KENOSHA COUNTY
Kenosha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2008

KENOSHA COUNTY

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INDEPENDENT AUDITORS' REPORT

To the County Board of Supervisors
Kenosha County
Kenosha, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin, as of and for the year ended December 31, 2008, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kenosha County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kenosha County, Wisconsin, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Human Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

To the County Board of Supervisors
Kenosha County

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

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 24, 2009

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, 2008.

USING THIS ANNUAL REPORT

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

Reporting the County as a Whole

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

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

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

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

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

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

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

Governmental activities (continued):

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

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

Reporting the County's Most Significant Funds

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

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

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

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

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

Reporting the County's Most Significant Funds (continued)

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

The County as Trustee

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

THE COUNTY AS A WHOLE

Government-wide Financial Analysis
The condensed financial statements on the next two pages present the net assets of the County and changes in net assets. These statements are presented with comparisons to 2007.

Net Assets may serve over time as a useful indicator of a government's financial position. In 2008, the County's assets exceeded liabilities by $57,595,853. The largest portion (110.40 percent) reflects the County's investment in capital assets less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be use to liquidate these liabilities.

The restricted net assets, which are subject to external restrictions on how they may be used, comprise 2.85 percent of the net assets.

The remaining of the County's net assets (negative 13.25 percent) is the category of unrestricted net assets which are normally used to meet the County's ongoing obligations to citizens and creditors. In 2008 this category has a deficit of $7,631,954. This was primarily due to GASB No. 45 that requires reporting Other Post Employment Benefit expenses.

KENOSHA COUNTY
NET ASSETS
As of December 31, 2008
(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 90.29	$ 87.18	$ 6.88	$ 7.13	$ 97.17	$ 94.31
Capital assets	117.11	114.02	14.76	15.28	131.87	129.30
Total Assets	207.40	201.20	21.64	22.41	229.04	223.61
Long-term liabilities outstanding	78.44	74.76	8.33	7.47	86.77	82.23
Other liabilities	79.24	77.17	5.43	5.91	84.67	83.08
Total liabilities	157.68	151.93	13.76	13.38	171.44	165.31
Net assets:						
Invested in capital assets, net of related debt	53.74	47.64	9.85	9.63	63.59	57.27
Restricted	1.47	1.61	0.17	0.16	1.64	1.77
Unrestricted (deficit)	(5.49)	0.02	(2.14)	(0.76)	(7.63)	(0.74)
Total Net Assets	$ 49.72	$ 49.27	$ 7.88	$ 9.03	$ 57.60	$ 58.30

The County's total net assets decreased by $0.70 million. This was primarily due to GASB No. 45 that requires reporting Other Post Employment Benefit expenses.

KENOSHA COUNTY
CHANGES IN NET ASSETS
Year Ended December 31, 2008
(Rounded to Millions)

	Governmental Activities		Business-type Activities		Totals	
	2008	2007*	2008	2007	2008	2007*
Revenues:						
Program revenues:						
Charges for services	$ 13.49	$ 7.41	$ 18.36	$ 17.37	$ 31.85	$ 24.78
Operating grants and contributions	52.48	64.28	3.66	3.15	56.14	67.43
Capital grants and contributions	0.68	1.08	-	0.51	0.68	1.59
General revenues:						
Property taxes	39.18	36.74	4.40	4.55	43.58	41.29
Other taxes	22.73	22.47	-	-	22.73	22.47
Grants and contributions not restricted to specific programs	3.83	3.77	-	-	3.83	3.77
Other	2.42	2.93	-	-	2.42	2.93
Total revenues	134.81	138.68	26.42	25.58	161.23	164.26
Expenses:						
General government	22.94	21.29	-	-	22.94	21.29
Health	16.84	22.34	-	-	16.84	22.34
Public works	1.72	1.55	-	-	1.72	1.55
Public safety	42.64	39.84	-	-	42.64	39.84
Social services	44.03	46.57	-	-	44.03	46.57
Education and recreation	4.10	4.07	-	-	4.10	4.07
Conservation and development	2.48	2.96	-	-	2.48	2.96
Interest on long-term debt	3.00	3.29	-	-	3.00	3.29
Nursing home	-	-	13.61	13.12	13.61	13.12
Highway	-	-	6.82	10.30	6.82	10.30
Golf Course	-	-	3.38	3.42	3.38	3.42
Total expenses	137.75	141.91	23.81	26.84	161.56	168.75
Increase (decrease) in net assets before transfers	(2.94)	(3.23)	2.61	(1.26)	(0.33)	(4.49)
Transfers	3.76	2.14	(3.76)	(2.14)	-	-
Increase (decrease) in net assets	0.82	(1.09)	(1.15)	(3.40)	(0.33)	(4.49)
Net assets beginning of year (as restated)	48.90	50.36	9.03	12.43	57.93	62.79
Net assets end of year	$ 49.72	$ 49.27	$ 7.88	$ 9.03	$ 57.60	$ 58.30

*2007 amounts have not been restated

Revenue for governmental activities decreased by $3.9 million when compared to 2007. Key elements of this decrease are as follows:

- Decreased state aids for Disability Services of $7.4 million
- Decrease in Human Services grants of $1.9 million
- Decrease in CDBG economic development grant of $0.5 million
- Decrease of $1.1 million in interest earned due to lower cash balances and lower rates
- Increased Health HUD and CSP grants of $1.1 million
- Increased property tax of $2.2 million
- Increase of $2.1 million in inmate housing
- Increase of $0.5 million for a bike trail grant
- Increase in sales tax revenues of $0.5 million
- Increase in Wireless 911 grant of $0.8 million

Expenditures for governmental activities decreased by $4.2 million when compared to 2007. Key elements of this increase are as follows:

- Decrease in Disability Services purchased services of $6.6 million due to Family Care
- Decreased Community Option expenses of $4.6 million due to Family Care
- Decrease in CDBG economic development grant expenses of $0.6 million
- Increased health insurance costs of $1.1 million
- Increase in liability and workers compensation insurances of $0.5 million
- $0.9 million increase in Sheriff personnel costs
- Increase in Pretrial, Kenosha County Detention Center and Facilities expenses of $2.3 million
- Increase of $1.0 million in Health Division expenses especially related to the HUD grant
- Increase of $2.0 million in Human Services administrative services due to reorganization for Family Care

Revenue for the Business-type activities increased by $0.8 million in 2008 when compared to 2007. Key elements of this increase are as follows:

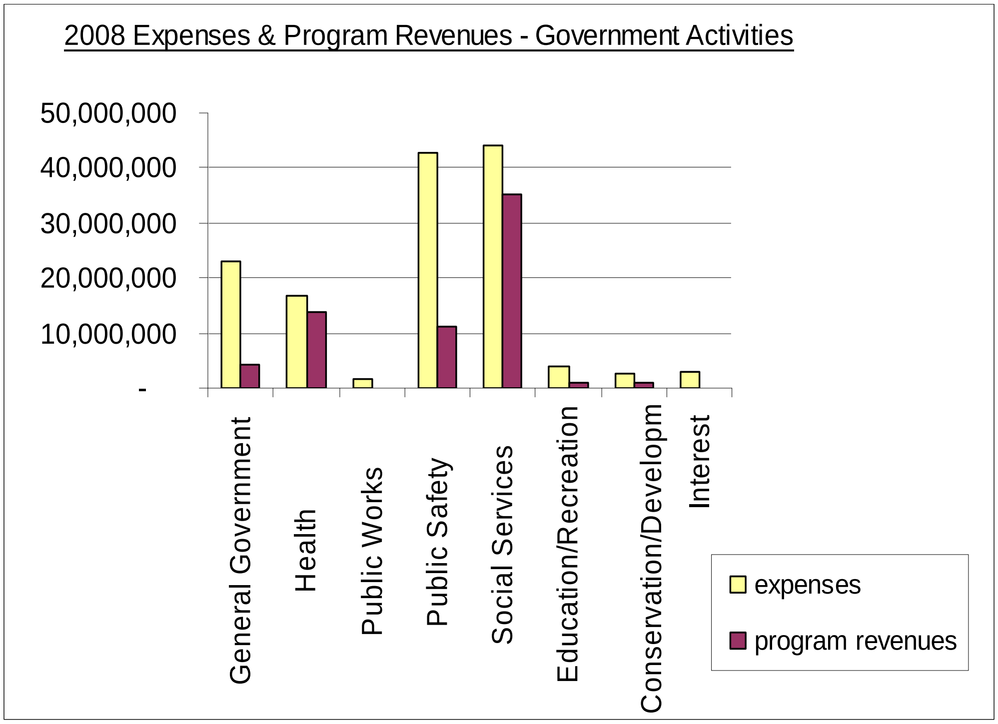
- Brookside operating revenue and grants increased by $1.3 million
- Highway revenue decreased by $0.5 million due to less LRIP grant dollars

Expenses for Business-type activities decreased $3.0 million in 2008 when compared to 2007. Key elements of this decrease are as follows:

- Increased personnel costs of $0.5 million for Brookside
- Decrease in expenses for Highway maintenance and State projects of $3.5 million

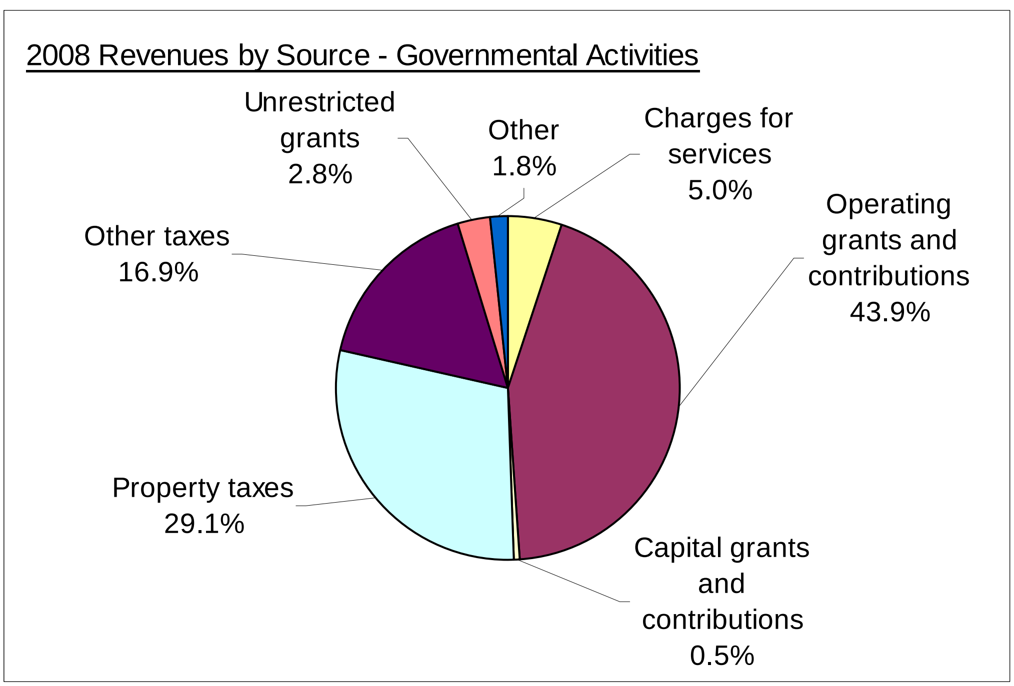
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for 2008.



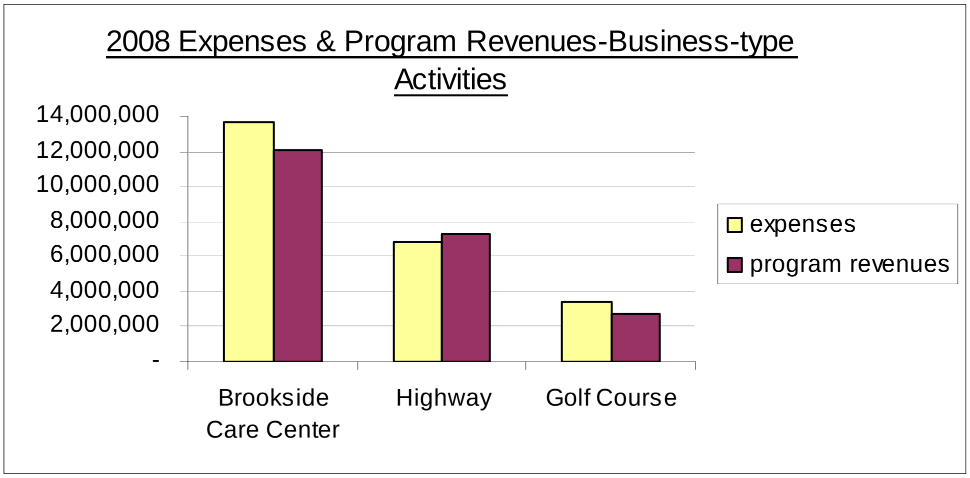
REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's governmental activities for 2008.



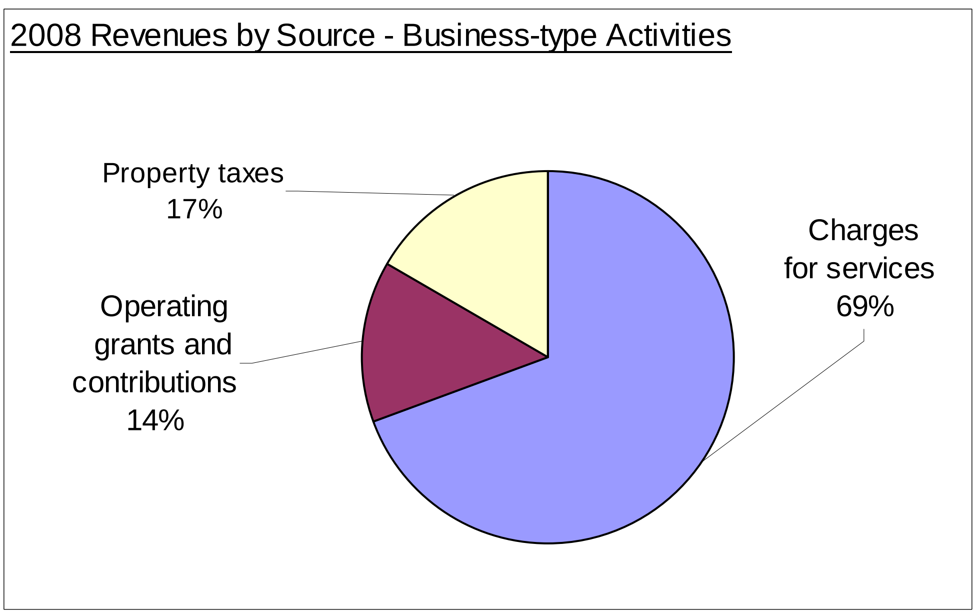
EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES

The following chart shows the portion of expenses by function that is covered by program revenues for business-type activities for 2008.



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

This chart illustrates the percent of revenue sources that fund the County's business-type activities for 2008.



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.

<u>General Fund</u>
The General Fund experienced an increase in the total available fund balance with an increase in unreserved, undesignated fund balance over the 2007 balance of $0.2 million. The unreserved, undesignated fund balance increased to $8.4 million in 2008 compared to $8.2 million in 2007. The General Fund was significantly affected by a change in source of funding for $2.6 million in capital projects. Originally, these projects were to be funded by reserves. To strengthen the General Fund undesignated fund balance, it was decided to use bonding instead to fund these projects. This decision along with some other unexpected surpluses served to offset the various deficits experienced in large part from the significant downturn in the nation's economic conditions. These items are discussed below.

The County continues to move closer to its goal of reducing its debt to one-half of the 1999 amount of $112.9 million. Adjusted for inflation, the 2008 County debt outstanding is now only 54.9% of the 1999 amount.

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

	2003	2004	2005	2006	2007	2008
General Fund	$ 10,420,292	$ 10,620,741	$ 11,453,188	$ 9,772,776	$ 8,202,767	$ 8,396,379
Health Insurance	1,000,000	1,000,000	1,500,000	1,500,000	1,500,000	1,500,000
Brookside	-	1,017,075	1,164,018	1,064,755	-	-
Total	$ 11,420,292	$ 12,637,816	$ 14,117,206	$ 12,337,531	$ 9,702,767	$ 9,896,379

The unreserved, undesignated fund balance amount is significant, as this is the amount available for future expenditures if approved by the County Board. A summary of the primary elements for all funds resulting in the increase in unreserved undesignated fund balance in the General Fund is provided on page 15.

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

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

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

THE COUNTY'S FUNDS (continued)

General Fund (continued)

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

- To maintain the fund balance of the General Fund at levels sufficient to protect the County's creditworthiness as well as its financial positions from unforeseeable emergencies.
- To ensure sufficient liquidity to provide for County obligations as they become due.
- To maintain the proper balance between maintaining a prudent level of reserves that is neither too low nor too high. The policy requires that the County maintain 17% of General Fund expenditures as unreserved, undesignated fund balance in the General Fund. The County was below the 17% threshold by $2.0 million at year-end 2008. 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 $250,000 may be used for ongoing operational expenditures. In the 2008 budget, $350,000 of funds from the General Fund was reserved to fund operations for the 2009 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 have been transferred to the General Fund.

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

Items that increased the General Fund:
Brookside Intergovernmental Transfer Revenue – This State revenue was $650,973 higher than originally planned in the General Fund.

Highway Fund Surplus Lapsed to General Fund – Due to additional revenue from the State and local municipalities, the Highway Fund had a surplus of $360,850 which was used to cover a deficit in the Golf Fund. Therefore, the General Fund did not have to cover that deficit.

Joint Services - There was a surplus of $210,579 in Joint Services. For 2008, Joint Services used reserves to fund expenditures which meant the County's contribution was lower. Acting in a prudent manner, the County budgeted their contribution at the normal funding rate.
.
Sheriff"s Department - The Sheriff's department's surplus for 2008 was approximately $268,000 which was due to a variety of savings that occurred related to less overtime needed, lower fuel costs than expected, and less food costs than projected. Increases in spending in other areas were offset by additional Federal Inmate Housing revenues.

Unplanned WIMCR Revenue – The County received $872,000 in Wisconsin Medicaid Cost Reporting revenue from the State that was not budgeted. This revenue is allocated to Counties to make up for losses sustained in provision of services under Medicaid mostly for personal care services.

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

Health Insurance Internal Service Fund
Health Insurance had a surplus of $1,180,000. Of this amount, $645,610 is estimated as savings resulting from vacancies. The remaining savings of $534,145 was credited back as a savings to the funds.

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Items that reduced the General Fund:
Brookside's Use of Health Insurance Surplus
In 2008, Brookside had a deficit in personnel costs due to overtime hours which were more than budgeted. Brookside used their share of the Health Insurance surplus of $269,100 to help offset this deficit. See page 15 for more discussion pertaining to Brookside.

Workers Compensation Claims/WMMIC Liability Claims – Several large dollar claims were paid in 2008 and were difficult to foresee as being settled in 2008.

Interest on Investments and delinquent taxes - The County's interest income in 2008 was lower than budgeted by $395,631. This occurred because there were lower cash balances and lower interest rates than expected.

Planning and Development Fees
Register of Deeds Fees
Sales Tax Deficit
Increase in Tax Delinquencies
The above items were less than planned due to the effect of the economic downturn which resulted in slowed development projects ($260,177), lower housing sales and other real estate activity ($290,998), lower spending by consumers ($198,693), and a higher rate of delinquencies for property owners ($817,445).

Golf Course Deficit – For 2008, the golf course maintained similar spending levels to 2007 however golf fees came in at lower than planned due to the weather and other factors. The County has instituted some major changes in the operations and funding of the golf course in 2009 in order to remedy the history of deficits in recent years.

Vacancy Adjustment Deficit - Kenosha County reduces its total budgeted personnel costs using a vacancy adjustment. Historically, the County has an employee turnover rate in excess of 2%. Therefore, it is not necessary to fund 100% of all budgeted positions. In 2008, the budgeted County vacancy adjustment was $1,544,994, or 1.9% of total personnel costs. In 2008, countywide savings generated through vacancies were $837,734, a deficit in its vacancy adjustment of $707,260.

The County has historically budgeted the majority of the vacancy adjustment in the General Fund. In 2008, $200,000 was budgeted separately in the Brookside fund. The majority of the vacancy adjustment is not allocated by department throughout the budget. Year-end lapses from the Human Services funds and the Highway fund and Brookside are required to fund the vacancy adjustment. Because of deficits in Brookside, and the Golf Course, minimal funds were available to lapse back to the General Fund in 2008 that otherwise would have been available to fund the vacancy adjustment. Brookside vacancy deficit totaled $339,000. In this respect, the majority of the funds lapsed in 2008 from the Human Services Fund ($486,247) and Highway ($20,473) account for the non-General Fund share of vacancy savings needed to partially offset the 2008 vacancy deficit.

Anticipating a similar effect in 2009, the County kept the vacancy rate at 1.9% in the 2009 budget

Circuit Court Fines and Fees – The County had a lower amount of tickets and fines given in 2008 than planned.

THE COUNTY'S FUNDS (continued)

General Fund (continued)
County Ordinance Fines – The County had planned to institute the traffic interdiction team to concentrate on traffic violations but due to other factors the staff was not able to be assigned in 2008. This caused fines to be $280,986 lower than budgeted.

Courts/District Attorney Expense – Two highly publicized trials were conducted in the County during 2008 which increased the expenses for these departments by approximately $100,000.

Information Technology review project – An operations review of the Information Technology department was conducted in 2008 and completed in 2009 by contracted professionals for the amount of $124,000.

THE COUNTY'S FUNDS (continued)

General Fund (continued)

Summary of 2008 Operations: Review of Major Elements Impacting the Undesignated, Unreserved Fund Balance in the General Fund

General Fund Analysis	
2007 undesignated reserves	**$8,202,767**
Items that increased the General Fund	
Reserve Replenishment	2,600,000
Brookside Intergov. Transfer Revenue higher than budgeted	650,973
Highway Fund Additional revenue from State, Towns, etc.	360,850
Joint Services Surplus	210,579
Sheriff Surplus	268,343
Unplanned WIMCR revenue (Human Services)	872,000
E911 Wireless Grant Recapture	218,000
Health Insurance surplus	534,145
Total Expected Increase to the General Fund	$5,714,890
Planned Decreases to the General Fund	
Reserves used to fund operations for 2009 budget	(350,000)
Total Planned Decrease to the General Fund	(350,000)
All other net reductions to Fund Balance	
Workers Compensation Claims	(309,964)
WMMIC - Liability	(196,792)
Net Interest on investments/taxes deficit revenue	(395,631)
Planning and Development Fees/State Aid	(260,177)
Sales Tax deficit	(198,693)
Register of Deeds Fees Deficit	(290,998)
Increase in outstanding tax delinquencies	(817,445)
Golf Course - deficit	(328,064)
Brookside Care Center Deficit	(415,920)
Vacancy adjustment deficit sans Brookside	(373,360)
Brookside Care Center vacancy factor deficit	(333,900)
Circuit Court less revenue than expected in Fines & Fees	(145,062)
County Ordinance Fines deficit	(280,986)
Courts/DA - special trial expense	(100,000)
IT review project	(124,000)
Parks Division deficit due to low revenues	(33,900)
Facilities Division deficit due to utilities	(47,500)
Special Election	(56,442)
All other miscellaneous reductions	(462,444)
Total all other net reductions to Fund Balance	($5,171,278)
2008 undesignated reserves	**$8,396,379**
Less: County Board requirement of 17% of General Funds Expenditures	10,445,637
Amount under 17%	**$2,049,258**
Calculation of General Fund reserve requirement:	
General Fund Expenditures for 2008	61,484,385
Undesignated reserve as a percent of General Fund expenditures	13.66%

THE COUNTY'S FUNDS (continued)

Brookside Enterprise Fund

In 2008, the Brookside Fund had a positive income of $203,494 before transfers. $1.42 million was transferred to the General Fund. $1,275,973 of this amount relates to intergovernmental transfer revenue (IGT). The transfer of the IGT funds to the General Fund was planned as part of the adoption of the 2008 budget. The remaining amount of $141,541 was from the reserves. Originally, capital outlay needed in Brookside was budgeted to be funded with reserves. During 2008, the Board decided to lapse these reserves to the General Fund and use bonding to fund the outlay. The bonding issued for Brookside purposes was transferred into the fund in order to offset the transfer of reserves to the General Fund. This bond amount was not added to the debt of Brookside but will be paid for in the Debt Service fund. Even though the Enterprise Fund is now non-lapsing, in accordance with a policy adopted by the County Board in 2005, the County may lapse Brookside funds to the General Fund in the event that the General Fund drops below 17% of General Fund spending as occurred in 2008.

After the transfers listed above, Brookside had a deficit of $1,076,701. The Human Services fund transferred $415,920 to cover a portion of this deficit and Brookside reserves in the amount of $656,559 was used to make up for the remainder. Therefore, there were no reserves available to be lapsed to the General Fund at year end.

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

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

Golf Course Fund

The golf course closed with a cash deficit of $328,064. A portion of the Highway fund surplus of $348,537 was transferred to the Golf Course fund to cover this deficit.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

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

- The fourth category includes transfers from the General Fund approved by the County Board. $200,000 was approved to fund special elections of which only $56,442 was used. $100,000 of reserves was needed to cover overruns related to two high profile murder trials. $47,200 was transferred to the DA budget to cover a deficit relating to these same cases.

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

- The fifth category is reprogrammed surplus funds re-budgeted for a new purpose using surplus funds identified as part of the year-end closeout. There were none in this category approved at year-end.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

With the close of calendar 2008, the County experienced a slight increase in the total available in the General Fund.

2008 is the second year the County undesignated fund balance closed below the 17% General Fund policy target. In 2008, total undesignated unreserved funds in the General Fund are about $8.4 million, or 13.66% of General Fund operating expense.

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

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

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

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

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

A significant reason reserves declined below the 17% policy requirement is because the County had used reserves to fund over $5 million of capital projects since 2002 that otherwise would have been funded with bonding. The County had about $2.6 million of cash-funded capital projects in its 2008 budget. As described above, because of the recession, in lieu of funding these projects with cash, the County Board authorized issuing 10 year notes to finance these projects and directed that the available cash be transferred to the General Fund.

At this time, there are certain known factors that may impact the financial statements. The State is presently deliberating the biennial budget and the 2010 levy cap is not known at this time. The County Board has adopted an advisory levy cap at 3% for 2010. However, this is advisory only, and is preempted by the State levy cap.

Events in the national economy are having an impact upon the County financial statements. In 2007 and 2008, the County continued to experience an increase in property tax delinquencies. Also in 2009, it is expected that the County will experience a decline in interest earnings because of the decline in interest rates. However, this is expected to be offset by increases in interest and penalties on the tax delinquencies. Through mid-year 2009, the County is experiencing favorable trends in its self-insured health insurance program. As of June 2009, the surplus at year-end 2009 is forecasted to exceed $1 million. The State has estimated a $6 billion biennial deficit, and has announced reductions in certain state aids. The State has attempted to use stimulus funds to partially offset some of these reductions. As the State is currently deliberating the biennial budget, the reductions in State aids are not yet known.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2008, the County had $131.86 million invested in net capital assets including land, buildings, park and golf facilities, vehicles, equipment, and infrastructure.

The $8.8 million increase in land improvements is due to reclassifying right-of-ways to land improvement and instead of infrastructure. The building increase is due to the Jail expansion project being placed in service. The $2.25 million increase in machinery and equipment primarily relates to the acquisition of computer equipment, vehicles and a variety of other equipment. See Notes to the Financial Statements page 62 for more detail about the capital assets. Summary report (rounded to millions) is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Construction in progress	$ 0.09	$ 3.49	$ -	$ -	$ 0.09	$ 3.49
Land	17.15	16.83	0.34	0.34	17.49	17.17
Land improvements	18.77	9.93	4.30	4.30	23.07	14.23
Buildings	80.18	76.59	15.38	15.29	95.56	91.88
Machinery & equipment	18.87	16.94	17.35	17.03	36.22	33.97
Infrastructure	35.96	39.88	-	-	35.96	39.88
Total capital assets	171.02	163.66	37.37	36.96	208.39	200.62
Less: accumulated depreciation	(53.91)	(49.64)	(22.62)	(21.67)	(76.53)	(71.31)
Total net capital assets	$ 117.11	$ 114.02	$ 14.75	$ 15.29	$ 131.86	$ 129.31

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt

At year-end, the County had $80,144,831 in outstanding general obligation debt. That is a decrease of three percent as shown in the following table.

Bonded debt outstanding at 12/31/07	$	82,629,932
Principal retired in 2008		(18,365,101)
Refunding Bonds		7,645,000
Ten year notes issued to fund 2008 capital projects		8,235,000
Debt outstanding at 12/31/08	$	80,144,831

New principal issued was $15,880,000. Total debt outstanding declined by $2,485,101 or 3%.

Since 1999, the County has done seven refinancings, excluding the pension refunding bonds. These refinancings are estimated to achieve savings exceeding $2.4 million. In order to implement the seven refinancings, it was necessary to issue additional principal of about $2 million. Of this amount, a balance of about $1 million remains at year end 2008.

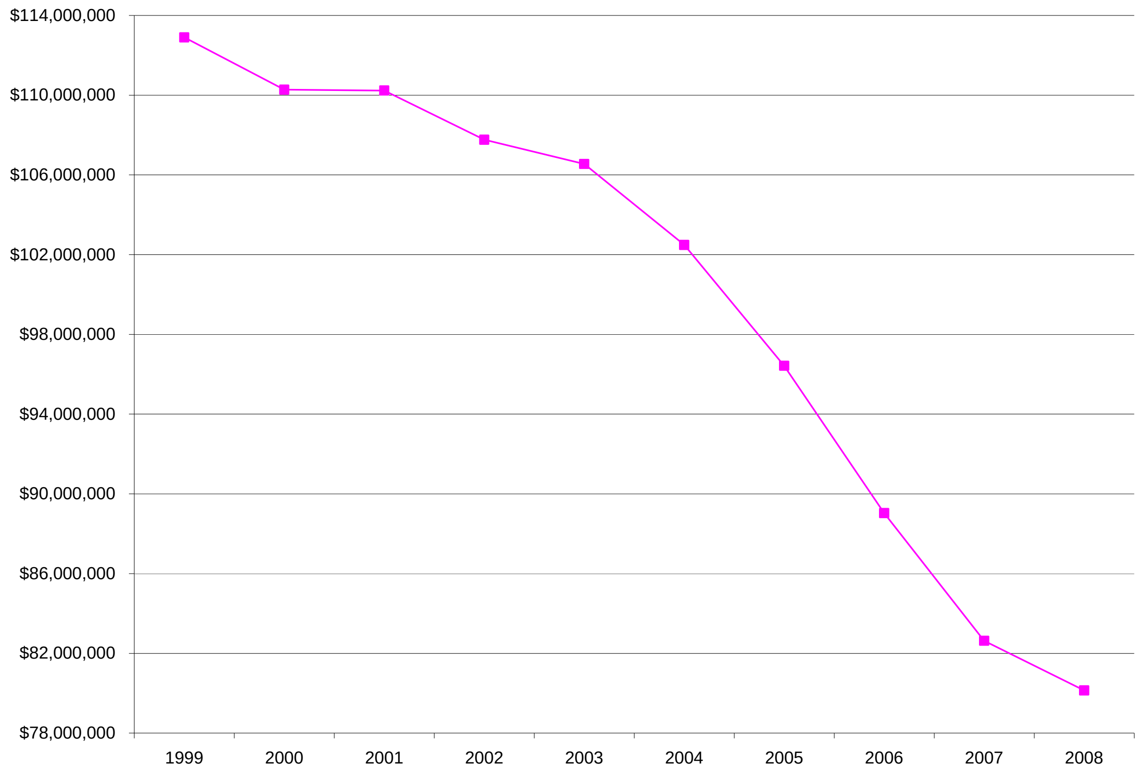
The County's credit rating did change in 2007. The County received a rating increase from Moody's in 2007, from Aa3 to Aa2. Prior to 2007, the last change in the Moody's rating came in 2004, when it increased from A1 to Aa3. The most recent increase in the County's Standard and Poor's credit rating occurred in 2003 when the County's rating increased from AA- to AA.

Since 1999, the County has experienced a decline in total debt outstanding. County debt hit its highest level of $112.9 million in 1999, including the County's unfunded actuarial pension liability. As of year end 2008, total County general obligation debt was $80 million. This amount includes about $1 million of additional principal issued to refinance debt for savings. Reducing total County debt outstanding as of year-end 2008 by new principal issued for refinancings, and restating the resulting balance in inflation adjusted 1999 dollars, total debt outstanding at year-end 2007 would be $61.25 million. This reflects a reduction over 1999 of $51.65 million, or 46% over total County debt outstanding in 1999 in inflation adjusted dollars.

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Kenosha County Debt Service Reduction

(This graph reflects actual debt reduction.)



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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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

KENOSHA COUNTY
STATEMENT OF NET ASSETS
As of December 31, 2008

ASSETS	Governmental Activities	Business-type Activities	Totals
Cash and temporary cash investments	$ 17,098,434	$ 608,864	$ 17,707,298
Receivables			
Property taxes receivable	51,184,485	3,955,778	55,140,263
Delinquent taxes	7,730,103	-	7,730,103
Due from other governments	10,215,660	1,042,240	11,257,900
Miscellaneous	2,113,030	1,111,147	3,224,177
Internal balances	197,230	(197,230)	-
Prepaid Expense	71,923	-	71,923
Inventories	-	361,814	361,814
Restricted assets			
Cash	523,955	-	523,955
Deposit with Wisconsin Municipal Mutual Insurance Co.	1,157,860	-	1,157,860
Capital assets			
Land, improvements, and construction in progress	32,116,537	338,258	32,454,795
Other capital assets, net of depreciation	84,993,458	14,416,969	99,410,427
Total Capital Assets	117,109,995	14,755,227	131,865,222
Total Assets	207,402,675	21,637,840	229,040,515
LIABILITIES			
Accounts payable	8,232,443	560,074	8,792,517
Accrued compensation	2,451,319	-	2,451,319
Other liabilities	815,080	59,496	874,576
Special deposits	28,764	-	28,764
Due to other governments	5,199,916	-	5,199,916
Unearned property tax revenue	51,184,485	3,955,778	55,140,263
Other unearned revenue	1,088,192	-	1,088,192
Long-term liabilities			
Due within one year	10,243,017	858,892	11,101,909
Due in more than one year	78,437,413	8,329,793	86,767,206
Total Liabilities	157,680,629	13,764,033	171,444,662
NET ASSETS			
Invested in capital assets, net of related debt	53,740,887	9,848,703	63,589,590
Restricted for:			
Specific purpose: grants and loans	1,471,861	-	1,471,861
Non-expendable fund use	-	166,356	166,356
Unrestricted (deficit)	(5,490,702)	(2,141,252)	(7,631,954)
Total Net Assets	$ 49,722,046	$ 7,873,807	$ 57,595,853

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	$ 22,938,640	$ 2,802,312	$ 1,574,135	$ 690	$ (18,561,503)	$ -	$ (18,561,503)
Health	16,843,204	1,878,846	11,856,179	-	(3,108,179)	-	(3,108,179)
Public works	1,719,840	-	-	-	(1,719,840)	-	(1,719,840)
Public safety	42,638,171	8,044,704	3,249,017	-	(31,344,450)	-	(31,344,450)
Social services	44,028,191	77,079	34,980,383	6,150	(8,964,579)	-	(8,964,579)
Education and recreation	4,102,998	210,596	560,197	335,394	(2,996,811)	-	(2,996,811)
Conservation and development	2,479,153	478,380	258,974	333,173	(1,408,626)	-	(1,408,626)
Interest on long-term debt	2,995,931	-	-	-	(2,995,931)	-	(2,995,931)
Total Governmental Activities	137,746,128	13,491,917	52,478,885	675,407	(71,099,919)	-	(71,099,919)
Business-type activities:							
Nursing home	13,611,863	10,746,019	1,275,973	-	-	(1,589,871)	(1,589,871)
Highway	6,824,371	4,877,755	2,378,712	5,797	-	437,893	437,893
Golf Course	3,382,301	2,735,559	-	-	-	(646,742)	(646,742)
Total Business-type Activities	23,818,535	18,359,333	3,654,685	5,797	-	(1,798,720)	(1,798,720)
Totals	$ 161,564,663	$ 31,851,250	$ 56,133,570	$ 681,204	(71,099,919)	(1,798,720)	(72,898,639)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					39,180,354	4,396,384	43,576,738
Property taxes, levied for debt service					12,222,819	-	12,222,819
Sales tax - County					10,451,350	-	10,451,350
Dog track admissions tax					58,304	-	58,304
Grants and contributions not restricted to specific programs					3,827,072	-	3,827,072
Unrestricted investment earnings					1,093,822	4,716	1,098,538
Miscellaneous					1,324,838	2,068	1,326,906
Transfers					3,763,854	(3,763,854)	-
Total general revenues and transfers					71,922,413	639,314	72,561,727
Change in net assets					822,494	(1,159,406)	(336,912)
Net assets-beginning (as restated)					48,899,552	9,033,213	57,932,765
Net assets-ending					$ 49,722,046	$ 7,873,807	$ 57,595,853

See accompanying notes to the financial statements.

KENOSHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 9,079,163	$ 1,552,101	$ 37,778	$ 2,072,124	$ 12,741,166
Receivables					
Property taxes	26,370,632	10,288,877	12,162,033	2,362,943	51,184,485
Delinquent taxes	7,730,103	-	-	-	7,730,103
Miscellaneous	566,727	14,670	-	160,622	742,019
Due from other governments	3,607,539	4,721,766	-	1,859,717	10,189,022
Due from other funds	944,681	537,398	-	571,736	2,053,815
Prepaid items	37,447	-	-	-	37,447
Loans receivable	-	-	-	1,223,365	1,223,365
TOTAL ASSETS	$ 48,336,292	$ 17,114,812	$ 12,199,811	$ 8,250,507	$ 85,901,422
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 774,487	$ 2,796,274	$ -	$ 360,648	$ 3,931,409
Accrued compensation	2,451,319	-	-	-	2,451,319
Special deposits	9,250	2,846	-	16,668	28,764
Due to other governments	1,526,536	3,523,304	-	150,076	5,199,916
Due to other funds	-	-	-	1,109,134	1,109,134
Deferred property tax revenue	26,370,632	10,288,877	12,162,033	2,362,943	51,184,485
Other deferred revenue	1,387,205	503,511	-	1,629,998	3,520,714
Total Liabilities	32,519,429	17,114,812	12,162,033	5,629,467	67,425,741
Fund Balances					
Reserved for delinquent tax certificate receivables	4,993,466	-	-	-	4,993,466
Reserved for encumbrances	312,124	-	-	184,677	496,801
Reserved for prepaid items	37,447	-	-	-	37,447
Reserved for debt service	-	-	37,778	-	37,778
Unreserved, reported in:					
General Fund, designated	2,077,447	-	-	-	2,077,447
General Fund, undesignated	8,396,379	-	-	-	8,396,379
Special Revenue Funds, designated	-	-	-	248,496	248,496
Special Revenue Funds, undesignated (deficit)	-	-	-	(26,831)	(26,831)
Capital Projects Funds, designated	-	-	-	2,196,831	2,196,831
Capital Projects Funds, undesignated	-	-	-	17,867	17,867
Total Fund Balances	15,816,863	-	37,778	2,621,040	18,475,681
TOTAL LIABILITIES AND FUND BALANCES	$ 48,336,292	$ 17,114,812	$ 12,199,811	$ 8,250,507	$ 85,901,422

See accompanying notes to the financial statements.

KENOSHA COUNTY
Reconciliation of the Governmental Fund Balance Sheet
and the Statement of Net Assets
As of December 31, 2008

Fund Balance - Total Governmental Funds	18,475,681
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	111,473,150
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. See Note II.A.	(86,547,932)
Interest expense is not accrued in the governmental funds	(795,367)
Proceeds of loans receivable collected are recorded as revenue in government-wide not as deferred revenue.	1,223,365
Unavailable delinquent tax receivable is recorded as revenue in government-wide not as deferred revenue.	1,209,157
Internal service funds are classed as proprietary funds in the fund statements but are governmental type in the entity wide statements. See Note II.A.	4,683,992
Total Net Assets - Governmental Activities	$ 49,722,046

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, 2008

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 37,154,762	$ 10,100,774	$ 12,222,819	$ 2,283,808	$ 61,762,163
Licenses and permits	315,803	-	-	327,967	643,770
Intergovernmental revenues	8,029,381	43,128,034	-	5,241,929	56,399,344
Charges for services	9,706,482	59,755	-	2,134,779	11,901,016
Fines, forfeits and penalties	1,050,341	-	-	-	1,050,341
Investment income	954,164	-	-	7,175	961,339
Miscellaneous income	875,022	113,088	-	423,690	1,411,800
Total Revenues	58,085,955	53,401,651	12,222,819	10,419,348	134,129,773
EXPENDITURES					
Current					
General government	18,040,490	-	-	-	18,040,490
Health	-	10,171,654	-	6,362,700	16,534,354
Public safety	39,269,226	-	-	-	39,269,226
Social services	266,766	42,839,952	-	-	43,106,718
Education and recreation	1,893,194	-	-	1,848,536	3,741,730
Conservation and development	1,975,250	-	-	367,204	2,342,454
Capital Outlay	39,459	-	-	3,896,294	3,935,753
Debt Service					
Principal retirement	-	-	13,183,671	-	13,183,671
Interest, fiscal charges and debt issuance costs	-	-	3,017,170	146,400	3,163,570
Total Expenditures	61,484,385	53,011,606	16,200,841	12,621,134	143,317,966

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, 2008

	General	Human Services	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	(3,398,430)	390,045	(3,978,022)	(2,201,786)	(9,188,193)
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	-	4,350,000	8,235,000	12,585,000
Premium on issuance of debt	-	-	76,621	177,425	254,046
Transfers in	4,705,328	-	48,519	1,701,763	6,455,610
Transfers out	-	(871,841)	(502,346)	(7,554,929)	(8,929,116)
Total Other Financing Sources (Uses)	4,705,328	(871,841)	3,972,794	2,559,259	10,365,540
Net change in fund balance	1,306,898	(481,796)	(5,228)	357,473	1,177,347
FUND BALANCES					
Beginning of year	14,509,965	481,796	43,006	2,263,567	17,298,334
FUND BALANCES - END OF YEAR	$ 15,816,863	$ -	$ 37,778	$ 2,621,040	$ 18,475,681

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, 2008

Net Change in Fund Balances - Total Governmental Funds	$	1,177,347
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 ($3,935,753), infrastructure contributed by business-type activities ($5,782,934), less capital outlay that falls below the threshold ($76,708) offset by insurance reimbursement ($112,033) exceeds depreciation ($5,113,460) in the current period.		4,640,552
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase (decrease) net assets.		(742,444)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(43,636)
Bond issues provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded debt issued. See Note II.B.		515,413
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.		(5,277,926)
Delinquent tax receivables not collected within 60 days of year end are recorded as unearned revenue in the governmental funds.		150,622
Internal service funds are used by management to charge the costs of certain activities, such as insurance and public works, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		402,566
Change in net assets of governmental activities	$	822,494

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, 2008

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	37,266,004	37,266,004	$ 37,154,762	$ (111,242)
Licenses and permits	455,857	455,857	315,803	(140,054)
Intergovernmental revenues	8,217,670	9,392,530	8,029,381	(1,363,149)
Charges for services	9,079,052	9,770,944	9,706,482	(64,462)
Fines, forfeits and penalties	1,432,225	1,432,225	1,050,341	(381,884)
Investment income	1,903,500	1,903,500	954,164	(949,336)
Miscellaneous income	717,492	720,887	875,022	154,135
Carryovers	628,833	1,650,509	-	(1,650,509)
Total Revenues	59,700,633	62,592,456	58,085,955	(4,506,501)
Expenditures				
Current				
General government	17,106,503	17,836,240	18,040,490	(204,250)
Public safety	38,285,343	40,001,828	39,269,226	732,602
Social services	272,603	272,551	266,766	5,785
Education/recreation	1,930,692	2,020,012	1,893,194	126,818
Conservation and development	2,015,592	3,056,409	1,975,250	1,081,159
Capital Outlay	89,900	215,706	39,459	176,247
Total Expenditures	59,700,633	63,402,746	61,484,385	1,918,361
Excess (deficiency) of revenues over expenditures	-	(810,290)	(3,398,430)	(2,588,140)
Other Financing Sources (Uses)				
Transfers in	-	4,705,328	4,705,328	-
Total Other Financing Sources (Uses)	-	4,705,328	4,705,328	-
Net change in fund balance	-	3,895,038	1,306,898	(2,588,140)
Fund balance - beginning	14,509,965	14,509,965	14,509,965	-
Fund balance - ending	$ 14,509,965	$ 18,405,003	$ 15,816,863	$ (2,588,140)

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, 2008

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 10,100,774	$ 10,100,774	$ 10,100,774	$ -
Intergovernmental revenues	40,909,666	45,942,293	43,128,034	(2,814,259)
Charges for services	35,000	35,000	59,755	24,755
Miscellaneous income	5,675	5,675	113,088	107,413
Carryovers	-	206,914	-	(206,914)
Total Revenues	51,051,115	56,290,656	53,401,651	(2,889,005)
Expenditures				
Current				
Health	7,822,321	10,363,582	10,171,654	191,928
Social services	43,228,794	45,826,334	42,839,952	2,986,382
Total Expenditures	51,051,115	56,189,916	53,011,606	3,178,310
Excess (deficiency) of revenues over expenditures	-	100,740	390,045	289,305
Other Financing Uses				
Transfers out	-	(871,841)	(871,841)	-
Net change in fund balance	-	(771,101)	(481,796)	289,305
Fund balance - beginning	481,796	481,796	481,796	-
Fund balance (deficit) - ending	$ 481,796	$ (289,305)	$ -	$ 289,305

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
ASSETS					
Current assets					
Cash and cash equivalents	$ 166,356	$ 117,582	$ 324,926	$ 608,864	$ 4,357,268
Accounts receivable	1,081,543	29,604	-	1,111,147	147,646
Property taxes receivable	1,386,689	2,569,089	-	3,955,778	-
Due from other governments	-	1,036,996	5,244	1,042,240	26,638
Due from other funds	-	-	-	-	458,185
Inventories	41,004	305,684	15,126	361,814	-
Prepaid items	-	-	-	-	34,476
Total current assets	2,675,592	4,058,955	345,296	7,079,843	5,024,213
Noncurrent assets					
Restricted cash and investments	-	-	-	-	523,955
Deposit in WMMIC	-	-	-	-	1,157,860
Capital assets					
Land	203	60,409	277,646	338,258	682,623
Buildings and improvements	5,571,683	8,292,370	5,818,135	19,682,188	7,223,006
Machinery and equipment	4,353,626	11,245,469	1,751,574	17,350,669	593,838
Accumulated depreciation	(5,235,258)	(12,652,443)	(4,728,187)	(22,615,888)	(2,862,622)
Total capital assets	4,690,254	6,945,805	3,119,168	14,755,227	5,636,845
Total noncurrent assets	4,690,254	6,945,805	3,119,168	14,755,227	7,318,660
Total Assets	7,365,846	11,004,760	3,464,464	21,835,070	12,342,873
LIABILITIES					
Current liabilities					
Accounts payable	199,259	328,783	32,032	560,074	543,838
Claims payable	-	-	-	-	3,757,196
Due to other funds	197,230	-	-	197,230	1,205,636
Other liabilities	59,496	-	-	59,496	19,713
Current portion of long-term debt payable	644,601	29,222	260,945	934,768	927,182
Current portion of unamortized (discount) premium on debt	(33,919)	-	(41,957)	(75,876)	-
Unearned property tax revenue	1,386,689	2,569,089	-	3,955,778	-
Total current liabilities	2,453,356	2,927,094	251,020	5,631,470	6,453,565
Noncurrent liabilities					
Long-term obligations	4,939,409	1,721,917	2,056,067	8,717,393	1,205,316
Unamortized (discount) premium on debt	(135,679)	-	(251,921)	(387,600)	-
Total noncurrent liabilities	4,803,730	1,721,917	1,804,146	8,329,793	1,205,316
Total Liabilities	7,257,086	4,649,011	2,055,166	13,961,263	7,658,881
NET ASSETS					
Invested in capital assets, net of related debt	1,564,852	6,945,805	1,338,046	9,848,703	3,599,178
Restricted for non-expendable fund use	166,356	-	-	166,356	-
Unrestricted (deficit)	(1,622,448)	(590,056)	71,252	(2,141,252)	1,084,814
Total Net Assets	$ 108,760	$ 6,355,749	$ 1,409,298	$ 7,873,807	$ 4,683,992

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
OPERATING REVENUES					
Charges for services	$ 10,746,019	$ 4,877,755	$ 2,737,627	$ 18,361,401	$ 21,415,761
Total Operating Revenues	10,746,019	4,877,755	2,737,627	18,361,401	21,415,761
OPERATING EXPENSES					
Operations and maintenance	10,000,456	10,253,483	2,910,263	23,164,202	21,023,022
General and administrative	3,043,744	1,601,692	-	4,645,436	-
Depreciation and amortization	378,451	752,130	314,626	1,445,207	481,904
Total Operating Expenses	13,422,651	12,607,305	3,224,889	29,254,845	21,504,926
Operating Loss	(2,676,632)	(7,729,550)	(487,262)	(10,893,444)	(89,165)
NON-OPERATING REVENUES (EXPENSES)					
General property taxes	1,788,649	2,607,735	-	4,396,384	-
Intergovernmental grants	1,275,973	2,384,509	-	3,660,482	-
Investment income	4,716	-	-	4,716	188,962
Amortization of debt discount and loss on refinancing	(52,587)	-	(79,102)	(131,689)	-
Interest and fiscal charges	(136,625)	-	(78,310)	(214,935)	(111,657)
Total Non-Operating Revenues (Expenses)	2,880,126	4,992,244	(157,412)	7,714,958	77,305
Income (Loss) Before Transfers	203,494	(2,737,306)	(644,674)	(3,178,486)	(11,860)
TRANSFERS					
Transfers in	557,461	2,722,611	815,984	4,096,056	414,426
Transfers out	(1,417,514)	(659,462)	-	(2,076,976)	-
Total Transfers	(860,053)	2,063,149	815,984	2,019,080	414,426
Change in net assets	(656,559)	(674,157)	171,310	(1,159,406)	402,566
Total net assets at the beginning of year	765,319	7,029,906	1,237,988	9,033,213	4,281,426
Total net assets at end of year	$ 108,760	$ 6,355,749	$ 1,409,298	$ 7,873,807	$ 4,683,992

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, 2008

	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	$ 11,294,180	$ 5,910,360	$ 2,732,383	$ 19,936,923	$ 20,971,346
Paid to suppliers and employees for goods and services	(12,566,594)	(12,160,281)	(2,809,894)	(27,536,769)	(21,033,453)
Cash Flows from Operating Activities	(1,272,414)	(6,249,921)	(77,511)	(7,599,846)	(62,107)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General property taxes	1,788,649	2,607,735	-	4,396,384	-
Intergovernmental grants	1,275,973	2,384,509	-	3,660,482	-
Transfers	(860,053)	2,063,149	815,984	2,019,080	414,426
Cash Flows from Noncapital Financing Activities	2,204,569	7,055,393	815,984	10,075,946	414,426
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES					
Debt retired	(3,930,000)	-	(265,000)	(4,195,000)	(986,430)
Interest paid	(157,482)	-	(78,310)	(235,792)	(103,907)
Debt issued	3,295,000	-	-	3,295,000	40,000
Premium on debt issued	17,453	-	-	17,453	-
Acquisition and construction of capital assets	(157,619)	(747,796)	(70,237)	(975,652)	(40,000)
Disposal of capital assets	-	59,906	-	59,906	-
Cash Flows from Capital and Financing Activities	(932,648)	(687,890)	(413,547)	(2,034,085)	(1,090,337)
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit in WMMIC restricted cash	-	-	-	-	(10,805)
Investment income	4,716	-	-	4,716	188,962
Cash Flows from Investing Activities	4,716	-	-	4,716	178,157
Net Change in Cash and Cash Equivalents	4,223	117,582	324,926	446,731	(559,861)
Cash and Cash Equivalents - Beginning of Year	162,133	-	-	162,133	4,917,129
Cash and Cash Equivalents - End of Year	$ 166,356	$ 117,582	$ 324,926	$ 608,864	$ 4,357,268

See accompanying notes to the financial statements.

KENOSHA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008

	Business-type Activities				Governmental Activities
	Brookside Care Center	Highway	Non-major Fund Golf Course	Totals	Internal Service
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	$ (2,676,632)	$ (7,729,550)	$ (487,262)	$ (10,893,444)	$ (89,165)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Depreciation expense and amortization	378,451	752,130	314,626	1,445,207	481,904
Changes in assets and liabilities:					
Accounts receivable	147,161	(6,175)	-	140,986	(8,212)
Due from other governments	401,000	1,051,640	(5,244)	1,447,396	21,982
Inventories	(5,950)	32,478	8,784	35,312	-
Due from other funds	-	-	-	-	(458,185)
Prepaid items	-	-	-	-	1,170
Accounts payable	47,357	(105,185)	2,944	(54,884)	(517,914)
Claims payable	-	-	-	-	518,674
Due to other governments	-	(5,075)	-	(5,075)	-
Due to other funds	(481,339)	(886,282)	-	(1,367,621)	(361)
Other current liabilities	5,846	(12,860)	-	(7,014)	(12,000)
OPEB payable	883,714	657,630	90,128	1,631,472	-
Accrued compensation	27,978	1,328	(1,487)	27,819	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (1,272,414)	$ (6,249,921)	$ (77,511)	$ (7,599,846)	$ (62,107)
Noncash investing, capital and financing activities:					
Infrastructure transferred to governmental activities	$ -	$ 5,782,934	$ -	$ 5,782,934	$ -

See accompanying notes to the financial statements.

KENOSHA COUNTY

STATEMENT OF ASSETS & LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
December 31, 2008

ASSETS	
Cash and temporary cash investments	$ 4,522,126
Miscellaneous receivables	259,290
Total Assets	4,781,416
LIABILITIES	
Other liabilities	4,781,416
Total Liabilities	$ 4,781,416

See accompanying notes to the financial statements.

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS
December 31, 2008

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS (cont.)
December 31, 2008

NOTE Page

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

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

Government-Wide Financial Statements (cont.)

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

Fund Financial Statements (cont.)

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

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

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

Housing Authority	Federated Library System
Health Department	Geographic Information Systems

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

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

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

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

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

Fund Financial Statements (cont.)

In addition, the County reports the following fund types:

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

Human Services Building	Workers Compensation
Health Insurance	General Liability Insurance

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

  Clerk of Courts
  Child Support
  Social Services
  Other Agency Funds

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Fund Financial Statements (cont.)

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

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

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

All Financial Statements

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

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2008 the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

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

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

2. Receivables

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

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

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

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

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

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

Property tax calendar – 2008 tax roll:

Lien date and levy date	December 2008
Tax bills mailed	December 2008
Payment in full, or	January 31, 2009
First installment due	January 31, 2009
Second installment due	July 31, 2009
Personal property taxes in full	January 31, 2009
Tax sale – 2008 delinquent real estate taxes	October 2011

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

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

2. Receivables (cont.)

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

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

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

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

5. Capital Assets

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

6. Other Assets

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

7. Compensated Absences

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

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

Accumulated liabilities at December 31, 2008 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

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

The County does not engage in conduit debt transactions.

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

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

9. Claims and Judgments

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

10. Equity Classifications

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

Bonds and notes payable	$ 72,642,333
Vacation/casual day accrual	3,090,680
Post retirement health insurance benefits	11,138,774
Unamortized debt discount and issue costs	(323,855)
Combined adjustment for long-term liabilities	$ 86,547,932

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

Internal Service Funds:	
Human Services Building	$ 2,755,926
Health Insurance	1,500,000
Workers Compensation	(135,420)
General Liability Insurance	563,486
Total	$ 4,683,992

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

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

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

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

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

Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this $515,413 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	$ (12,545,000)
Discounts, premium and issuance costs	(62,917)
Amortization expense	(60,341)
Principal repayments:	
General obligation debt	13,183,671
Net adjustment to decrease *net changes in fund balances – total* governmental funds to arrive at *changes in net assets of governmental activities*	$ 515,413

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 $5,277,926 difference are as follows:

Vacation/casual day accrual	$ 14,093
Post retirement health insurance benefits	(5,440,528)
Accrued interest	148,509
Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (5,277,926)

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.

The 2008 adopted budget appropriated $18,359,029 for health/dental costs. Actual expenditures for health/dental for the year were $17,489,511. This savings of $869,518 was allocated to the County departments.

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

General Fund	$ 2,004,456
Capital Projects Fund	2,196,831

B. GOVERNMENTAL FUNDS - EXCESS EXPENDITURES OVER APPROPRIATIONS

The County controls expenditures at the business unit level. There were no expenditure line item accounts that experienced expenditures which exceeded appropriations. The 2008 budgeted County vacancy adjustment was $1,544,994. In 2008, countywide savings generated through vacancies were $837,734, a deficit in its vacancy adjustment of $707,260. However, the actual savings are experienced and recorded in all funds. These savings have been lapsed back to the general fund at year end but do not appear in the specific line item to offset the budgeted vacancy amount. Therefore, the general government line appears to have expenditures which exceeded appropriations even though it does not.

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

C. DEFICIT BALANCES

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

As of December 31, 2008 the following funds held a deficit balance:

Fund	Amount	Reason
Geographic Information Systems	$27,845	State Revenue to cover the expenses will not be received until the project is fully completed.
Parking Structure	$10,386	State Revenue to cover the expenses will not be received until the project is fully completed.
Workers Compensation	$135,420	Due to unexpected, unusually large claims.

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

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

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

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

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

The County is in compliance with the limitation.

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

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

Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance. This coverage expired on February 15, 2009.

The County has an agreement with Johnson Bank for collateralization of its deposits and investments. The bank has pledged $6,651,381 of various governmental securities as collateralization for the County's deposits.

The County maintains a cash and investment pool that is available for use by all funds. The deposit and investment balances of the various fund types on December 31, 2008 are as follows:

General	$ 9,079,163
Special Revenue	2,103,011
Debt Service	37,778
Capital Projects	1,521,214
Enterprise	608,864
Internal Service	4,357,268
Agency	4,522,126
Total	$ 22,229,424

<u>Deposits – Custodial Credit Risk</u>
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.

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits – Custodial Credit Risk (cont.)

As of December 31, 2008, the carrying amount of the County's deposits was $(369,432) and the bank balance was $1,011,534. This entire bank balance at year-end was covered by the Federal depository insurance or by collateral held by the County's agent in the County's name. In addition, the County maintains petty cash funds in the amount of $9,310.

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

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

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

Investment Risk Factors

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

Credit Risk

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

The credit risk profile for fixed income securities at December 31, 2008 is as follows:

U.S. Government Guaranteed		
Investment	S & P Rating	Amount
AIM		
Government & Agency- Institutional	AAA	250,624
Treasury - Institutional	AAA	250,300
DANA		
Federal Home Loan Mortgage Corp.	AAA	3,989,527
Federal National Mortgage Association	AAA	2,629,318
Government National Mortgage Association	AAA	54,939
Small Business Association	AAA	115,696
Johnson Bank		
Repurchase Agreements	AAA	2,009,564
Total U.S. Government Guaranteed		9,299,968
Money Market Accounts		
Wisconsin Local Government		
Investment Pool	Unrated	13,227,477
DANA		
Money Market Account	AAA	62,101
Total Money Market Accounts		13,289,578
Grand Total		22,589,546

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, 2008 are as follows:

Issuer	Amount	Percentage
Federal National Mortgage Association	$ 2,629,318	12%
U.S.Treasury	2,510,488	11%
Federal Home Loan Mortgage Corp.	3,989,527	18%
Other issuers (none over 5%)	13,460,213	60%
	$ 22,589,546	100%

Interest Rate Risk

The County's Investment Policy does not address interest rate risk for its investments. In practice, the County contracts with professional portfolio management firms for its investments. Each portfolio management firm has been assigned a widely recognized benchmark consistent with their management strategy. AIM has been assigned the Lehman Intermediate Government Index as their benchmark. Dana Investment Advisors uses the Merrill Lynch three month Treasury Bill index as their official benchmark.

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

A. DEPOSITS AND INVESTMENTS (cont.)

In addition to using the assigned benchmarks to evaluate the performance of the portfolio management firms, the firms also manage interest rate risk by maintaining the effective duration of their portfolios consistent to the duration of the assigned benchmark. The duration of the County's overall investments at December 31, 2008 is as follows (total duration includes money market accounts, which are not listed in the table):

Investment Type	Amount	Effective Duration
Federal Home Loan Mortgage Corp.	$ 3,989,527	Average 212 days
Federal National Mortgage Association	2,629,318	Average 193 days
Government National Mortgage Association	54,939	Average 493 days
Small Business Association	115,696	Average 91 days
Repurchase agreements	2,009,564	Overnight
	$ 8,799,044	

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, 2008 is as follows:

Fund Name	Amount	Weighted Average Maturity
Wisconsin Local Government Investment Pool	$13,227,477	80 days
AIM Short Term Government & Agency	250,624	37 days
AIM Short Term Treasury	250,300	45 days
DANA Money Market	62,101	1 day
	$13,790,502	

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

B. RECEIVABLES

Revenues of the County are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period were $11,016.

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

The City of Kenosha and Kenosha County agreed to each pay half of the unfunded pension liability for Joint Services. In 2008, the County paid the entire amount of $540,856. The City of Kenosha will be paying its share of $270,428 to the County over a five year period with interest of five percent. The current balance due to the County is $216,342 and is shown in the "Miscellaneous receivables" line in the General Fund.

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

	Unavailable	Unearned
Property taxes receivable	$ -	$ 51,184,485
Delinquent property taxes	1,209,157	-
Housing Authority loans receivable	1,223,365	-
Other unearned revenue	-	54,946
Grant drawdowns prior to meeting all eligibility requirements	-	1,033,246
Total Deferred/Unearned Revenue for Governmental funds	$ 2,432,522	$ 52,272,677

Delinquent property taxes purchased from other taxing authorities are reflected as reservations of fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available for current expenditures and are therefore excluded from the reservation of fund balances. For the year ended December 31, 2008, such collections aggregated $6,202,623 of which $1,209,157 was levied by the County. Delinquent property taxes levied by the County are reflected as deferred revenue and are excluded from the fund balance until collected.

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

B. RECEIVABLES (cont.)

At December 31, 2008, delinquent property taxes by year levied consists of the following:

	Total	County Levied	County Purchased
Tax Certificates			
2007	$ 4,333,035	$ 844,822	$ 3,488,213
2006	1,448,626	282,442	1,166,184
2005	284,877	55,543	229,334
2004	39,653	7,731	31,922
2003 and prior	95,494	18,619	76,875
Total Tax Certificates	6,201,685	$ 1,209,157	$ 4,992,528
Delinquent Special Assessments	660,330		
Tax Deeds held by County	868,088		
Total Delinquent Property Taxes Receivable	$ 7,730,103		

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, 2008, the County has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

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

C. CAPITAL ASSETS

The County defines their capital assets as assets with an initial cost of more than $5,000. The addition column represents the new assets in 2008 including new infrastructure assets. The deletion column represents the assets that were discarded in 2008. The adjustment column represents the adjustments needed to show the assets at the restated amounts. Adjustments include: $3,492,370 construction in progress reclassified to capital assets that have been completed and $7,271,079 of right-of-ways reclassified as land improvements from prior years.

Capital asset valuation and activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental Activities					
Capital Assets not being depreciated:					
Construction in Progress	$ 3,492,370	$ 90,001	$ -	$ (3,492,370)	$ 90,001
Land Improvements	6,694,400	909,700	-	7,271,079	14,875,179
Land	16,828,760	322,597	-	-	17,151,357
Total Capital Assets not being depreciated	27,015,530	1,322,298	-	3,778,709	32,116,537
Other Capital Assets:					
Land Improvements	3,237,373	643,947	-	-	3,881,320
Buildings	76,588,710	3,596,279	-	-	80,184,989
Machinery & Equipment	16,941,389	2,485,033	(551,876)	-	18,874,546
Infrastructure	39,878,490	4,873,234	(1,518,100)	(7,271,079)	35,962,545
Total Other Capital Assets at Historical Cost	136,645,962	11,598,493	(2,069,976)	(7,271,079)	138,903,400
Less: Accumulated Depreciation					
Land Improvements	(1,772,481)	(212,968)	-	-	(1,985,449)
Buildings	(23,616,284)	(1,864,089)	-	-	(25,480,373)
Machinery & Equipment	(10,959,085)	(1,798,467)	284,632	-	(12,472,920)
Infrastructure	(13,294,260)	(1,719,840)	1,042,900	-	(13,971,200)
Total Accumulated Depreciation	(49,642,110)	(5,595,364)	1,327,532	-	(53,909,942)
Net Total Other Capital Assets	87,003,852	6,003,129	(742,444)	(7,271,079)	84,993,458
Net Total Government Activities Capital Assets	$ 114,019,382	$ 7,325,427	$ (742,444)	$ (3,492,370)	$ 117,109,995

Depreciation expense was charged to functions as follows:

Depreciation expense was charged to functions as follows:	
General Government	$ 3,056,839
Public Safety	401,336
Public Works	1,719,840
Social Services	16,832
Education & Recreation	248,138
Health	41,921
Conservation & Development	110,458
Total Governmental Activities- Depreciation Expense	$ 5,595,364

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

C. CAPITAL ASSETS (cont.)

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

Infrastructure Category	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Roadways	$ 24,259,659	$ 4,761,334	$1,518,100	$ -	$ 27,502,893
Right-of-ways	7,271,079	-	-	(7,271,079)	-
Bridges	4,538,052	-	-	-	4,538,052
Traffic signals	3,190,700	111,900	-	-	3,302,600
Sewer drainage	384,000	-	-	-	384,000
Culverts	235,000	-	-	-	235,000
Infrastructure	39,878,490	4,873,234	1,518,100	(7,271,079)	35,962,545
Land Improvements	6,694,400	909,700	-	7,271,079	14,875,179
Total	46,572,890	5,782,934	1,518,100	-	50,837,724
Less Accumulated Depreciation					
Roadways	(10,783,200)	(1,485,400)	1,042,900	-	(11,225,700)
Bridges	(1,239,860)	(89,940)	-	-	(1,329,800)
Traffic signals	(1,067,200)	(132,000)	-	-	(1,199,200)
Sewer drainage	(183,800)	(7,800)	-	-	(191,600)
Culverts	(20,200)	(4,700)	-	-	(24,900)
Total Accumulated Depreciation	(13,294,260)	(1,719,840)	1,042,900	-	(13,971,200)
Net Infrastructure	$ 33,278,630	$ 4,063,094	$ 475,200	$ -	$ 36,866,524

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

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business - type Activities				
Capital Assets not being depreciated:				
Land	$ 338,258	$ -	$ -	$ 338,258
Total Capital Assets not being depreciated	338,258	-	-	338,258
Other Capital Assets:				
Land Improvements	4,300,750	-	-	4,300,750
Buildings	15,286,120	95,318	-	15,381,438
Machinery & Equipment	17,031,628	880,334	(561,293)	17,350,669
Total Other Capital Assets at Historical Cost	36,618,498	975,652	(561,293)	37,032,857
Less: Accumulated Depreciation				
Land Improvements	(2,370,720)	(7,858)	-	(2,378,578)
Buildings	(8,556,931)	(480,231)	-	(9,037,162)
Machinery & Equipment	(10,744,416)	(957,118)	501,386	(11,200,148)
Total Accumulated Depreciation	(21,672,067)	(1,445,207)	501,386	(22,615,888)
Net Total Other Capital Assets	14,946,431	(469,555)	(59,907)	14,416,969
Net Total Business - type Activities Capital Assets	$ 15,284,689	$ (469,555)	$ (59,907)	$ 14,755,227

Depreciation expense was charged to functions as follows:

Business-type Activities	
Brookside Care Center	$ 378,451
Highway	752,130
Golf Courses	314,626
Total Business-type Activities - Depreciation Expense	$ 1,445,207

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

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
General Fund		$ 944,681
	Brookside Care Center	(197,230)
	Human Services Building	(747,451)
Health Insurance		458,185
	General Liability Insurance	(458,185)
Human Services		537,398
	Health Department	(537,398)
Capital Projects-General		571,736
	Capital Projects - Parking Structure	(18,444)
	Capital Projects - 911 Wireless	(274,161)
	Capital Projects - Bike Trail	(279,131)

All of these balances will be repaid within the year.

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

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

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount		Principal Purpose
General Fund		725,626		To record lapsing funds
Brookside		415,920		at year end
Golf Course Division		328,064		
	Highway		(348,537)	
	Human Services		(871,841)	
	911 Wireless		(218,906)	
	Health		(30,326)	
Capital Projects-Other		6,092		To transfer undesignated funds
General Fund		107,996		from highway and capital projects
	Highway		(6,964)	outlay accounts per Resolution 6
	Courthouse Parking Lot		(107,124)	for facilities and building projects
				that need immediate attention.
General Fund		1,275,973		Allocation of intergovernmental
	Brookside		(1,275,973)	transfer to General Fund
General Fund		2,474,952		Per Resolution 52, reserves that
	Capital Projects-Other		(740,772)	were budgeted to pay for capital
	Parking Structure		(25,666)	projects are approved to be lapsed
	Courthouse Security		(33,118)	into the General Fund. The County
	Safety Building Remodeling		(1,127,043)	then approved the use of bonds to
	Bike Trail		(112,341)	fund these projects
	Brookside		(141,541)	
	Highway		(294,471)	
General Fund		111,291		To record bond proceeds
Parking Structure		25,666		
County Detention Center		1,000,000		
Courthouse Security		33,118		
Bike Trail		112,341		
Brookside		141,541		
Golf Course		400,000		
Highway		2,722,611		
	Capital Projects-Other		(4,586,568) **	
Debt Service		48,519		Premium on December bond
	Capital Projects-Other		(48,519)	used for Debt Service
General Fund		9,490		Transfer appropriation from
	Highway		(9,490)	highway to parks to cover overages
Golf Course		87,920		Per Resolution 79 to record Debt
	Debt Service		(87,920)	Service funding for Golf Course
County Detention Center		140,000		Unused bonding to fund County
	Capital Projects-Other		(140,000)	detention center
Safety Building Remodeling		384,546		Redirect funds according to
	Medical Examiner Remodeling		(384,546)	adopted budget
Human Services Building		414,426		Per adopted budget to record Debt
	Debt Service		(414,426)	Service funding for Golf Course

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

The Highway enterprise fund transferred infrastructure to the governmental activities in 2008 totaling $5,782,934. These costs are reported as highway expenses in the fund statement and as transfers in the government-wide statements.

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

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

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	$ 76,359,932	$ 12,585,000	14,170,101	$ 74,774,831	$ 10,054,831
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	(447,113)	62,917	(60,341)	(323,855)	(50,860)
Total Bonds And Notes Payable	75,912,819	12,647,917	14,109,760	74,450,976	10,003,971
Other Liabilities:					
Post Retirement Benefits	5,698,246	7,123,000	1,682,471	11,138,775	-
Vested Vacation and Casual Days	3,104,773	21,619	35,713	3,090,679	239,046
Total Other Liabilities	8,803,019	7,144,619	1,718,184	14,229,454	239,046
Total Governmental Activities- Long-Term Obligations	$ 84,715,838	$ 19,792,536	$ 15,827,944	$ 88,680,430	$ 10,243,017

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable:					
General Obligation Debt	$ 6,270,000	$ 3,295,000	$ 4,195,000	$ 5,370,000	$ 890,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	(612,618)	17,453	(131,689)	(463,476)	(75,876)
Total Bonds And Notes Payable	5,657,382	3,312,453	4,063,311	4,906,524	814,124
Other Liabilities:					
Post Retirement Benefits	1,708,753	2,136,000	504,528	3,340,225	-
Vested Vacation and Casual Days	914,117	36,831	9,012	941,936	44,768
Total Other Liabilities	2,622,870	2,172,831	513,540	4,282,161	44,768
Total Business-type Activities- Long-Term Obligations	$ 8,280,252	$ 5,485,284	$ 4,576,851	$ 9,188,685	$ 858,892

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

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, 2008, was $749,966,125. Total general obligation debt outstanding at year end was $80,144,831.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2008
Governmental Activities - General Obligation Debt					
Corporate Purpose Bonds	1997	2009	5.10-5.60%	$ 29,025,000	$ 1,700,000
Corporate Purpose Bonds	1998	2017	4.15-4.20%	4,525,000	3,000,000
State Trust Fund Loan	1999	2009	5.25%	693,721	94,831
Refunding Bonds	2001	2017	3.50-5.00%	25,755,000	23,000,000
Promissory Notes	2001	2009	3.25-3.85%	4,100,000	750,000
Promissory Notes	2002	2010	3.15%	4,270,000	1,370,000
Promissory Notes	2003	2011	1.50%-3.00%	5,320,000	3,020,000
Refunding Bonds	2003	2013	1.50%-3.35%	8,140,000	3,780,000
Refunding Bonds	2003	2022	3.25%-5.50%	9,285,000	8,235,000
Promissory Notes	2004	2012	2.00%-3.60%	3,100,000	2,075,000
Refunding Bonds	2004	2017	2.00%-4.00%	10,630,000	7,825,000
Promissory Notes	2005	2013	3.50%	2,700,000	2,100,000
Promissory Notes	2006	2014	3.875%	2,150,000	1,620,000
Promissory Notes	2007	2017	3.25%-3.65%	4,050,000	3,620,000
Refunding Bonds	2008	2013	3.250%	4,350,000	4,350,000
Promissory Notes	2008	2018	4.00%	8,235,000	8,235,000
Total Governmental Activities - General Obligation Debt					$ 74,774,831

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2008
Business-type Activities - General Obligation Debt					
Refunding Bonds	2004	2015	2.00-3.90%	3,080,000	2,075,000
Refunding Bonds	2008	2013	3.25%	3,295,000	3,295,000
Total Business-type Activities - General Obligation Debt					$ 5,370,000

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
Years	Principal	Interest	Principal	Interest
2009	10,054,831	3,006,536	890,000	178,641
2010	9,950,000	2,660,584	920,000	150,735
2011	9,475,000	2,302,790	945,000	121,240
2012	7,935,000	1,958,108	995,000	90,673
2013	6,570,000	1,638,876	990,000	57,573
2014-2018	27,395,000	3,833,388	630,000	36,383
2019-2022	3,395,000	395,388	-	-
Totals	$ 74,774,831	$ 15,795,670	$ 5,370,000	$ 635,245

Current Refunding

On April 24, 2008, the County issued $7,645,000 in general obligation bonds with an average interest rate of 3.250% to current refund $9,795,000 of outstanding bonds with an average interest rate of 4.61 percent. The net proceeds of $7,694,344.90 (after payment of $78,608.85 in underwriting fees, insurance, and other issuance costs and a premium of $104,024.90) plus an additional $2,176,315.45 of sinking funds monies and $14,000 of approximate interest earned were used to prepay the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded bonds prior to the current refunding was $10,853,732.50. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $278,986.22 (2.848%)

Capital Leases

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

Other Debt Information

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

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

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

F. RESTRICTED ASSETS

The County has restricted assets which consist of a deposit in Wisconsin Municipal Mutual Insurance Company (WMMIC) in the amount of $1,157,860. This deposit is the County's original capitalization investment. In addition, cash in the amount of $523,955 is restricted for liability insurance at WMMIC.

G. LEASE DISCLOSURES

Lessor – Operating Leases

The County leases a portion (44%) of the Public Safety Building facility to the City of Kenosha and the Kenosha City-Joint Services Board under operating leases that are renewed on a year to year basis. 2008 revenues of $680,971 related to these leases were recorded in the General Fund. The provisions of the lease agreement allow for an annual adjustment of the lease amount based on the actual costs to the County of maintaining the facility. The book value of the entire building is $13,100,000 with a net book value of $6,026,000.

Lessee – Operating Leases

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

Capital Leases – Lessee/Lessor

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2008 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land, land improvements and construction in progress	$ 32,116,537
Other capital assets, net of accumulated depreciation	84,993,458
Less: capital related long-term debt outstanding (net of unspent proceeds of debt)	(63,369,108)
Total Invested in Capital Assets, Net of Related Debt	$ 53,740,887

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

Restricted	
Specific purpose – grants and loans	$ 1,471,861
Total Restricted	1,471,861
Unrestricted (deficit)	(5,490,702)
Total Governmental Activities Net Assets	$ 49,722,046

Governmental fund balances reported on the fund financial statements at December 31, 2008 include the following:

Reserved	
Major Funds	
General Fund	
Delinquent tax certificate receivables	$ 4,993,466
Encumbrances	312,124
Prepaid items	37,447
Total	$ 5,343,037
Debt Service Fund	
Reserved for debt payments	$ 37,778
Non Major Funds	
Capital Projects – Other Capital Projects	
Reserved for Encumbrances	$ 184,677
Unreserved (designated)	
Major Funds	
General Fund, subsequent year expenditures	$ 2,004,456
General Fund, sheriff special deposit	72,991
Total Major Funds	$ 2,077,447
Non-Major Funds	
Special Revenue Funds	
Housing Authority, designated grant funding	$ 248,496
Total Special Revenue Funds	$ 248,496

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

H. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

Governmental Activities (cont.)

Capital Project Funds, all subsequent year expenditures	
County Detention Center	$ 49,987
Parkland Development	281,368
Courthouse Security	14,106
Wireless 911	396,381
Bike Trail	14,052
Other Capital Projects	1,440,937
Total Capital Projects Funds	$ 2,196,831

I. RESTATEMENT OF NET ASSETS

Net assets for January 1, 2008 have been restated due to the following items:

Governmental Activities - Net Assets - December 31, 2007 (as reported)	$ 49,265,141
Less:	
Construction in progress - project plans expensed	(365,591)
Plus:	
Rounding	2
Net assets - January 1, 2008 (as restated)	$ 48,899,552

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

The payroll for County employees covered by the System for the year ended December 31, 2008 was $51,029,890; the employer's total payroll was $51,919,844. The total required contribution for the year ended December 31, 2008 was $5,618,481 or 11.0 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2007 and 2006 were $5,388,269 and $5,059,359, respectively, equal to the required contributions for each year.

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

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

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

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT

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

Public Entity Risk Pool

During 1987, the County, together with certain other units of government within the State of Wisconsin, created the Wisconsin Municipal Mutual Insurance Company (WMMIC), a nonassessable mutual company which provides liability insurance and risk management services to its members. The County became a member of WMMIC in 1992 by issuing a general obligation note for $1,157,860 and investing the proceeds in WMMIC. The scope of insurance protection provided by WMMIC is broad, covering automobile liability, general liability, law enforcement liability, public official's errors and omissions, civil rights, incidental medical malpractice, personal injury, equal rights, and American with Disabilities Act at policy limits of $5,000,000 per occurrence and $15,000,000 annual aggregate on an excess basis above members per occurrence and annual aggregate self-insured retentions. The County's self-insured retention limit is $150,000 for each occurrence and $850,000 for the annual aggregate. WMMIC's exposure in its layer of insurance is limited to $1,000,000 per occurrence in that the company purchases $4,500,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage. The amount of reinsurance may vary from year to year as determined by the WMMIC Board of Directors.

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

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

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

The participant's share in the operation of WMMIC as of December 31, 2008 is as follows:

	Percentage
Brown County	7.07
Chippewa County	3.38
Dane County	9.83
Dodge County	3.60
City of Eau Claire	3.53
Eau Claire County	2.72
Jefferson County	2.33
Kenosha County	5.99
LaCrosse County	3.59
City of Madison	17.08
Manitowoc County	5.87
Marathon County	5.72
Outagamie County	6.59
St. Croix County	3.31
Waukesha County	10.67
Rock County	4.02
Walworth County	4.70
Total	100.00

The County's investment in WMMIC is reported on the Risk Management Fund balance sheet as a deposit. The amount reported is the original capitalization of $1,157,860. For 2008, WMMIC prepared its statutory financial statements in accordance with accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin (OCI). This reflects a change in basis in presentation from 2005 when the financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Therefore, in 2008, 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, 2008 is $2,013,350. The financial statements can be obtained from WMMIC at their address of 4785 Hayes Road, Madison, Wisconsin, 53704-7364.

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

Claims Liability- WMMIC	2008	2007
Unpaid claims, including IBNR – beginning of year	$ 650,541	$ 665,333
Current year claims and changes in estimates	383,777	134,511
Claim payments	(343,658)	(149,303)
Unpaid claims – end of year	$ 690,660	$ 650,541

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self-Insurance – Workers Compensation

The County has also established a Risk Management program for workers compensation. All funds of the County participate in this program. The workers compensation internal service fund is maintained to provide for self-insured workers compensation insurance coverage and employee safety and loss control programs. The County contracts with a third party claims administrator for the purpose of adjusting workers compensation claims. An excess insurance policy covers individual claims in excess of the County's $400,000 self-insured retention up to statutory requirements (unlimited) per claim. Settled claims have not exceeded the commercial coverage in any of the past three years. Costs associated with the workers compensation program are billed to other County departments based on exposure and historical loss experience and include amounts necessary to fund current year claims to be paid in the current year and in the future. At December 31, 2008, the County has established a future claims insurance reserve in the amount of $1,655,336 to fund the estimated liability for the County's self-insured retention limits under its workers compensation program. This represents a discounted reserve determined on an actuarial basis with a mean confidence level which achieves the County's objective of providing a reserve confidence level not less than 50%, but not more than 95% as a reflection of the County's risk tolerance.

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

Claims Liability	2008	2007
Unpaid claims, including IBNR – beginning of year	$ 1,542,032	$ 1,485,372
Current year claims and changes in estimates	1,131,707	831,042
Claim payments	(1,018,403)	(774,382)
Unpaid Claims – end of year	$ 1,655,336	$ 1,542,032

NOTE V – Other Information (cont.)

B. Risk Management (cont.)

Self-Insurance – Health Insurance

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

Claims Liability	2008	2007
Unpaid claims, including IBNR – beginning of year	$ 1,009,100	$ 1,061,400
Current year claims and changes in estimates	14,680,654	13,685,350
Claim payments	(14,278,554)	(13,737,650)
Unpaid Claims – end of year	$ 1,411,200	$ 1,009,100

C. Commitments and Contingencies

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

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

During 2008, the County borrowed $8,235,000, for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the various Capital Project and Highway funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Open purchase orders for the General Fund and Capital Projects-Other totaled $496,801 at year end and is included in reserve for encumbrances.

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

NOTE V – Other Information (cont.)

D. Joint Venture

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

The Board consists of three members appointed by the County, three by the City of Kenosha and one independent member confirmed by both. County representatives are the County Executive, the County Board Chairman and the chairman of the County Judiciary Committee or their designees. The Board has the authority to adopt its own budget and control the financial affairs of the organization. The County made payments totaling $3,316,588 to the Board for 2008. The County believes that the organization will continue to provide services in the future at similar rates.

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

The County accounts for its share of the operation in the general fund. Financial information of the Board as of December 31, 2008 is available directly from the Board's office.

E. Other Postemployment Benefits

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

Deputy Sheriffs

Eligibility Any employee who has attained age 50.

Benefits Before age 53, the retiree pays 100% of the premium. Between the ages of 53 and Medicare eligible age, the County pays 100% of the premium for single or family coverage. After Medicare eligible age, the retiree may continue in the plan, paying 100% of the premium.

All Others

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

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

NOTE V – Other Information (cont.)

E. Other Postemployment Benefits (cont.)

Funding Policy. The contribution requirements of plan members and the County are established and may be amended by the Kenosha County Board by approving bargaining unit contracts in which plan eligibility and benefits are detailed and setting plan eligibility and benefits for non-represented employees. The County contribution is based on actual pay-as-you-go all-inclusive (pre-Medicare and Medicare eligible age) plan member expenditures. Plan members that are Medicare eligible age contribute premium amounts that are adjusted annually. These premium amounts vary depending upon the plan benefit level under which the plan member retired.

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

Annual required contribution (ARC) and annual OPEB cost	$ 9,259,000
Actuarial estimated employer contribution (PAYGO amount)	(2,187,000)
Increase in net OPEB obligation	7,072,000
Net OPEB obligation—beginning of year	7,407,000
Net OPEB obligation—end of year	$ 14,479,000

The increase in the net OPEB obligation of $7,072,000 was allocated to the County's functions as follows:

General Government	$ 1,028,071
Public Safety	3,086,503
Social Services	902,809
Health	269,620
Education & Recreation	63,395
Conservation & Development	90,128
Brookside Care Center	883,714
Golf	90,128
Highway	657,632
	$ 7,072,000

NOTE V – Other Information (cont.)

E. Other Postemployment Benefits (cont.)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 and 2008 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2007	$ 9,259,000	20%	$ 7,407,000
12/31/2008	9,259,000	24%	14,479,000

The funded status of the plan as of July 1, 2006, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 88,242,000
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 88,242,000
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	$ 48,948,227
UAAL as a percentage of covered payroll	180%

Funded Status and Funding Progress. Using a July 1, 2006 valuation date, the present value of the County's retiree medical plan actuarial accrued liability for benefits was $132.567 million. This liability is comprised of the actuarial accrued liability for past service component of $88.24 million, current service component (normal cost) of $4.16 million, and future service component of $40.17 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 July 1, 2006, actuarial valuation, the projected unit credit actuarial cost method was used because this method allocates costs based on each employee's length of service.

NOTE V – Other Information (cont.)

E. Other Postemployment Benefits (cont.)

The County has not established a separate, irrevocable trust to fund the annual OPEB cost. As a result, actuarial assumptions included a 4.0 percent interest discount rate compounded annually based on the County's long term expectations of returns on its own investments, and an annual healthcare cost trend rate of 12 percent per annum for 2006-2007 grading down to an ultimate rate of 4 percent over an 11 year period. In addition, the actuarial valuation calculated the liability estimates using actuarial assumptions related to claim costs, premium rates, annual trends in the utilization and cost of medical care, eligibility of Medicare, participation rates, termination rates, retirement rates, disability rates, and mortality based on information provided by the County, Wisconsin Retirement System (WRS) rates, and the actuarial firm's judgment.

F. Subsequent Events

In March 2009, the County received General Obligation Refunding Bonds in the amount of $2,735,000. This bond will be used for a current refunding of the 2010-2017 maturities of the 1998 bonds. The total amount of the principal of the 1999 bonds currently outstanding is $3,000,000. The balance will be paid from monies levied by the County.

REQUIRED SUPPLEMENTAL INFORMATION

KENOSHA COUNTY

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS

For the Years Ended December 31, 2008

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Frozen Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/2006	$ -	$ 88,242,000	$ 88,242,000	0%	$ 48,948,227	180%

See independent auditors' report.

SUPPLEMENTAL INFORMATION

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2008

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	$ 550,910	$ 1,521,214	$ 2,072,124
Receivables			
Property taxes receivables	2,321,318	41,625	2,362,943
Miscellaneous	159,122	1,500	160,622
Due from other governments	875,491	984,226	1,859,717
Due from other funds	-	571,736	571,736
Loans receivable	1,223,365	-	1,223,365
TOTAL ASSETS	$ 5,130,206	$ 3,120,301	$ 8,250,507
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 253,083	$ 107,565	$ 360,648
Special deposits	16,668	-	16,668
Due to other governments	150,076	-	150,076
Due to other funds	537,398	571,736	1,109,134
Deferred property tax revenue	2,321,318	41,625	2,362,943
Other deferred revenue	1,629,998	-	1,629,998
Total Liabilities	4,908,541	720,926	5,629,467
Fund Balance			
Reserved for encumbrances	-	184,677	184,677
Unreserved			
Designated	248,496	2,196,831	2,445,327
Undesignated (deficit)	(26,831)	17,867	(8,964)
Total Fund Balances	221,665	2,399,375	2,621,040
TOTAL LIABILITIES AND FUND BALANCES	$ 5,130,206	$ 3,120,301	$ 8,250,507

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2008

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and investments	$ 197,617	$ -	$ 335,279	$ 18,014	$ 550,910
Receivables					
Property taxes receivables	-	959,207	1,362,111	-	2,321,318
Miscellaneous	-	159,122	-	-	159,122
Due from other governments	50,879	809,805	-	14,807	875,491
Loans receivable	1,223,365	-	-	-	1,223,365
TOTAL ASSETS	$ 1,471,861	$ 1,928,134	$ 1,697,390	$ 32,821	$ 5,130,206
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ -	$ 192,417	$ -	$ 60,666	$ 253,083
Special deposits	-	16,668	-	-	16,668
Due to other governments	-	150,076	-	-	150,076
Due to other funds	-	537,398	-	-	537,398
Deferred property tax revenue	-	959,207	1,362,111	-	2,321,318
Other deferred revenue	1,223,365	72,367	334,266	-	1,629,998
Total Liabilities	1,223,365	1,928,133	1,696,377	60,666	4,908,541
Fund Balance					
Unreserved					
Designated	248,496	-	-		248,496
Undesignated (deficit)	-	1	1,013	(27,845)	(26,831)
Total Fund Balances (deficit)	248,496	1	1,013	(27,845)	221,665
TOTAL LIABILITIES AND FUND BALANCES	$ 1,471,861	$ 1,928,134	$ 1,697,390	$ 32,821	$ 5,130,206

KENOSHA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
December 31, 2008

	County Detention Center	Parkland Development	Parking Structure	Jail Expansion	Courthouse Security	Wireless 911	Bike Trail	Other Capital Projects	Total Nonmajor Capital Projects Funds
ASSETS									
Cash and investments	$ 49,987	$ 303,305	$ -	$ 8,564	$ 14,106	$ -	$ -	$ 1,145,252	$ 1,521,214
Property taxes receivable	-	-	-	-	-	-	-	41,625	41,625
Miscellaneous receivable	-	1,500	-	-	-	-	-	-	1,500
Due from other governments	-	-	8,058	-	-	670,542	305,626	-	984,226
Due from other funds	-	-	-	-	-	-	-	571,736	571,736
TOTAL ASSETS	$ 49,987	$ 304,805	$ 8,058	$ 8,564	$ 14,106	$ 670,542	$ 305,626	$ 1,758,613	$ 3,120,301
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	$ -	$ 23,437	$ -	$ -	$ -	$ -	$ 12,443	$ 71,685	$ 107,565
Due to other funds	-	-	18,444	-	-	274,161	279,131	-	571,736
Deferred property tax revenue	-	-	-	-	-	-	-	41,625	41,625
Total Liabilities	-	23,437	18,444	-	-	274,161	291,574	113,310	720,926
Fund Balance									
Reserved for encumbrances	-	-	-	-	-	-	-	184,677	184,677
Unreserved									
Designated	49,987	281,368	-	-	14,106	396,381	14,052	1,440,937	2,196,831
Undesignated (deficit)	-	-	(10,386)	8,564	-	-	-	19,689	17,867
Total Fund Balances (deficit)	49,987	281,368	(10,386)	8,564	14,106	396,381	14,052	1,645,303	2,399,375
TOTAL LIABILITIES AND FUND BALANCES	$ 49,987	$ 304,805	$ 8,058	$ 8,564	$ 14,106	$ 670,542	$ 305,626	$ 1,758,613	$ 3,120,301

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	$ 2,242,183	$ 41,625	$ 2,283,808
Licenses and permits	327,967	-	327,967
Intergovernmental revenues	4,005,568	1,236,361	5,241,929
Charges for services	2,103,080	31,699	2,134,779
Investment income	1,800	5,375	7,175
Miscellaneous income	173,690	250,000	423,690
Total Revenues	8,854,288	1,565,060	10,419,348
EXPENDITURES			
Current			
Health	6,362,700	-	6,362,700
Education and recreation	1,848,536	-	1,848,536
Conservation and development	350,045	17,159	367,204
Capital Outlay	341,084	3,555,210	3,896,294
Debt Service			
Interest, fiscal charges and debt issuance costs	-	146,400	146,400
Total Expenditures	8,902,365	3,718,769	12,621,134
Excess (deficiency) of revenues over expenditures	(48,077)	(2,153,709)	(2,201,786)
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	8,235,000	8,235,000
Premium on issuance of debt	-	177,425	177,425
Transfers in	-	1,701,763	1,701,763
Transfers out	(30,326)	(7,524,603)	(7,554,929)
Total Other Financing Sources (Uses)	(30,326)	2,589,585	2,559,259
Net change in fund balance	(78,403)	435,876	357,473
FUND BALANCES			
Beginning of year	300,068	1,963,499	2,263,567
FUND BALANCES - END OF YEAR	$ 221,665	$ 2,399,375	$ 2,621,040

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2008

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Total Nonmajor Special Revenue Funds
REVENUES					
Taxes	$ -	$ 906,522	$ 1,328,329	$ 7,332	$ 2,242,183
Licenses and permits	-	327,967	-	-	327,967
Intergovernmental revenues	333,173	3,015,099	520,207	137,089	4,005,568
Charges for services	-	2,080,109	-	22,971	2,103,080
Investment income	1,800	-	-	-	1,800
Miscellaneous income	110,361	63,329	-	-	173,690
Total Revenues	445,334	6,393,026	1,848,536	167,392	8,854,288
EXPENDITURES					
Current					
Health	-	6,362,700	-	-	6,362,700
Education and recreation	-	-	1,848,536	-	1,848,536
Conservation and development	141,574	-	-	208,471	350,045
Capital Outlay	330,044	-	-	11,040	341,084
Total Expenditures	471,618	6,362,700	1,848,536	219,511	8,902,365
Excess (deficiency) of revenues over expenditures	(26,284)	30,326	-	(52,119)	(48,077)
OTHER FINANCING USES					
Transfers out	-	(30,326)	-	-	(30,326)
Net change in fund balance	(26,284)	-	-	(52,119)	(78,403)
FUND BALANCES					
Beginning of year	274,780	1	1,013	24,274	300,068
FUND BALANCES (DEFICIT) - END OF YEAR	$ 248,496	$ 1	$ 1,013	$ (27,845)	$ 221,665

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2008

	County Detention Center	Parkland Development	Parking Structure	Jail Expansion	Courthouse Parking Lot	Courthouse Security	Safety Building Remodeling	Wireless 911	Medical Examiner Remodeling	Bike Trail	Other Capital Projects	Total Nonmajor Capital Projects Funds
REVENUES												
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 41,625	$ 41,625
Intergovernmental revenues	-	-	-	-	-	-	-	867,939	-	335,394	33,028	1,236,361
Charges for services	-	750	-	-	-	-	-	-	-	-	30,949	31,699
Investment income	-	-	-	-	-	-	-	-	-	-	5,375	5,375
Miscellaneous income	-	250,000	-	-	-	-	-	-	-	-	-	250,000
Total Revenues	-	250,750	-	-	-	-	-	867,939	-	335,394	110,977	1,565,060
EXPENDITURES												
Current												
Conservation and development	-	-	-	-	-	-	-	-	-	-	17,159	17,159
Capital Outlay	335,977	191,465	36,052	-	-	19,012	15,001	338,500	-	433,683	2,185,520	3,555,210
Debt Service												
Interest, fiscal charges and debt issuance costs	-	-	-	-	-	-	-	-	-	-	146,400	146,400
Total Expenditures	335,977	191,465	36,052	-	-	19,012	15,001	338,500	-	433,683	2,349,079	3,718,769
Excess (deficiency) of revenues over expenditures	(335,977)	59,285	(36,052)	-	-	(19,012)	(15,001)	529,439	-	(98,289)	(2,238,102)	(2,153,709)
OTHER FINANCING SOURCES (USES)												
General obligation debt issued	-	-	-	-		-	-	-	-	-	8,235,000	8,235,000
Premium on issuance of debt	-	-	-	-		-	-	-	-	-	177,425	177,425
Transfers in	1,140,000	-	25,666	-		33,118	384,546	-	-	112,341	6,092	1,701,763
Transfers out	-	-	(25,666)	-	(107,124)	(33,118)	(1,127,043)	(218,906)	(384,546)	(112,341)	(5,515,859)	(7,524,603)
Total Other Financing Sources (Uses)	1,140,000	-	-	-	(107,124)	-	(742,497)	(218,906)	(384,546)	-	2,902,658	2,589,585
Net change in fund balance	804,023	59,285	(36,052)	-	(107,124)	(19,012)	(757,498)	310,533	(384,546)	(98,289)	664,556	435,876
FUND BALANCES (DEFICIT)												
Beginning of year	(754,036)	222,083	25,666	8,564	107,124	33,118	757,498	85,848	384,546	112,341	980,747	1,963,499
FUND BALANCES - END OF YEAR (DEFICIT)	$ 49,987	$ 281,368	$ (10,386)	$ 8,564	$ -	$ 14,106	$ -	$ 396,381	$ -	$ 14,052	$ 1,645,303	$ 2,399,375

KENOSHA COUNTY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2008

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
ASSETS					
Current assets					
Cash and cash equivalents	$ -	$ 2,836,826	$ 1,520,442	$ -	$ 4,357,268
Accounts receivable	-	22,299	-	125,347	147,646
Due from other governments	8,153	18,485	-	-	26,638
Due from other funds	-	458,185	-	-	458,185
Prepaid items	-	34,476	-	-	34,476
Total current assets	8,153	3,370,271	1,520,442	125,347	5,024,213
Noncurrent assets					
Restricted cash and investments	-	-	-	523,955	523,955
Deposit in WMMIC	-	-	-	1,157,860	1,157,860
Capital assets					
Land	682,623	-	-	-	682,623
Buildings and improvements	7,223,006	-	-	-	7,223,006
Machinery and equipment	593,838	-	-	-	593,838
Accumulated depreciation	(2,862,622)	-	-	-	(2,862,622)
Total capital assets	5,636,845	-	-	-	5,636,845
Total noncurrent assets	5,636,845	-	-	1,681,815	7,318,660
Total Assets	5,644,998	3,370,271	1,520,442	1,807,162	12,342,873
LIABILITIES					
Current liabilities					
Accounts payable	$ 96,204	$ 447,108	$ 526	$ -	$ 543,838
Claims payable	-	1,411,200	1,655,336	690,660	3,757,196
Due to other funds	747,451	-	-	458,185	1,205,636
Other liabilities	7,750	11,963	-	-	19,713
Current portion of long-term debt payable	832,351	-	-	94,831	927,182
Total current liabilities	1,683,756	1,870,271	1,655,862	1,243,676	6,453,565
Noncurrent liabilities					
General obligation debt payable	1,205,316	-	-	-	1,205,316
Total noncurrent liabilities	1,205,316	-	-	-	1,205,316
Total Liabilities	2,889,072	1,870,271	1,655,862	1,243,676	7,658,881
NET ASSETS					
Invested in capital assets, net of related debt	3,599,178	-	-	-	3,599,178
Unrestricted (deficit)	(843,252)	1,500,000	(135,420)	563,486	1,084,814
Total Net Assets	$ 2,755,926	$ 1,500,000	$ (135,420)	$ 563,486	$ 4,683,992

KENOSHA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2008

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
OPERATING REVENUES					
Charges for services	$ 2,169,232	$ 17,489,511	$ 1,104,017	$ 653,001	$ 21,415,761
Total Operating Revenues	2,169,232	17,489,511	1,104,017	653,001	21,415,761
OPERATING EXPENSES					
Operations and maintenance	1,574,166	17,489,511	1,263,160	696,185	21,023,022
Depreciation and amortization	481,904	-	-	-	481,904
Total Operating Expenses	2,056,070	17,489,511	1,263,160	696,185	21,504,926
Operating Income (loss)	113,162	-	(159,143)	(43,184)	(89,165)
NON-OPERATING REVENUES (EXPENSES)					
Investment income	-	-	45,839	143,123	188,962
Interest and fiscal charges	(101,948)	-	-	(9,709)	(111,657)
Total Non-operating Revenues (Expenses)	(101,948)	-	45,839	133,414	77,305
Income Before Transfers	11,214	-	(113,304)	90,230	(11,860)
TRANSFERS					
Transfers in	414,426	-	-	-	414,426
Change in net assets	425,640	-	(113,304)	90,230	402,566
Total net assets at the beginning of year (deficit)	2,330,286	1,500,000	(22,116)	473,256	4,281,426
Total net assets at end of year (deficit)	$ 2,755,926	$ 1,500,000	$ (135,420)	$ 563,486	$ 4,683,992

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KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2008

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	$ 2,161,808	$ 17,054,722	$ 1,104,017	$ 650,799	$ 20,971,346
Paid to suppliers for goods and services	(1,585,707)	(17,613,159)	(1,151,280)	(683,307)	(21,033,453)
Cash Flows from Operating Activities	576,101	(558,437)	(47,263)	(32,508)	(62,107)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers	414,426	-	-	-	414,426
Cash Flows from Noncapital Financing Activities	414,426	-	-	-	414,426
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES					
Debt retired	(896,329)	-	-	(90,101)	(986,430)
Interest paid	(94,198)	-	-	(9,709)	(103,907)
Debt issued	40,000	-	-	-	40,000
Acquisition and construction of capital assets	(40,000)	-	-	-	(40,000)
Cash Flows from Capital and Financing Activities	(990,527)	-	-	(99,810)	(1,090,337)
CASH FLOWS FROM INVESTING ACTIVITIES					
Deposit in WMMIC restricted cash	-	-	-	(10,805)	(10,805)
Investment income	-	-	45,839	143,123	188,962
Cash Flows from Investing Activities	-	-	45,839	132,318	178,157
Net Change in Cash and Cash Equivalents	-	(558,437)	(1,424)	-	(559,861)
Cash and Cash Equivalents - Beginning of Year	-	3,395,263	1,521,866	-	4,917,129
Cash and Cash Equivalents - End of Year	$ -	$ 2,836,826	$ 1,520,442	$ -	$ 4,357,268

KENOSHA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2008

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	$ 113,162	$ -	$ (159,143)	$ (43,184)	$ (89,165)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Non-cash items included in operating income:					
Depreciation expense	481,904	-	-	-	481,904
Changes in assets and liabilities:					
Accounts receivable	(7,424)	1,414	-	(2,202)	(8,212)
Due from other governments	-	21,982	-	-	21,982
Due from other funds	-	(458,185)	-	-	(458,185)
Prepaid items	-	1,170	-	-	1,170
Accounts payable	(1,573)	(514,918)	(1,423)	-	(517,914)
Claims payable	-	402,100	113,303	3,271	518,674
Due to other funds	(9,968)	-	-	9,607	(361)
Other liabilities	-	(12,000)	-	-	(12,000)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 576,101	$ (558,437)	$ (47,263)	$ (32,508)	$ (62,107)

Noncash investing, capital and financing activities:

None

KENOSHA COUNTY

COMBINING BALANCE SHEET - AGENCY FUNDS
December 31, 2008

	Agency				
	Clerk of Courts	Child Support	Social Services	Other Agency Funds	Totals
ASSETS					
Cash and temporary cash investments	$ 3,607,798	$ 140,354	$ 28,997	$ 744,977	$ 4,522,126
Miscellaneous receivables	259,290	-	-	-	259,290
Total Assets	$ 3,867,088	$ 140,354	$ 28,997	$ 744,977	$ 4,781,416
LIABILITIES AND FUND BALANCE					
Liabilities	$ 3,867,088	$ 140,354	$ 28,997	$ 744,977	$ 4,781,416
Total Liabilities	$ 3,867,088	$ 140,354	$ 28,997	$ 744,977	$ 4,781,416

KENOSHA COUNTY

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

For the Year Ended December 31, 2008

Clerk of Courts	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
Assets:				
Cash and temporary cash investments	$ 2,963,704	$ 13,014,730	$ 12,370,636	$ 3,607,798
Miscellaneous receivables	247,931	259,290	247,931	259,290
Total Assets	3,211,635	13,274,020	12,618,567	3,867,088
Liabilities:				
Other accrued liabilities	3,211,635	13,274,020	12,618,567	3,867,088
Total Liabilities	3,211,635	13,274,020	12,618,567	3,867,088
Child Support				
Assets:				
Cash and temporary cash investments	140,354	-	-	140,354
Total Assets	140,354	-	-	140,354
Liabilities:				
Other accrued liabilities	140,354	-	-	140,354
Total Liabilities	140,354	-	-	140,354
Social Services				
Assets:				
Cash and temporary cash investments	27,372	1,625	-	28,997
Total Assets	27,372	1,625	-	28,997
Liabilities:				
Other accrued liabilities	27,372	1,625	-	28,997
Total Liabilities	27,372	1,625	-	28,997
Other				
Assets:				
Cash and temporary cash investments	842,243	3,901,363	3,998,629	744,977
Total Assets	842,243	3,901,363	3,998,629	744,977
Liabilities:				
Other accrued liabilities	842,243	3,901,363	3,998,629	744,977
Total Liabilities	842,243	3,901,363	3,998,629	744,977
Total				
Assets:				
Cash and temporary cash investments	3,973,673	16,917,718	16,369,265	4,522,126
Miscellaneous receivables	247,931	259,290	247,931	259,290
Total Assets	4,221,604	17,177,008	16,617,196	4,781,416
Liabilities:				
Other accrued liabilities	4,221,604	17,177,008	16,617,196	4,781,416
Total Liabilities	$ 4,221,604	$ 17,177,008	$ 16,617,196	$ 4,781,416