461,374
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ 253,018	\$ -	\$ 2,226	\$ 140	\$ -	\$ 255,384
Special deposits	-	39,953	-	-	-	-	39,953
Due to other funds	-	755,946	-	-	-	-	755,946
Other unearned revenue	-	18,043	308,965	-	-	-	327,008
Total Assets	-	1,056,960	308,965	2,226	140	-	1,378,291
Deferred Inflows of Resources							
Deferred property tax revenue	-	1,101,506	1,584,747	-	-	-	2,686,253
Revolving loan fund outstanding loans	1,221,039	-	-	-	-	-	1,221,039
Total deferred inflows of resources	1,221,039	1,101,506	1,584,747	-	-	-	3,907,292
Fund Balance							
Nonspendable							
Prepaid items	-	6,557	-	-	-	-	6,557
Restricted							
Housing Authority revolving loan fund	17,354	-	-	-	-	-	17,354
Federal Equitable Sharing funds	-	-	-	-	64,258	41,896	106,154
Committed							
Health Department	-	20,683	-	-	-	-	20,683
Federated Library System	-	-	42	-	-	-	42
Geographic Information Systems	-	-	-	14,696	-	-	14,696
Assigned							
Subsequent year expenditures	-	-	-	10,305	-	-	10,305
Total Fund Balances	17,354	27,240	42	25,001	64,258	41,896	175,791
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,238,393	\$ 2,195,706	\$ 1,893,754	\$ 27,227	\$ 64,398	\$ 41,896	\$ 5,461,374

**KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
December 31, 2017**

	Parkland Development	Public Safety Building	Western County Communication	Energy Reduction Technology	Public Safety Access Point Project	Other Capital Projects	Total Nonmajor Capital Projects Funds
ASSETS							
Cash and investments	\$ 621,529	\$ 57,452	\$ -	\$ 101,136	\$ 164,559	\$ 2,494,610	\$ 3,439,286
Property taxes receivable	-	-	-	-	-	22,191	22,191
Miscellaneous receivable	-	-	16,313	-	-	-	16,313
Due from other governments	-	900,000	-	-	-	-	900,000
Due from other funds	-	-	-	-	-	4,345,749	4,345,749
TOTAL ASSETS	\$ 621,529	\$ 957,452	\$ 16,313	\$ 101,136	\$ 164,559	\$ 6,862,550	\$ 8,723,539
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 3,931	\$ 1,637,235	\$ -	\$ 9,740	\$ -	\$ 438,913	\$ 2,089,819
Due to other governments	-	-	-	-	-	1,237,173	1,237,173
Due to other funds	-	-	16,313	-	-	-	16,313
Total Liabilities	3,931	1,637,235	16,313	9,740	-	1,676,086	3,343,305
Deferred Inflows of Resources							
Deferred property tax revenue	-	-	-	-	-	22,191	22,191
Total deferred inflows of resources	-	-	-	-	-	22,191	22,191
Fund Balance							
Assigned							
Subsequent year expenditures	614,131	-	-	-	1,397	4,134,730	4,750,258
Capital Projects	3,467	-	-	91,396	-	1,029,543	1,124,406
Unassigned (deficit)	-	(679,783)	-	-	163,162	-	(516,621)
Total Fund Balances	617,598	(679,783)	-	91,396	164,559	5,164,273	5,358,043
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 621,529	\$ 957,452	\$ 16,313	\$ 101,136	\$ 164,559	\$ 6,862,550	\$ 8,723,539

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 2,556,593	\$ 22,191	\$ 2,578,784
Licenses and permits	471,886	-	471,886
Intergovernmental revenues	12,529,162	151,343	12,680,505
Charges for services	1,726,878	49,914	1,776,792
Investment income	-	70,397	70,397
Miscellaneous income	37,804	190,520	228,324
Total Revenues	<u>17,322,323</u>	<u>484,365</u>	<u>17,806,688</u>
EXPENDITURES			
Current			
General government	-	20,134	20,134
Health	8,909,864	-	8,909,864
Public Safety	5,242,718	-	5,242,718
Education and recreation	1,978,465	-	1,978,465
Conservation and development	44,054	15,795	59,849
Capital outlay	88,758	14,819,703	14,908,461
Debt Service			
Interest, fiscal charges and debt issuance costs	-	201,117	201,117
Total Expenditures	<u>16,263,859</u>	<u>15,056,749</u>	<u>31,320,608</u>
Excess (deficiency) of revenues over expenditures	<u>1,058,464</u>	<u>(14,572,384)</u>	<u>(13,513,920)</u>
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	12,991,010	12,991,010
Premium on issuance of debt	-	75,060	75,060
Transfers in	174,070	97,000	271,070
Transfers out	(1,471,318)	(66,108)	(1,537,426)
Total Other Financing Sources (Uses)	<u>(1,297,248)</u>	<u>13,096,962</u>	<u>11,799,714</u>
Net change in fund balance	(238,784)	(1,475,422)	(1,714,206)
FUND BALANCES			
Beginning of year	<u>414,575</u>	<u>6,833,465</u>	<u>7,248,040</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 175,791</u></u>	<u><u>\$ 5,358,043</u></u>	<u><u>\$ 5,533,834</u></u>

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2017

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Federal Equitable Sharing	Sheriff Federal Equitable Sharing	Federal Inmate Fund	Total Nonmajor Special Revenue Funds
REVENUES								
Taxes	\$ -	\$ 1,079,724	\$ 1,476,869	\$ -	\$ -	\$ -	\$ -	\$ 2,556,593
Licenses and permits	-	471,886	-	-	-	-	-	471,886
Intergovernmental revenues	-	5,699,235	501,636	-	27,377	-	6,300,914	12,529,162
Charges for services	-	1,702,675	-	24,203	-	-	-	1,726,878
Miscellaneous income	28,477	9,327	-	-	-	-	-	37,804
Total Revenues	28,477	8,962,847	1,978,505	24,203	27,377	-	6,300,914	17,322,323
EXPENDITURES								
Current								
Health	-	8,909,864	-	-	-	-	-	8,909,864
Public Safety	-	-	-	-	121,532	117,520	5,003,666	5,242,718
Education and recreation	-	-	1,978,465	-	-	-	-	1,978,465
Conservation and development	15,000	-	-	29,054	-	-	-	44,054
Capital Outlay	-	25,743	-	-	48,360	14,655	-	88,758
Total Expenditures	15,000	8,935,607	1,978,465	29,054	169,892	132,175	5,003,666	16,263,859
Excess (deficiency) of revenues over expenditures	13,477	27,240	40	(4,851)	(142,515)	(132,175)	1,297,248	1,058,464
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	174,070	-	174,070
Transfers out	-	-	-	-	(174,070)	-	(1,297,248)	(1,471,318)
Total Other Financing Sources (Uses)	-	-	-	-	(174,070)	174,070	(1,297,248)	(1,297,248)
Net change in fund balance	13,477	27,240	40	(4,851)	(316,585)	41,895	-	(238,784)
FUND BALANCES								
Beginning of year	3,877	-	2	29,852	380,843	1	-	414,575
FUND BALANCES - END OF YEAR	\$ 17,354	\$ 27,240	\$ 42	\$ 25,001	\$ 64,258	\$ 41,896	\$ -	\$ 175,791

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2017

	Parkland Development	Public Safety Building	Energy Reduction Technology	Public Safety Access Point Project	Other Capital Projects	Nonmajor Capital Projects Funds
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 22,191	\$ 22,191
Intergovernmental revenues	-	-	-	-	151,343	151,343
Charges for services	3,500	-	-	-	46,414	49,914
Investment income	-	-	-	-	70,397	70,397
Miscellaneous income	75,000	-	-	-	115,520	190,520
Total Revenues	<u>78,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>405,865</u>	<u>484,365</u>
EXPENDITURES						
Current						
General government	-	-	-	-	20,134	20,134
Conservation and development	-	-	-	-	15,795	15,795
Capital Outlay	85,180	5,966,258	60,840	435,441	8,271,984	14,819,703
Debt Service						
Interest, fiscal charges and debt issuance costs	-	-	-	-	201,117	201,117
Total Expenditures	<u>85,180</u>	<u>5,966,258</u>	<u>60,840</u>	<u>435,441</u>	<u>8,509,030</u>	<u>15,056,749</u>
Excess (deficiency) of revenues over expenditures	<u>(6,680)</u>	<u>(5,966,258)</u>	<u>(60,840)</u>	<u>(435,441)</u>	<u>(8,103,165)</u>	<u>(14,572,384)</u>
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	-	5,200,000	100,000	-	7,691,010	12,991,010
Premium on issuance of debt	-	-	-	-	75,060	75,060
Transfers in	-	-	-	-	97,000	97,000
Transfers out	-	-	-	-	(66,108)	(66,108)
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,200,000</u>	<u>100,000</u>	<u>-</u>	<u>7,796,962</u>	<u>13,096,962</u>
Net change in fund balance	(6,680)	(766,258)	39,160	(435,441)	(306,203)	(1,475,422)
FUND BALANCES						
Beginning of year	<u>624,278</u>	<u>86,475</u>	<u>52,236</u>	<u>600,000</u>	<u>5,470,476</u>	<u>6,833,465</u>
FUND BALANCES - END OF YEAR	\$ 617,598	\$ (679,783)	\$ 91,396	\$ 164,559	\$ 5,164,273	\$ 5,358,043

KENOSHA COUNTY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2017

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ 46,984	\$ 561,973	\$ 502,437	\$ -	\$ 1,111,394
Accounts receivable	-	63,698	-	-	63,698
Property taxes receivable	227,105	-	-	-	227,105
Due from other funds	500,000	2,400,000	1,900,000	-	4,800,000
Prepaid items	-	7,328	50,000	-	57,328
Total current assets	<u>774,089</u>	<u>3,032,999</u>	<u>2,452,437</u>	<u>-</u>	<u>6,259,525</u>
Noncurrent assets					
Restricted cash and investments	-	583,200	-	531,073	1,114,273
Deposit in WMMIC	-	-	-	1,157,860	1,157,860
Capital assets					
Land and construction in progress	682,623	-	-	-	682,623
Buildings and improvements	7,479,351	-	-	-	7,479,351
Machinery and equipment	632,512	-	-	-	632,512
Accumulated depreciation	(7,403,986)	-	-	-	(7,403,986)
Total capital assets	<u>1,390,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,390,500</u>
Total noncurrent assets	<u>1,390,500</u>	<u>583,200</u>	<u>-</u>	<u>1,688,933</u>	<u>3,662,633</u>
Total Assets	<u>2,164,589</u>	<u>3,616,199</u>	<u>2,452,437</u>	<u>1,688,933</u>	<u>9,922,158</u>
LIABILITIES					
Current liabilities					
Accounts payable	50,533	474,512	2,612	133,894	661,551
Claims payable	-	1,628,000	2,449,825	1,209,594	5,287,419
Due to other funds	-	-	-	345,445	345,445
Other current liabilities	10,196	11,622	-	-	21,818
Other unearned revenue	-	2,064	-	-	2,064
Total current liabilities	<u>60,729</u>	<u>2,116,198</u>	<u>2,452,437</u>	<u>1,688,933</u>	<u>6,318,297</u>
Total Liabilities	<u>60,729</u>	<u>2,116,198</u>	<u>2,452,437</u>	<u>1,688,933</u>	<u>6,318,297</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax levy	227,105	-	-	-	227,105
	<u>227,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,105</u>
NET POSITION					
Net investment in capital assets	1,390,500	-	-	-	1,390,500
Unrestricted	486,255	1,500,001	-	-	1,986,256
Total Net Position	<u>\$ 1,876,755</u>	<u>\$ 1,500,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,376,756</u>

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
OPERATING REVENUES					
Charges for services	\$ 692,825	\$ 23,067,971	\$ 1,550,443	\$ 821,486	\$ 26,132,725
OPERATING EXPENSES					
Operations and maintenance	468,978	23,147,128	1,574,084	830,226	26,020,416
Depreciation and amortization	498,952	-	-	-	498,952
Total Operating Expenses	967,930	23,147,128	1,574,084	830,226	26,519,368
Operating (loss)	(275,105)	(79,157)	(23,641)	(8,740)	(386,643)
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	216,005	-	-	-	216,005
Intergovernmental grants	-	79,157	-	-	79,157
Proceeds from debt issued	121,000	-	-	-	121,000
Investment income	-	-	23,641	8,740	32,381
Interest and fiscal charges	(4,736)	-	-	-	(4,736)
Total Non-operating Revenues (Expenses)	332,269	79,157	23,641	8,740	443,807
Income (Loss) Before Transfers	57,164	-	-	-	57,164
TRANSFERS					
Transfers out	(128,000)	-	-	-	(128,000)
Change in net position	(70,836)	-	-	-	(70,836)
Total net position at the beginning of year	1,947,591	1,500,001	-	-	3,447,592
Total net position at end of year	\$ 1,876,755	\$ 1,500,001	\$ -	\$ -	\$ 3,376,756

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 692,825	\$ 23,047,717	\$ 1,550,443	\$ 975,063	\$ 26,266,048
Paid to suppliers for goods and services	(474,755)	(23,419,007)	(1,478,343)	(610,243)	(25,982,348)
Cash Flows from Operating Activities	<u>218,070</u>	<u>(371,290)</u>	<u>72,100</u>	<u>364,820</u>	<u>283,700</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	216,005	-	-	-	216,005
Interfund sources (uses)	(500,000)	(67,006)	406,696	(343,654)	(503,964)
Intergovernmental grants	-	79,157	-	-	79,157
Cash Flows from Noncapital Financing Activities	<u>(283,995)</u>	<u>12,151</u>	<u>406,696</u>	<u>(343,654)</u>	<u>(208,802)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt issued	121,000	-	-	-	121,000
Transfers	(128,000)	-	-	-	(128,000)
Cash Flows from Capital and Related Financing Activities	<u>(7,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
(Increase) Decrease in restricted cash	-	(248,500)	-	(29,906)	(278,406)
Investment income	-	-	23,641	8,740	32,381
Cash Flows from Investing Activities	<u>-</u>	<u>(248,500)</u>	<u>23,641</u>	<u>(21,166)</u>	<u>(246,025)</u>
Net Change in Cash and Cash Equivalents	(72,925)	(607,639)	502,437	-	(178,127)
Cash and Cash Equivalents - Beginning of Year	<u>119,909</u>	<u>1,169,612</u>	<u>-</u>	<u>-</u>	<u>1,289,521</u>
Cash and Cash Equivalents - End of Year	<u>\$ 46,984</u>	<u>\$ 561,973</u>	<u>\$ 502,437</u>	<u>\$ -</u>	<u>\$ 1,111,394</u>
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
Operating Loss	\$ (275,105)	\$ (79,157)	\$ (23,641)	\$ (8,740)	\$ (386,643)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:					
Non-cash items included in operating income:					
Depreciation expense	498,952	-	-	-	498,952
Changes in assets and liabilities:					
Accounts receivable	-	(20,254)	-	153,577	133,323
Prepaid items	-	73,648	30,000	-	103,648
Accounts payable	(5,777)	(167,527)	65,741	85,063	(22,500)
Claims payable	-	(178,000)		134,920	(43,080)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 218,070</u></u>	<u><u>\$ (371,290)</u></u>	<u><u>\$ 72,100</u></u>	<u><u>\$ 364,820</u></u>	<u><u>\$ 283,700</u></u>
Noncash investing, capital and financing activities:					
None					

KENOSHA COUNTY
COMBINING BALANCE SHEET - AGENCY FUNDS
December 31, 2017

	Agency				
	Clerk of Courts	Child Support	Social Services	Other Agency Funds	Totals
ASSETS					
Cash and temporary cash investments	\$ 2,168,361	\$ 140,354	\$ 41,082	\$ 1,356,271	\$ 3,706,068
Miscellaneous receivables	266,925	-	-	-	266,925
Total Assets	\$ 2,435,286	\$ 140,354	\$ 41,082	\$ 1,356,271	\$ 3,972,993
LIABILITIES					
Other accrued liabilities	\$ 2,435,286	\$ 140,354	\$ 41,082	\$ 1,356,271	\$ 3,972,993
Total Liabilities	\$ 2,435,286	\$ 140,354	\$ 41,082	\$ 1,356,271	\$ 3,972,993

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

For the Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
<u>Clerk of Courts</u>				
Assets:				
Cash and temporary cash investments	\$ 1,986,658	16,393,387	\$ 16,211,684	\$ 2,168,361
Miscellaneous receivables	315,630	253,230	301,935	266,925
Total Assets	<u>\$ 2,302,288</u>	<u>\$ 16,646,617</u>	<u>\$ 16,513,619</u>	<u>\$ 2,435,286</u>
Liabilities:				
Other accrued liabilities	\$ 2,302,288	\$ 16,646,617	\$ 16,513,619	\$ 2,435,286
Total Liabilities	<u>\$ 2,302,288</u>	<u>\$ 16,646,617</u>	<u>\$ 16,513,619</u>	<u>\$ 2,435,286</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 Assets	<u>\$ 140,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,354</u>
<u>Social Services</u>				
Assets:				
Cash and temporary cash investments	\$ 46,935	\$ -	\$ 5,853	\$ 41,082
Total Assets	<u>\$ 46,935</u>	<u>\$ -</u>	<u>\$ 5,853</u>	<u>\$ 41,082</u>
Liabilities:				
Other accrued liabilities	\$ 46,935	\$ -	\$ 5,853	\$ 41,082
Total Liabilities	<u>\$ 46,935</u>	<u>\$ -</u>	<u>\$ 5,853</u>	<u>\$ 41,082</u>
<u>Other</u>				
Assets:				
Cash and temporary cash investments	\$ 1,184,023	\$ 3,896,870	\$ 3,724,622	\$ 1,356,271
Total Assets	<u>\$ 1,184,023</u>	<u>\$ 3,896,870</u>	<u>\$ 3,724,622</u>	<u>\$ 1,356,271</u>
Liabilities:				
Other accrued liabilities	\$ 1,184,023	\$ 3,896,870	\$ 3,724,622	\$ 1,356,271
Total Liabilities	<u>\$ 1,184,023</u>	<u>\$ 3,896,870</u>	<u>\$ 3,724,622</u>	<u>\$ 1,356,271</u>
<u>Total</u>				
Assets:				
Cash and temporary cash investments	\$ 3,357,970	\$ 20,290,257	\$ 19,942,159	\$ 3,706,068
Miscellaneous receivables	315,630	253,230	301,935	266,925
Total Assets	<u>\$ 3,673,600</u>	<u>\$ 20,543,487</u>	<u>\$ 20,244,094</u>	<u>\$ 3,972,993</u>
Liabilities:				
Other accrued liabilities	\$ 3,673,600	\$ 20,543,487	\$ 20,244,094	\$ 3,972,993
Total Liabilities	<u>\$ 3,673,600</u>	<u>\$ 20,543,487</u>	<u>\$ 20,244,094</u>	<u>\$ 3,972,993</u>

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the County Board of Supervisors
Kenosha County, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin, (the "County") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 20, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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



Certified Public Accountants

Green Bay, Wisconsin

July 20, 2018

ADDITIONAL AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT ON STATE FINANCIAL REPORT FORM

To the County Board of Supervisors
Kenosha County, Wisconsin
Kenosha, Wisconsin

State of Wisconsin – Department of Revenue
Division of State and Local Finance
Bureau of Local Financial Assistance
2135 Rimrock Road #6-97
P.O. Box 8971
Madison, Wisconsin 53708-8933

In connection with our audit of the basic financial statements of Kenosha County, Wisconsin for the year ended December 31, 2017, we have also examined the revised 2017 Financial Report Form A required to be submitted to the Wisconsin Department of Revenue (WDR) by Wisconsin Administration Rule, Tax 16. The 2017 Financial Report Form A has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the revised 2017 Financial Report Form A is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Certified Public Accountants

Green Bay, Wisconsin
July 20, 2018

FEDERAL AND STATE AWARDS

Independent auditors' report on compliance for each major federal and state program and on internal control over compliance required by the Uniform Guidance and the *State Single Audit Guidelines*

To the County Board of Supervisors
Kenosha County
Kenosha, Wisconsin

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM

We have audited Kenosha County, Wisconsin's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Kenosha County, Wisconsin's major federal and state programs for the year ended December 31, 2017. Kenosha County, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of Kenosha County, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Kenosha County, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

OPINION ON EACH MAJOR FEDERAL AND STATE PROGRAM

In our opinion, Kenosha County, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2017.

OTHER MATTERS

Report on Internal Control Over Compliance

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

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

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

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



Certified Public Accountants

Green Bay, Wisconsin

September 13, 2018 except for the Schedule of
Expenditures of Federal and State Awards
as to which the date is July 20, 2018.

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2017

Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Total Revenues	Expenditures	Federal Funds Transmitted to Subrecipients
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance				
FEDERAL PROGRAMS											
U.S. Department of Agriculture											
Special Supplemental Food Program for Women, Infants, and Children	10.557	DHS	Type 830/730	\$ (77,406)	\$ 4,068	\$ 715,889	\$ 261,964	\$ 904,515	\$ 904,515	\$ 904,515	
SNAP Cluster											
State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	Type 830/730	(11,160)	-	28,814	6,701	24,355	24,355	24,355	
State Administration Matching Grants for Supplemental Nutrition Assistance Program	10.561	DHS	Type 615/715	(551,212)	-	1,867,855	454,002	1,770,645	1,770,645	1,162,828	
Total SNAP Cluster				(562,372)	-	1,896,669	460,703	1,795,000	1,795,000	1,187,183	
Total U.S. Department of Agriculture				(639,778)	4,068	2,612,558	722,667	2,699,515	2,699,515	2,091,698	
U.S. Department of Housing and Urban Development											
Direct Funding											
Lead Hazard Reduction Demonstration Grant	14.905	NA	WLHD0267-14	(201,186)	-	1,600,521	171,403	1,570,738	1,570,738	-	
Total U.S. Department of Housing and Urban Development				(201,186)	-	1,600,521	171,403	1,570,738	1,570,738	-	
U.S. Department of Agriculture Forrest Service											
Direct Funding											
Great Lakes Restoration	15.662	NA	no identifier	-	-	20,000	-	20,000	20,000	-	
Total U.S. Department of Agriculture Forrest Service				-	-	20,000	-	20,000	20,000	-	
U.S. Department of Justice											
Direct Funding											
Organized Crime Drug Enforcement Task Forces	16.xxx	NA	GL-WIE-185	(14,254)	-	14,254	-	-	-	-	
State Criminal Alien Assistance Program	16.606	NA	2018-HO217-WI-AP	-	-	-	32,000	32,000	32,000	-	
Paul Coverdell Forensic Sciences Improvement Grant	16.742	NA	2017-CD-8X-0031	-	-	7,890	-	7,890	7,890	-	
Equitable Sharing Program 1	16.922	NA	#WIEQ00164	380,843	-	27,377	(64,258)	343,962	343,962	-	
Edward Byrne Memorial Justice Assistance Grant	16.738	DOJ	11091	(32,628)	-	32,628	-	-	-	-	
Edward Byrne Memorial Justice Assistance Grant	16.738	Racine Co	2016-DJ-01-12233	-	-	31,034	761	31,795	31,795	-	
Edward Byrne Memorial Justice Assistance Grant	16.738	Racine Co	2015-DJ-01-11711	(17,367)	-	17,367	-	-	-	-	
Total Edward Byrne Memorial JAG				(49,995)	-	81,029	761	31,795	31,795	-	
Juvenile Justice and Delinquency Protection Cease Grant	16.540 16.595	DOJ DOJ	na WI Approp #100.241	- -	- -	1,274 1,207	- -	1,274 1,207	1,274 1,207	- -	
Public Safety Partnership and Community Policing Grants	16.710	Walworth Co	Anti-Heroin Grant	-	-	3,329	-	3,329	3,329	-	

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2017

Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Expenditures	Federal Funds Transmitted to Subrecipients	
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues			
FEDERAL PROGRAMS continued											
U.S. Department of Justice continued											
Public Safety Partnership and Community											
Policing Grants	16.710	Racine Co	Anti-Heroin Grant	(19,119)	-	44,446	4,467	29,794	29,794	-	
Total U.S. Department of Justice				297,475	-	180,806	(27,030)	451,251	451,251	-	
U.S. Department of Labor											
WIA/WIOA Program Cluster											
WIA/WIOA Adult Program	17.258	DWD	no identifier	(75,868)	-	878,185	134,195	936,512	936,512	490,830	
WIA/WIOA Youth Activities	17.259	DWD	no identifier	(138,739)	-	1,287,053	166,085	1,314,399	1,314,399	1,131,051	
WIA/WIOA Dislocated Worker Formula Grants	17.278	DWD	no identifier	(87,474)	-	743,590	153,561	809,677	809,677	504,049	
Total WIA/WIOA Program Cluster				(302,081)	-	2,908,828	453,841	3,060,588	3,060,588	2,125,930	
H-1B Job Training Grants	17.268	DWD	no identifier	(5,585)	-	57,158	10,335	61,908	61,908	60,375	
Workforce Innovation Fund	17.283	WWDA	WWDA Salafwee	(1,680)	-	1,680	-	-	-	-	
Total U.S. Department of Labor				(309,346)	-	2,967,666	464,176	3,122,496	3,122,496	2,186,305	
U.S. Department of Transportation											
Highway Planning and Construction Cluster											
Highway Planning and Construction	20.205	DOT	3738-06-00	-	-	31,545	-	31,545	31,545	-	
Highway Planning and Construction	20.205	DOT	3766-00-0070	-	-	409,326	-	409,326	409,326	-	
Highway Planning and Construction	20.205	DOT	3330-00-05	-	-	113,918	-	113,918	113,918	-	
Highway Planning and Construction	20.205	DOT	3768-00-71	-	-	14,225	-	14,225	14,225	-	
Highway Planning and Construction	20.205	DOT	3751-00-70	-	-	798,640	-	798,640	798,640	-	
Highway Planning and Construction	20.205	DOT	3733-00-71	-	-	170,199	-	170,199	170,199	-	
Total Highway Planning and Construction Cluster				-	-	1,537,853	-	1,537,853	1,537,853	-	
Formula Grants for Rural Areas	20.509	DOT	no identifier	(64,223)	-	245,849	65,007	246,633	246,633	-	
Transit Services Programs Cluster											
New Freedom Program	20.521	DOT	no identifier	(9,255)	-	30,573	6,127	27,445	27,445	-	
Total Transit Services Programs Cluster				(9,255)	-	30,573	6,127	27,445	27,445	-	
Highway Safety Cluster											
National Priority Safety Programs	20.616	Racine Co	Racine Sheriff Dept	(477)	-	8,079	1,362	8,964	8,964	-	
National Priority Safety Programs	20.616	DOT	FG-2017-Kenosha-03124	-	-	9,487	-	9,487	9,487	-	
Total Highway Safety Cluster				(477)	-	17,566	1,362	18,451	18,451	-	
Total U.S. Department of Transportation				(73,955)	-	1,831,841	72,496	1,830,382	1,830,382	-	

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2017

Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Total Revenues	Expenditures	Federal Funds Transmitted to Subrecipients
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance				
FEDERAL PROGRAMS continued											
U.S. Environmental Protection Agency											
State Indoor Radon Grants	66.032	DHS	Type 830/730	(5,169)	-	13,208	3,161	11,200	11,200	-	
Total U.S. Environmental Protection Agency				(5,169)	-	13,208	3,161	11,200	11,200	-	
U. S. Department of Education											
Special Education - Grants for Infants and Families	84.181	DHS	Type 610	-	-	150,102	-	150,102	150,102	150,102	150,102
Total U.S. Department of Education				-	-	150,102	-	150,102	150,102	150,102	150,102
U. S. Department of Health and Human Services											
Public Health Emergency Preparedness	93.069	DHS	Type 830/730	-	-	-	6,480	6,480	6,480	-	
Environmental Public Health and Emergency Response	93.070	DHS	Type 830/730	(26,531)	-	81,505	17,849	72,823	72,823	-	
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	DHS	Type 830/730	(70,790)	6,083	198,265	30,117	163,675	163,675	-	
Injury Prevention and Control Research and State and Community Based Programs	93.136	DHS	Type 830/730	-	-	69,629	-	69,629	69,629	-	
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	DHS	Type 830/730	-	-	183,326	53,408	236,734	236,734	-	
Immunization Cooperative Agreements	93.268	DHS	Type 830/730	(30,863)	3,137	65,530	8,118	45,922	45,922	-	
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	DHS	Type 830/730	(54)	-	4,069	-	4,015	4,015	-	
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	93.505	DCF	no identifier	(494,171)	-	1,428,469	257,495	1,191,793	1,191,793	-	
Promoting Safe and Stable Families	93.556	DCF	CORe	-	-	57,103	-	57,103	57,103	-	
TANF Cluster											
Block Grants for Temporary Assist for Needy Families	93.558	DCF	CORe	(269,524)	-	1,361,888	225,441	1,317,805	1,317,805	-	
Block Grants for Temporary Assist for Needy Families	93.558	DHS	Type 610	(336)	-	362,364	-	362,028	362,028	-	
Total TANF Cluster				(269,860)	-	1,724,252	225,441	1,679,833	1,679,833	-	
Child Support Enforcement	93.563	DCF	no identifier	(1,117,516)	33,183	4,083,791	900,777	3,900,235	3,900,235	-	
Child Support Enforcement Research	93.564	DCF	no identifier	-	(33,183)	52,507	14,166	33,490	33,490	-	
Low Income Home Energy Assistance Block Grant	93.568	DOA	no identifier	(45,647)	-	173,954	83,531	211,838	211,838	211,838	
CS Child Support Access and Visitation	93.597	DCF	no identifier	-	-	21,822	19,677	41,499	41,499	-	
Community Based Child Abuse Prevention Grants	93.590	DCF	no identifier	(1,336)	-	19,081	2,566	20,311	20,311	-	

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

KENOSHA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2017

Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Total Revenues	Expenditures	Federal Funds Transmitted to Subrecipients
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance				
FEDERAL PROGRAMS continued											
U.S. Department of Health and Human Services continued											
CCDF Cluster											
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DCF	CORe	(114,625)	-	536,318	105,104	526,797	526,797	-	
Total CCDF Cluster				(114,625)	-	536,318	105,104	526,797	526,797	-	
Social Services Block Grant	93.667	DHS	Type 610	(633)	-	679,436	-	678,803	678,803	-	
Chafee Education and Training Vouchers Program	93.599	DCF	CORe	(1,156)	-	2,822	8,863	10,529	10,529	-	
Child Welfare Services Grant - State Grants	93.645	DCF	CORe	-	-	133,913	-	133,913	133,913	-	
Foster Care Title - IV-E	93.658	DCF	CORe	(17,763)	-	1,359,073	12,222	1,353,532	1,353,532	-	
Adoption Assistance	93.659	DCF	CORe	(9,550)	-	54,733	15,804	60,987	60,987	-	
Chafee Foster Care Independence Program	93.674	DCF	CORe	-	-	55,645	30,000	85,645	85,645	-	
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by the Prevention and Public Health Fund (PPHF)	93.733	DHS	Type 830/730	-	-	12,522	-	12,522	12,522	-	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	DHS	Type 830/730	-	-	14,698	3,065	17,763	17,763	-	
Children's Health Insurance Program	93.767	DHS	Type 615/715	(72,170)	2,580	240,789	60,175	231,374	231,374	151,651	
Medicaid Cluster											
Medical Assistance Program	93.778	DHS	Type 610	(6,583)	-	29,662	16,094	39,173	39,173	-	
Medical Assistance Program	93.778	DHS	Type 525/425	(253,910)	-	1,078,328	335,567	1,159,985	1,159,985	-	
Medical Assistance Program	93.778	DHS	Type 615/715	(1,165,912)	-	3,674,071	618,938	3,127,097	3,127,097	1,613,387	
Medical Assistance Program	93.778	DHS	Type 830/730	(3,080)	-	5,543	1,211	3,674	3,674	-	
Medical Assistance Program	93.778	GWAAR	no identifier	-	-	40,798	-	40,798	40,798	-	
Medical Assistance Program	93.778	DHS	TPA-CLTS	-	-	1,164,168	-	1,164,168	1,164,168	-	
Total Medicaid Cluster				(1,429,485)	-	5,992,570	971,810	5,534,895	5,534,895	1,613,387	
Block Grants for Community Mental Health Services	93.958	DHS	Type 610	-	-	79,635	887	80,522	80,522	-	
Block Grants for Prevention & Treat. of Substance Abuse	93.959	DHS	Type 610	(25,246)	-	734,076	127,427	836,257	836,257	-	
Block Grants for Prevention & Treat. of Substance Abuse	93.959	DCF	CORe	-	-	245,323	4,677	250,000	250,000	-	
Total Block Grants for Prevention and Treatment of Substance Abuse				(25,246)	-	979,399	132,104	1,086,257	1,086,257	-	
HIV Care Formula Grants	93.917	DHS	Type 830/730	(562)	-	562	-	-	-	-	
HIV Prevention Activities_Health Department Based	93.940	DHS	Type 830/730	(901)	-	901	-	-	-	-	
Maternal and Child Health Services Block Grant	93.994	DHS	Type 830/730	(123,585)	-	276,162	62,124	214,701	214,701	145,659	

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

KENOSHA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2017

Grantor Agency / Program Cluster / Title Subrecipient	Federal CFDA Number	Passed Through Agency	Passed Through Agency ID	Revenues					Expenditures	Federal Funds Transmitted to Subrecipients	
				(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues			
FEDERAL PROGRAMS continued											
U.S. Department of Health and Human Services continued											
Special Programs for the Aging											
Title III, Part D - Preventive Health	93.043	GWAAR	no identifier	501	-	9,145	1,460	11,106	11,106	-	
Title III, Part E - National Family Support	93.052	GWAAR	no identifier	(10,671)	-	52,352	16,655	58,336	58,336	-	
Medicare Enrollment Assistance Program	93.071	GWAAR	MIPPA	(6,759)	-	18,843	3,313	15,397	15,397	-	
CMS Research, Demonstrations, and Evaluations	93.779	GWAAR	SHIP	-	-	7,744	-	7,744	7,744	-	
Aging Cluster											
Title III, Part B - Grants for Supportive Services	93.044	GWAAR	no identifier	(7,926)	-	88,334	41,125	121,533	121,533	-	
Title III, Part C - Nutrition Services	93.045	GWAAR	no identifier	(55,666)	-	239,662	156,045	340,041	340,041	340,041	
Nutritional Services Incentive Program	93.053	GWAAR	no identifier	-	-	50,274	-	50,274	50,274	50,274	
Total Aging Cluster				(63,592)	-	378,270	197,170	511,848	511,848	390,315	
State Health Insurance Assistance Program	93.324	GWAAR	no identifier	-	-	7,744	-	7,744	7,744	-	
Total U.S. Department of Health and Human Services				(3,932,965)	11,800	19,056,579	3,240,381	18,375,795	18,375,795	2,512,850	
Executive Office of the President											
High Intensity Drug Trafficking Area (HIDTA)	95.001	Waukesha County, Wisconsin	G17ML0009A	-	-	3,600	-	3,600	3,600	-	
High Intensity Drug Trafficking Area (HIDTA)	95.001	City of Milwaukee, Wisconsin	G18ML0008A	(2,007)	-	2,229	-	222	222	-	
High Intensity Drug Trafficking Area (HIDTA)	95.001	City of Milwaukee, Wisconsin	G17ML0008A	-	-	27,448	-	27,448	27,448	-	
Total High Intensity Drug Trafficking Area (HIDTA)				(2,007)	-	33,277	-	31,270	31,270	-	
Total Executive Office of the President				(2,007)	-	33,277	-	31,270	31,270	-	
U. S. Department of Homeland Security											
Emergency Management Performance Grants	97.042	DMA	no identifier	(21,808)	-	46,960	64,830	89,982	89,982	-	
Pre-Disaster Mitigation Grant	97.047	DMA	PDMC-PL-05-WI-2014-001	(7,500)	-	22,500	-	15,000	15,000	-	
Homeland Security Grant Program	97.067	DMA	15-HSW-04-010907-MB-01	-	-	-	865	865	865	-	
Total U.S. Department of Homeland Security				(29,308)	-	69,460	65,695	105,847	105,847	-	
TOTAL FEDERAL PROGRAMS				\$ (4,896,239)	\$ 15,868	\$ 28,536,018	\$ 4,712,949	\$ 28,368,596	\$ 28,368,596	\$ 6,940,955	

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2017

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues				Total Revenues	Expenditures	Subrecipient Payments	
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance				
STATE PROGRAMS									
Wisconsin Department of Agriculture, Trade, and Consumer Protection									
Agricultural Clean Sweep	115.040	\$ -	\$ -	\$ 7,430	\$ 1,688	\$ 9,118	\$ 9,118	\$ -	
County Staff and Support	115.150	-	-	-	117,448	117,448	117,448	-	
Land and Water Resource Management	115.400	(60,920)	-	61,420	-	500	500	-	
Total WI Department of Agriculture, Trade, and Consumer Protection		(60,920)	-	68,850	119,136	127,066	127,066	-	
Wisconsin Department of Public Instruction									
Public Library Systems Aid	255.002	290,006	-	417,634	(299,925)	407,715	407,715	-	
Total Wisconsin Department of Public Instruction		290,006	-	417,634	(299,925)	407,715	407,715	-	
Wisconsin Department of Natural Resources									
Local Park Aids Stewardship - ADLP	370.421	(246,320)	-	246,320	-	-	-	-	
Recreational Aids - Snowmobile Trail and Area	370.485	-	-	60,348	-	60,348	60,348	-	
Boating Enforcement Aids	370.550	(15,095)	-	15,095	24,071	24,071	24,071	-	
Recreational Aids - Boating Facility	370.573	-	-	56,343	-	56,343	56,343	-	
Environmental Aids - Lake Protection Grant	370.663	-	-	50,000	-	50,000	50,000	-	
Transient Non-Community Water Sampling Contracts	370.QBHI4824	(8,549)	-	30,306	6,823	28,580	28,580	-	
Total Wisconsin Department of Natural Resources		(269,964)	-	458,412	30,894	219,342	219,342	-	
Wisconsin Department of Transportation									
Elderly and Handicapped County Aids	395.101	75,440	651	360,360	(82,538)	353,913	353,913	-	
Planning Commission Program	395.102	-	(48,185)	50,180	-	1,995	1,995	-	
Transit Operating Aids	395.104	(5,017)	5,017	48,567	724	49,291	49,291	-	
Local Roads Improvement Projects Discretionary Grants	395.206	-	(272,476)	272,476	-	-	-	-	
Transportation Economic Assistance (TEA)	395.510	-	-	435,500	-	435,500	435,500	-	
Total Wisconsin Department of Transportation		70,423	(314,993)	1,167,083	(81,814)	840,699	840,699	-	
Wisconsin Department of Corrections									
Community Corrections Program (Living Free ATR Program)	410.111	(3,333)	-	40,000	3,333	40,000	40,000	-	
Windows to Work	410.112	(8,548)	-	99,045	10,672	101,169	101,169	100,527	
Total Wisconsin Department of Corrections		(11,881)	-	139,045	14,005	141,169	141,169	100,527	

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2017

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Total Revenues	Expenditures	Subrecipient Payments
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance				
STATE PROGRAMS continued									
Wisconsin Department of Health Services									
Reproductive Health SLOH	435.152002	(36,000)	-	60,080	11,920	36,000	36,000	36,000	
Family Health - Women's Health	435.152020	-	-	31,500	-	31,500	31,500	-	
WIC Total Grants	435.154710	(112)	6	108	-	-	-	-	
WIC Farmers Market Grant	435.154720	(1,218)	-	4,354	-	3,136	3,136	3,136	
HIV Prevention PS & Linkages	435.155957	(883)	-	11,744	2,000	12,861	12,861	-	
WWWP - GPR CC	435.157010	(70,279)	-	155,100	-	84,821	84,821	-	
Childhood Lead - Consolidated	435.157720	(4,107)	-	18,772	6,573	21,238	21,238	-	
Maternal Child Health - Consolidated	435.159320	(3,080)	-	5,543	1,211	3,674	3,674	-	
Reproductive Health	435.159321	(50,643)	-	132,616	30,355	112,328	112,328	112,328	
Family Plan 253.07(4)(A)	435.159327	(47,090)	-	141,102	95,089	189,081	189,081	189,081	
Tobacco Prevention and Control Program - Wisconsin Wins	435.181005	(255)	-	8,911	9,740	18,396	18,396	-	
Tobacco Prevention and Control Program - Community Interventions - LHD	435.181012	1,242	-	87,155	22,793	111,190	111,190	-	
Fraud Prevention Investigation, State Share	435.060	-	-	48,757	-	48,757	48,757	48,757	
IMAA State Share ACA	435.276	(48,154)	-	166,487	-	118,333	118,333	60,918	
IMAA Fed Share ACA	435.277	(326)	-	1,131	-	805	805	414	
IMAA State Share	435.283	-	-	1,591,717	-	1,591,717	1,591,717	826,782	
IMAA Federal Share	435.284	(8,788)	-	44,586	13,066	48,864	48,864	22,087	
Adult Protective Services	435.312	-	-	159,031	-	159,031	159,031	-	
Children's COP	435.377	(12,004)	-	68,922	70,136	127,054	127,054	-	
Coordinated Services County	435.515	-	-	53,177	6,911	60,088	60,088	-	
Community Mental Health	435.516	-	-	708,894	-	708,894	708,894	-	
IMD Rebalancing Initiative	435.518	(645)	-	645	7,090	7,090	7,090	-	
Birth to Three Initiative	435.550	-	-	147,306	-	147,306	147,306	147,306	
Basic County Allocation	435.561	(3,821)	-	3,881,850	-	3,878,029	3,878,029	-	
AODA Juvenile Justice	435.679	(4,486)	-	4,486	-	-	-	-	
State County Match	435.681	-	-	540,751	-	540,751	540,751	-	
CLTS OTHER GPR	435.871	-	-	542,963	-	542,963	542,963	-	
CLTS AUTISM GPR	435.874	-	-	234,987	-	234,987	234,987	-	
CLTS Other - Co Administrative Costs, State Share	435.877	(1,899)	-	15,980	13,895	27,976	27,976	-	
CLTS Autism - Co Administrative Costs, State Share	435.880	(5,694)	-	14,697	2,194	11,197	11,197	-	
CLTS Autism - Co Administrative Costs, Fed Share	435.881	(1,005)	-	1,005	-	-	-	-	

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2017

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Total Revenues	Expenditures	Subrecipient Payments
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance				
STATE PROGRAMS continued									
Wisconsin Department of Health Services continued									
ADRC MFP - NH Relocation, State Share	435.560065	1,217	-	34,060	11,339	46,616	46,616	-	
Aging and Disability Resource Centers	435.560100	(570)	-	1,023,594	21,407	1,044,431	1,044,431	-	
ADRC Dementia Care Project	435.560158	-	-	71,290	8,710	80,000	80,000	-	
Dementia Care Innovation	435.560203	(3,805)	-	17,250	1,769	15,214	15,214	-	
Environmental Monitoring of Nuclear Power Plants for Radiological Emissions	435.DPH 80013 DC	-	2,750	-	2,750	5,500	5,500	-	
HIV Counseling, Testing and Referral Program	435.FAI10019.	(810)	-	4,520	540	4,250	4,250	-	
Passed Through Greater WI Agency on Aging Resources									
Elderly Benefit Specialist Program	435.560320	-	-	33,438	-	33,438	33,438	-	
Elderly Benefit Specialist OCI	435.560327	-	-	7,360	-	7,360	7,360	-	
State Senior Community Services	435.560330	-	-	7,071	2,318	9,389	9,389	-	
Congregate Meals	435.560350	(18,064)	-	63,961	39,254	85,151	85,151	85,151	
Nutrition Revitalization	435.560351	-	-	-	6,150	6,150	6,150	-	
Home Delivered Meals	435.560360	(2,923)	-	9,401	5,395	11,873	11,873	11,873	
Alzheimer's Family and Caregiver Support	435.560381	(20,991)	-	54,130	29,173	62,312	62,312	-	
Elder Abuse	435.560490	(25,756)	-	38,524	34,236	47,004	47,004	-	
Total Wisconsin Department of Health Services		(370,949)	2,756	10,248,954	455,994	10,336,755	10,336,755	1,543,833	
Wisconsin Department of Children and Families									
Child Abuse & Neglect Prevention Board - Parent Education Child Abuse	433.6093	(5,343)	-	90,848	23,090	108,595	108,595	-	
Children First	437.700	-	-	39,362	7,041	46,403	46,403	-	
Food Stamp Agency Incentives	437.965	(3,718)	-	46,178	8,728	51,188	51,188	-	
AFDC Agency Incentives	437.975	-	-	155	5	160	160	-	
Medicaid Agency incentives	437.980	(1,707)	-	18,491	2,966	19,750	19,750	-	
Community Intervention Program	437.3410	-	-	103,975	-	103,975	103,975	-	
Youth Aids AODA	437.3411	-	-	58,188	-	58,188	58,188	-	
Youth Aids	437.3413	-	-	2,999,418	-	2,999,418	2,999,418	-	
Children & Families Allocation	437.3561	-	-	1,139,543	-	1,139,543	1,139,543	-	
Children & Families Allocation - State/County Match	437.3681	-	-	90,095	-	90,095	90,095	-	
CS Enforcement - MSL Incentive	437.7332	-	(8,110)	85,147	9,083	86,100	86,100	-	
CS State GPR/PR Funding Alloca	437.7502	(25,202)	25,202	303,522	-	303,522	303,522	-	
CS Enforcement - GPR Earned	437.7606	-	-	15,211	-	15,211	15,211	-	
CS Enforcement - SPSK SUP PARENTS SUP KIDS	437.7702	-	(17,092)	17,092	-	-	-	-	
CS Enforcement - SPSK SUP PARENTS SUP KIDS	437.7903	-	-	(5,358)	(1,786)	(7,144)	(7,144)	-	
Total Wisconsin Department of Children and Family		(35,970)	-	5,001,867	49,107	5,015,004	5,015,004	-	

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

KENOSHA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2017

Grantor Agency / Pass-Through Agency / Program Title	State ID Number	Revenues					Expenditures	Subrecipient Payments	
		(Accrued) Deferred Beginning Balance	Adjust- ments	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues			
STATE PROGRAMS continued									
Wisconsin Department of Justice									
Treatment Alternatives and Diversion	455.xxx	(15,893)	-	15,893	-	-	-	-	
DNA Sample Reimbursement Grant	455.221	-	-	10,700	-	10,700	10,700	-	
Law Enforcement Training Fund Local Assistance	455.231	(25,432)	-	65,912	5,016	45,496	45,496	-	
Law Enforcement Training Fund Local Assistance	455.231	-	-	160	-	160	160	-	
Victim and Witness Assistance Program - Part A	455.532	(122,725)	(43)	250,251	123,324	250,807	250,807	-	
Youth Diversion - Aids - Gang - PR	455.629	(39,582)	-	129,075	33,343	122,836	122,836	-	
Passed through Racine County									
Drug Crimes Enforcement	455.225	-	-	21,345	-	21,345	21,345	-	
Total Wisconsin Department of Justice		(203,632)	(43)	493,336	161,683	451,344	451,344	-	
Wisconsin Department of Military Affairs									
Emergency Response Equipment Grant	465.308	(8,479)	-	16,424	33,156	41,101	41,101	-	
Total Wisconsin Department of Military Affairs		(8,479)	-	16,424	33,156	41,101	41,101	-	
Wisconsin Department of Veteran Affairs									
County Veterans Service Officer	485.001	-	-	13,000	-	13,000	13,000	-	
Total Wisconsin Department of Veteran Affairs		-	-	13,000	-	13,000	13,000	-	
Wisconsin Department of Administration									
Land Information Board Grants	505.116	26,000	-	51,000	(1,000)	76,000	76,000	-	
Public Benefits	505.371	(62,222)	-	189,089	24,039	150,906	150,906	150,906	
Total Wisconsin Department of Administration		(36,222)	-	240,089	23,039	226,906	226,906	150,906	
TOTAL STATE PROGRAMS		\$ (637,588)	\$ (312,280)	\$ 18,264,694	\$ 505,275	\$ 17,820,101	\$ 17,820,101	\$ 1,795,266	

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

KENOSHA COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2017

NOTE 1 – REPORTING ENTITY

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

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

NOTE 2 – BASIS OF PRESENTATION

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

The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance and the *State Single Audit Guidelines*.

NOTE 3 – DIRECT PAYMENTS – STATE OF WISCONSIN

Direct payments to individuals from the State of Wisconsin on behalf of Kenosha County for the year ended December 31, 2017 included:

<u>Program</u>	<u>CFDA No.</u>	<u>Unaudited Amount</u>
Food Share Wisconsin Program	10.561	\$ 29,365,434

KENOSHA COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2017

NOTE 4 – DIRECT PAYMENTS – WISCONSIN MEDICAL ASSISTANCE

The County received the following payments from Wisconsin Medical Assistance in 2017:

<u>County Department of Human Services:</u>	<u>Provider Number</u>	<u>Unaudited Amount</u>
Division of Aging & Disability Services	43072900	\$ 33,499
Division of Aging & Disability Services	43422900	761,540
Division of Aging & Disability Services	32975900	1,143,020
Division of Aging & Disability Services	100038404	6,173,860
Division of Children & Family Services	43073000	114,853
Brookside Care Center	20130300	4,123,449
Division of Health Services	41862400	12,951
Division of Health Services	42010200	42,384
Division of Health Services	43084000	87,360
Total		<u>\$ 12,492,916</u>

NOTE 5 – CARS / SPARC REPORT DATES

The Schedule of Expenditures of Federal and State Awards include adjustments through Community Aids Reporting System reports dated May 2018 and the SPARC reports for December 2017.

NOTE 6 – ALLOCATION OF INDIRECT COSTS

Kenosha County chooses not to utilize the de minimis rate as allowed under Uniform Guidance. Instead, Kenosha County identifies and recovers indirect costs using a cost allocation plan developed annually by Maximus Inc.

NOTE 7 – PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

GWAAR - Greater Wisconsin Agency on Aging Resources
DCF - Wisconsin Department of Children and Families
DHS - Wisconsin Department of Health Services
DMA - Wisconsin Department of Military Affairs
DNR - Wisconsin Department of Natural Resources
DOA - Wisconsin Department of Administration
DOJ - Wisconsin Department of Justice
WI DOT - Wisconsin Department of Transportation
DWD - Wisconsin Department of Workforce Development
WWDA - Wisconsin Workforce Development Association

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017

SECTION I – Summary of Auditors' Results

Financial Statements

Type of Auditor's report issued:	Unmodified
Internal control over financial reporting:	
<ul style="list-style-type: none">• Material weakness identified?• Significant deficiencies identified that are not considered to be material weaknesses?	No None reported
Noncompliance material to financial statements noted?	No

Federal or State Awards

Internal control over major programs:	
<ul style="list-style-type: none">• Material weakness identified?• Significant deficiencies identified that are not considered to be material weaknesses?	No None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	No
Auditee qualified as low-risk auditee for federal programs?	Yes
Auditee qualified as low-risk auditee for state programs?	Yes

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017

SECTION I – Summary of Auditors' Results continued

Identification of major federal programs:

CFDA Number	Name of Federal Programs
10.557	Special Supplemental Food Program for Women and Children
	WIA Program Cluster
17.258	WIA - Adult Program
17.259	WIA - Youth Activities
17.278	WIA - Dislocated Worker Formula Grants
20.205	Highway Planning and Construction
93.563	Child Support Enforcement

KENOSHA COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017

SECTION I- Summary of Auditors' Results (continued)

Identification of major state programs:

State ID Number	Name of State Programs
115.150	Basic Annual Staffing Grants
115.400	LWRM Plan Implementation
395.510	TEA Program
437.3413	JJ Youth Aids
437.7502	Child Support Activities

	<u>Federal</u>	<u>State</u>	
		<u>DHS</u>	<u>All Others</u>
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 851,058</u>	<u>\$ 310,103</u>	<u>\$ 250,000</u>

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

None

SECTION III – Federal and State Award Findings and Questioned Costs

None

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2017

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

yes X no

- Department of Administration

yes X no

- X yes no

- Paul H. Davis, CPA

Paul G. Denis, Shareholder

- July 20, 2018**

KENOSHA COUNTY

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2017

Prior Year Audit Findings

None

Corrective Action Plan

None required