PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 10, 2018

In the opinion of Foley & Lardner LLP, Bond Counsel, under existing law and assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Notes will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from current Wisconsin income or franchise taxes.

The County will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits certain financial institutions to deduct 80% of the interest expenses allocable to carrying and acquiring tax-exempt obligations.

New Issue **Rating Applications Made: S&P Global Ratings and FitchRatings**

KENOSHA COUNTY, WISCONSIN

(Kenosha County)

$15,425,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A

BID OPENING: August 21, 2018, 10:00 A.M., C.T. **CONSIDERATION**: August 21, 2018, 7:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $15,425,000* General Obligation Promissory Notes, Series 2018A (the "Notes") of Kenosha County, Wisconsin (the "County") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including financing budgeted capital projects including road and highway improvements, grants to the Kenosha Area Business Alliance, law enforcement enhancement projects, and enterprise resource planning projects. The Notes are general obligations of the County, and all the taxable property in the County is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Foley & Lardner LLP, Milwaukee, Wisconsin.

DATE OF NOTES: September 13, 2018

MATURITY: September 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2019	$570,000	2023	$1,025,000	2027	$2,780,000
2020	675,000	2024	1,325,000	2028	2,910,000
2021	725,000	2025	1,900,000		
2022	825,000	2026	2,690,000		

MATURITY ADJUSTMENTS: * The County reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of $5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000.

TERM NOTES: See "Term Note Option" herein.

INTEREST: March 1, 2019 and semiannually thereafter.

OPTIONAL REDEMPTION: Notes maturing September 1, 2026 and thereafter are subject to redemption prior to maturity on September 1, 2025 and on any date thereafter, at a price of par plus accrued interest.

MINIMUM BID: $15,270,750.

MAXIMUM BID: $16,350,500.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $308,500 shall be made by the winning bidder by wire transfer.

FISCAL AGENT: May be named by County.

BOND COUNSEL: Foley & Lardner LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

DISCLAIMERS

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the County. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the syndicate manager or syndicate members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers & Associates, Inc. ("Ehlers") prepared this Preliminary Official Statement and any addenda thereto relying on information of the County and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers, payable entirely by the County, is contingent upon the sale of the Notes.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over $1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Official Statement: This Preliminary Official Statement was prepared for the County for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective bidders in the interest of receiving competitive bids in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed near final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers at least two business days prior to the sale. Requests for additional information or corrections in this Preliminary Official Statement received on or before said date will not be considered a qualification of a bid received from a bidder. If there are any changes, corrections or additions to this Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Upon award of sale of the Notes, this Preliminary Official Statement together with any previous addendum of corrections or additions will be supplemented by an addendum specifying the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date, and syndicate manager and syndicate members, together with any other information required by law, and, as supplemented, shall constitute a "Final Official Statement" of the County with respect to the Notes, as defined in the Rule. Copies of the Final Official Statement will be delivered to the winning bidder ("Underwriter" or "Syndicate Manager") within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over $1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the County is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Notes, the Underwriter will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that on the date of the sale of the Notes and on all dates subsequent thereto up to and including the date of the delivery of the Notes, the Final Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes, (b) neither the corporate existence or boundaries of the County nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a tax certificate setting forth facts and expectations of the County relating to tax matters including that the County does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

TABLE OF CONTENTS

BOARD OF SUPERVISORS

		Term Expires
Daniel C. Esposito	Chairperson	April 2020
John J. O'Day	Vice Chairperson	April 2020
William Grady	Supervisor	April 2020
Terry Rose	Supervisor	April 2020
Jeffrey Gentz	Supervisor	April 2020
Michael Goebel	Supervisor	April 2020
David Celebre	Supervisor	April 2020
Edward Kubicki	Supervisor	April 2020
Dayvin Hallmon	Supervisor	April 2020
Zach Rodriguez	Supervisor	April 2020
Andy Berg	Supervisor	April 2020
Ronald J. Frederick	Supervisor	April 2020
Gabe Nudo	Supervisor	April 2020
John Franco	Supervisor	April 2020
Boyd Frederick	Supervisor	April 2020
Vacant	Supervisor	April 2020
Jeff Wamboldt	Supervisor	April 2020
Monica Yuhas	Supervisor	April 2020
Michael J. Skalitzky	Supervisor	April 2020
John Poole	Supervisor	April 2020
Mark Nordigian	Supervisor	April 2020
Erin Decker	Supervisor	April 2020
Dennis Elverman	Supervisor	April 2020

ADMINISTRATION

Jim Kreuser, County Executive

David M. Geertsen, CFO - Finance & Administration

Mary Kubicki, County Clerk

Teri Jacobson, County Treasurer

PROFESSIONAL SERVICES

Joseph Cardamone III, County Attorney, Kenosha, Wisconsin

Foley & Lardner LLP, Bond Counsel, Milwaukee, Wisconsin

Ehlers & Associates, Inc., Municipal Advisors, Pewaukee, Wisconsin
(*Other offices located in Roseville, Minnesota, Chicago, Illinois and Denver, Colorado*)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Kenosha County, Wisconsin (the "County") and the issuance of its $15,425,000* General Obligation Promissory Notes, Series 2018A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution awarding the sale of the Notes ("Award Resolution") to be adopted by the County Board of Supervisors on August 21, 2018.

Inquiries may be directed to Ehlers & Associates, Inc. ("Ehlers"), Waukesha, Wisconsin, (262) 785-1520, the County's Municipal Advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the link to the Bond Sales and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of $5,000 each or any multiple thereof, and will be dated as of September 13, 2018, the date of their original issuance. The Notes will mature on September 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on March 1and September 1 of each year, commencing March 1, 2019, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months.

The Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Award Resolution.

The County may select either its Treasurer or a bank or trust company to act as authentication agent, paying agent, and registrar (the "Fiscal Agent"). If an outside Fiscal Agent is selected, the County will pay the fees for Fiscal Agent services. The County reserves the right to remove the Fiscal Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the County, the Notes maturing on and after September 1, 2026 shall be subject to redemption prior to maturity on September 1, 2025 and on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part. If redemption is in part, then the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the County. If only part of the Notes having a common maturity date are called for redemption, then the Fiscal Agent will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity in accordance with its procedures. See "Appendix C".

*Preliminary, subject to change.

Notice of redemption shall be sent by first-class mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books maintained by the Fiscal Agent.

A notice of optional redemption may be revoked by sending a notice, by first class mail, not less than 15 days prior to the proposed redemption date to the registered owners of the Notes which have been called for redemption.

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including financing budgeted capital projects including road and highway improvements, grants to the Kenosha Area Business Alliance, law enforcement enhancement projects, and enterprise resource planning projects.

ESTIMATED SOURCES AND USES*

Sources			
	Par Amount of Bonds	$15,425,000	
	Est. Int Earnings	65,632	
	Total Sources		**$15,490,632**
Uses			
	Total Underwriter's Discount	$154,250	
	Costs of Issuance	126,550	
	Deposit to Project Construction Fund	15,175,000	
	Amount available for Additional Projects	34,000	
	Rounding Amount	832	
	Total Uses		**$15,490,632**

*Preliminary, subject to change

SECURITY

For the prompt payment of the Notes with interest thereon, the full faith and credit of the County will be irrevocably pledged. The County will levy a direct, annual, irrepealable tax on all taxable property in the County sufficient to pay the interest on the Notes when it becomes due and also to pay and discharge the principal on the Notes at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

RATING

General obligation debt of the County is currently rated “AA+” by S&P Global Ratings (“S&P”) and “AA+” by FitchRatings.

The County received ratings on this issue of “AA+” from S&P and “AA+” from FitchRatings, and bidders were notified as to the assigned ratings prior to the sale. Each rating reflects only the view of the rating agency and any explanation of the significance of such rating may only be obtained from S&P and FitchRatings. There is no assurance that any such rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of a rating may have an effect on the market price of the Notes.

Such ratings are not to be construed as a recommendation of a rating agency to buy, sell or hold the Notes, and the rating assigned by a rating agency should be evaluated independently. Except as may be required by the Disclosure Agreement described under the heading "CONTINUING DISCLOSURE" neither the County nor the underwriter undertakes responsibility to bring to the attention of the owner of the Notes any proposed changes in or withdrawal of any such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

To assist the underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the County will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement") for the benefit of the owners (including beneficial owners) of the Notes to be executed and delivered by the County on the date the Notes are delivered. The Disclosure Agreement obligates the County to provide certain annual financial information and operating data relating to the County annually to the Municipal Securities Rulemaking Board (the "MSRB") and to provide to the MSRB notice of the occurrence of certain events with respect to the Notes which are listed in the Rule. The Disclosure Agreement provides that the annual financial information will be filed not later than 365 days after the end of each fiscal year. The County's fiscal year ends December 31. The details and terms of the Disclosure Agreement are set forth in the form thereof attached hereto as Appendix D. A failure by the County to comply with the Disclosure Agreement will not constitute an event of default on the Notes (although owners of the Notes will have the right to compel performance of the obligations under the Disclosure Agreement). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Consequently, such a failure may adversely affect the liquidity of the Notes and their market price.

In the previous five years the County believes it has complied in all material respects with its prior continuing disclosure requirements under the Rule. The County has reviewed its continuing disclosure responsibilities to help ensure continued compliance in the future.

The County will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed by the MSRB in the future. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. Ehlers is currently engaged as disclosure dissemination agent for the County.

LEGAL OPINION

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Foley & Lardner LLP, Bond Counsel to the County, and will be available on the date of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the County; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for this Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" and the "FORM OF LEGAL OPINION" found in Appendix B).

TAX EXEMPTION

In the opinion of Bond Counsel, under existing law, interest on the Notes is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Notes is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations for taxable years beginning on or before December 31, 2017. The County must comply with certain requirements of the Internal Revenue Code for interest on the Notes to be, or continue to be, excluded from gross income for federal income tax purposes. The County has agreed to comply with those requirements to the extent it may lawfully do so. Its failure to do so may cause interest on the Notes to be included in gross income for federal income tax purposes, perhaps even starting from the date the Notes are issued. The proceedings authorizing the Notes do not provide for an increase in interest rates or a redemption of the Notes in the event interest on the Notes ceases to be excluded from gross income.

The opinion of Bond Counsel will be based on legal authorities that are current as of its date, will cover certain matters not directly addressed by those authorities, and will represent Bond Counsel's judgment regarding the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service (the "IRS") or the courts, and it is not a guaranty of result. As to questions of fact, Bond Counsel will rely upon certified proceedings and certifications of public officials and others without independently undertaking to verify them.

Bond Counsel will express no opinion about other federal tax matters regarding the Notes. Other federal tax law provisions may adversely affect the value of an investment in the Notes for particular owners of Notes. Prospective investors should consult their own tax advisors about the tax consequences of owning a Note.

Current and future legislative proposals, if enacted into law, may cause the interest on the Notes to be subject, directly or indirectly, to federal income taxation or otherwise prevent the owners of the Notes from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the marketability of the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any current or future federal legislative proposals.

The IRS has an active tax-exempt bond enforcement program. Under current IRS procedures, parties other than the County, including owners of the Notes, would have little or no right to participate in an IRS examination of the Notes. Moreover, because obtaining judicial review in connection with an IRS examination of tax-exempt obligations is difficult, obtaining independent review of IRS positions with which the County may disagree may not be practicable. Any action of the IRS, including selection of the Notes for examination, the course or result of such an examination, or an examination of obligations presenting similar tax issues may affect the marketability of the Notes and may cause the County to incur significant expense.

State of Wisconsin Income and Franchise Taxes

Interest on the Notes is not exempt from current State of Wisconsin income or franchise taxes. Prospective investors should consult their own tax advisors about the state and local tax consequences of owning a Note.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The County will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits certain financial institutions to deduct 80% of the interest expenses allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor ("Municipal Advisor") to the County in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, and Illinois to transact the business of a limited purpose trust company. BTSC provides authentication agent, paying agent, and registrar services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the County, have or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the County under agreements separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the County for the fiscal year ended December 31, 2017 have been audited by Schenck, S.C., Green Bay, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any additional procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to owners of the Notes without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Notes are general obligations of the County, the ultimate payment of which rests in the County's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the County in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the County, the taxable value of property within the County, and the ability of the County to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the County and to the Notes. The County can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the County or the taxing authority of the County.

Property Tax Collection: Although the levying of the property tax for the payment of principal and interest on the Notes is irrepealable, and the County Clerk is mandated to carry the tax onto the rolls, the levy could be inadvertently omitted, causing a delay in payments when due.

Ratings; Interest Rates; Tax Rates: In the future, the County's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, or income tax rates may be reduced, any such possibility resulting in a reduction in the value of the Notes for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Notes may fall for purposes of resale. Noncompliance by the County with the covenants in the Award Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Notes in gross income of the recipient for United States income tax purposes, retroactively to the date of issuance.

Continuing Disclosure: A failure by the County to comply with the Disclosure Agreement for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Such a failure may adversely affect the liquidity of the Notes and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Notes to the accounts of the Beneficial Owners of the Notes may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to owners of the Notes will be delivered by the County to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Notes.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit, upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the County, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the County may have an adverse effect on the value of the Notes in the secondary market.

Secondary Market for the Notes: No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Notes. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the owners of the Notes may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Notes will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The County is dependent on electronic information technology systems to deliver certain services. These systems may contain sensitive information or support critical operational functions which may be used for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that such systems will not be hacked with financial consequences that could have a material adverse impact on the County to timely pay debt service on the Notes.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties, which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

CURRENT PROPERTY VALUATIONS

2018 Equalized Value[1]	$15,611,687,100
2018 Equalized Value Reduced by Tax Increment Valuation[1]	$14,082,141,500
2017 Equalized Value	$14,655,093,000
2017 Equalized Value Reduced by Tax Increment Valuation	$13,233,219,300

EQUALIZED VALUE BY CLASSIFICATION

	2018 Equalized Value[1]	2017 Equalized Value	Percent of 2017 Equalized Value
Residential	$10,800,292,100	$ 10,030,004,000	68.440%
Commercial	3,921,768,500	3,592,948,100	24.517%
Manufacturing	494,473,700	422,347,100	2.882%
Agricultural	18,770,200	18,451,200	0.126%
Undeveloped	13,341,800	12,403,800	0.085%
Ag Forest	12,650,900	12,076,000	0.082%
Forest	6,012,600	5,904,200	0.040%
Other	110,491,100	104,755,800	0.715%
Personal Property	233,886,200	456,202,800	3.113%
Total	$15,611,687,100	$ 14,655,093,000	100.000%

TREND OF VALUATIONS

Year	Equalized Value Reduced by Tax Increment District Value	Equalized Value[2]	Percent Increase/Decrease in Equalized Value
2013	$ 11,444,704,800	$ 12,236,191,300	-3.32%
2014	11,741,940,000	12,581,231,400	2.82%
2015	12,116,668,100	13,180,389,300	4.76%
2016	12,652,208,000	13,921,985,000	5.63%
2017	13,233,219,300	14,655,093,000	5.27%
2018	14,082,141,500[1]	15,611,687,100[1]	6.53%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

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1 Preliminary 2018 Equalized Value for the County released by the Wisconsin Department of Revenue ("DOR"), subject to review and revision. The DOR is expected to release the final 2018 Equalized Value on August 15, 2018.

2 Includes tax increment valuation.

LARGEST TAXPAYERS

Taxpayer	Type of Business/Property	2017 Equalized Value[1]	Percent of County's Total Equalized Value
Uline, Inc.	Commercial	$236,112,165	1.61%
Amazon	Commercial	224,696,485	1.53%
Pleasant Prairie Premium Outlets, LLC	Commercial	142,149,968	0.97%
Meijer Distribution	Commercial	98,908,577	0.67%
Gordon Food Services	Commercial	59,461,103	0.41%
Affiliated Foods Midwest Cooperative	Commercial	59,315,608	0.40%
CV II Lakeview LLC	Commercial	56,080,121	0.38%
First Park 94 LLC	Commercial	40,645,025	0.28%
SP Southport Plaza LLC	Commercial	39,541,243	0.27%
Edward Rose Associates	Commercial	36,570,151	0.25%
Total		**$993,480,446**	**6.78%**
County's Total 2017 Equalized Value[2]		$14,655,093,000	

Source: The County.

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[1] Calculated by dividing the 2017 Assessed Values by the 2017 Aggregate Ratio of assessment for the Kenosha County.

[2] Includes tax increment valuation.

DEBT

DIRECT DEBT

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)*	$ 125,040,000

*Preliminary, subject to change.

KENOSHA COUNTY
Schedule of Bonded Indebtedness
General Obligation Debt
(As of September 13, 2018)

	TAXABLE BONDS Series 2010D		NOTES Series 2011A		BONDS Series 2011B		BONDS Series 2012A		NOTES Series 2012B	
Dated	10/21/2010		8/9/2011		8/9/2011		7/11/2012		7/11/2012	
Amount	$7,305,000		$10,030,000		$2,810,000		$2,805,000		$15,750,000	
Maturity	3/1		8/1		8/1		6/1		6/1	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2018								36,463		88,028
2019	735,000	105,070	1,400,000	125,900	115,000	81,013	110,000	71,275	1,535,000	153,031
2020	800,000	79,910	1,500,000	90,900	120,000	77,563	115,000	67,900	1,715,000	111,784
2021	870,000	51,068	1,530,000	45,900	125,000	73,963	120,000	64,375	1,975,000	71,344
2022	950,000	17,813			135,000	70,213	130,000	60,625	1,965,000	24,563
2023					140,000	64,813	135,000	56,650		
2024					150,000	59,213	145,000	52,450		
2025					155,000	53,213	155,000	47,950		
2026					165,000	47,013	160,000	43,025		
2027					175,000	40,413	170,000	37,663		
2028					185,000	33,413	180,000	31,975		
2029					200,000	26,013	190,000	25,725		
2030					210,000	18,013	205,000	18,813		
2031					220,000	9,350	215,000	11,463		
2032							220,000	3,850		
2033										
2034										
2035										
TOTAL	3,355,000	253,860	4,430,000	262,700	2,095,000	654,200	2,250,000	630,200	7,190,000	448,750

Continued on next page.

Kenosha County
Schedule of Bonded Indebtedness
General Obligation Debt
(As of September 13, 2018)

	NOTES Series 2013A		REFUNDING BONDS Series 2013B		NOTES Series 2014A		REFUNDING BONDS Series 2015A		GO Brookside Care Center Bonds Series 2015B		GO Notes Series 2015C	
Dated	9/10/2013		10/1/2013		9/10/2014		4/29/2015		9/9/2015		9/9/2015	
Amount	$9,765,000		$11,115,000		$11,925,000		$21,555,000		$18,290,000		$12,305,000	
Maturity	8/1		6/1		9/1		9/1		9/1		9/1	
Fiscal Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2018				20,175								
2019	1,000,000	153,638	1,345,000	20,175	1,390,000	249,119	2,550,000	370,588		638,800	1,150,000	355,850
2020	1,350,000	133,638			1,440,000	207,419	2,615,000	319,588		638,800	1,165,000	309,850
2021	1,400,000	106,638			1,500,000	164,219	855,000	267,288	965,000	638,800	1,275,000	263,250
2022	1,475,000	75,138			1,575,000	134,219	875,000	250,188	1,000,000	609,850	1,400,000	212,250
2023	1,500,000	39,000			1,975,000	86,969	940,000	232,688	1,030,000	579,850	1,510,000	156,250
2024					2,000,000	45,000	965,000	211,538	1,060,000	548,950	1,525,000	95,850
2025							1,005,000	189,825	1,090,000	517,150	1,670,000	50,100
2026							1,050,000	164,700	1,125,000	484,450		
2027							1,070,000	133,200	1,160,000	450,700		
2028							1,090,000	101,100	1,190,000	415,900		
2029							1,140,000	68,400	1,235,000	374,250		
2030							760,000	22,800	1,275,000	331,025		
2031									1,320,000	286,400		
2032									1,375,000	233,600		
2033									1,430,000	178,600		
2034									1,485,000	121,400		
2035									1,550,000	62,000		
TOTAL	6,725,000	508,050	1,345,000	40,350	9,880,000	886,944	14,915,000	2,331,900	18,290,000	7,110,525	9,695,000	1,443,400

KENOSHA COUNTY
Schedule of Bonded Indebtedness
General Obligation Debt
(As of September 13, 2018)

	GO Notes Series 2016A		GO Notes Series 2017A		GO Bonds Series 2017B		GO Notes Series 2018A							
Dated Amount	9/1/2016 $13,965,000		9/6/2017 $13,255,000		9/6/2017 $5,315,000		9/13/2018 $15,425,000*							
Maturity	9/1		9/1		9/1		9/1							
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal*	Interest*	Total Principal*	Total Interest*	Principal & Interest*	Principal Outstanding*	Principal %Paid*	Year
2018									0	144,666	144,666	125,040,000	0.00%	2018
2019	765,000	303,400	1,045,000	392,613	145,000	173,994	570,000	411,324	13,855,000	3,605,788	17,460,788	111,185,000	11.08%	2019
2020	800,000	288,100	1,075,000	350,813	150,000	168,194	675,000	413,880	13,520,000	3,258,337	16,778,337	97,665,000	21.89%	2020
2021	1,410,000	264,100	1,130,000	307,813	155,000	162,194	725,000	399,233	14,035,000	2,880,181	16,915,181	83,630,000	33.12%	2021
2022	1,510,000	235,900	1,180,000	262,613	160,000	155,994	825,000	382,775	13,180,000	2,492,138	15,672,138	70,450,000	43.66%	2022
2023	2,020,000	190,600	1,200,000	215,413	190,000	149,594	1,025,000	363,553	11,665,000	2,135,378	13,800,378	58,785,000	52.99%	2023
2024	2,140,000	130,000	1,225,000	167,413	195,000	141,994	1,325,000	338,850	10,730,000	1,791,256	12,521,256	48,055,000	61.57%	2024
2025	2,180,000	87,200	1,355,000	118,413	200,000	134,194	1,900,000	305,195	9,710,000	1,503,239	11,213,239	38,345,000	69.33%	2025
2026	2,180,000	43,600	1,555,000	87,925	225,000	126,194	2,690,000	254,465	9,150,000	1,251,371	10,401,371	29,195,000	76.65%	2026
2027			1,635,000	49,050	225,000	117,194	2,780,000	176,455	7,215,000	1,004,674	8,219,674	21,980,000	82.42%	2027
2028					260,000	108,194	2,910,000	91,665	5,815,000	782,246	6,597,246	16,165,000	87.07%	2028
2029					275,000	97,794			3,040,000	592,181	3,632,181	13,125,000	89.50%	2029
2030					300,000	86,794			2,750,000	477,444	3,227,444	10,375,000	91.70%	2030
2031					300,000	78,544			2,055,000	385,756	2,440,756	8,320,000	93.35%	2031
2032					325,000	69,919			1,920,000	307,369	2,227,369	6,400,000	94.88%	2032
2033					350,000	60,575			1,780,000	239,175	2,019,175	4,620,000	96.31%	2033
2034					375,000	50,075			1,860,000	171,475	2,031,475	2,760,000	97.79%	2034
2035					375,000	38,356			1,925,000	100,356	2,025,356	835,000	99.33%	2035
2036					400,000	26,638			400,000	26,638	426,638	435,000	99.65%	2036
2037					435,000	14,138			435,000	14,138	449,138	0	100.00%	2037
TOTAL	13,005,000	1,542,900	11,400,000	1,952,063	5,040,000	1,960,569	15,425,000	3,137,394	125,040,000	23,163,804	148,203,804			

*Preliminary, subject to change.

DEBT LIMIT

The constitutional general obligation debt limit for Wisconsin municipalities, including cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	$15,611,687,100
Multiply by 5%	0.05
Statutory Debt Limit	$ 780,584,355
Less: General Obligation Debt (includes the Notes)*	(125,040,000)
Unused Debt Limit*	$ 655,544,355

*Preliminary, subject to change.

UNDERLYING DEBT[1]

Taxing District	Equalized Value	% In County	Total G.O. Debt[2]	County's Proportionate Share
Towns of:[3]				
Randall	$ 555,036,300	95.4271%	$ 2,310,000	$ 2,204,366
Villages of:[7]				
Bristol	627,829,100	92.5489%	1,800,000	1,665,880
Genoa City	315,700	107.8239%	6,810,000	7,342,808
Paddock Lake	246,459,400	91.4189%	2,880,000	2,632,864
Pleasant Prairie	3,629,618,700	100.0000%	105,680,000	105,680,000
Salem Lakes	1,380,779,400	100.0000%	32,578,373	32,578,373
Somers	834,543,000	100.0000%	21,290,715	21,290,715
Twin Lakes	823,536,600	100.0000%	4,221,152	4,221,152
Cities of:[7]				
Kenosha	6,628,943,800	95.9825%	177,759,032	170,617,563
School Districts of:				
Brighton #1	177,529,807	99.7828%	495,000	493,925
Bristol #1	862,390,326	100.0000%	4,225,000	4,225,000
Central/Westosha UHS	2,425,442,512	99.9841%	11,150,000	11,148,227
Kenosha	10,082,642,867	100.0000%	150,444,000	150,444,000
Salem	827,441,559	100.0000%	5,235,000	5,235,000
Silver Lake J1 (Riverview)	368,059,356	100.0000%	6,660,000	6,660,000
Trevor-Wilmont Consolidated	347,148,919	100.0000%	7,745,000	7,745,000
Twin Lakes #4	526,409,919	100.0000%	10,074,478	10,074,478
Union Grove J1	394,459,921	2.1298%	3,232,935	68,855
Union Grove UHS	1,377,744,787	1.2075%	10,050,000	121,354
Wheatland Center School J1	404,356,809	100.0000%	166,667	166,667
Wilmot UHS	2,130,755,047	100.0000%	26,170,000	26,170,000
Technical College Districts of:				
Gateway Technical College	42,993,548,858	34.0867%	69,885,000	23,821,490
County's Share of Total Underlying Debt				$ 594,607,717

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1 Overlapping debt is as of the dated date of the Notes. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

2 Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

3 The Towns, Villages and City listed show the preliminary 2018 Equalized Value released by the Wisconsin Department of Revenue ("DOR"), subject to review and revision. The DOR is expected to release the final 2018 Equalized Value on August 15, 2018. The School Districts and Technical College show the 2017 value.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value $15,611,687,100	Debt/ Per Capita 168,065[1]
Total General Obligation Debt (includes the Notes)*	$ 125,040,000	0.80%	$ 744.00
County's Share of Total Overlapping Debt	594,607,717	3.81%	3,537.96
Total*	$ 719,647,717	4.61%	$ 4,281.96

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The County has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The County has no current plans for additional financing in the next 12 months.

[1] Estimated 2017 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Levy/ Collect	Levy for County Purposes Only	% Collected to Date	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per $1,000
2013/14	$59,106,678	99.83%	$5.16
2014/15	60,587,849	99.74%	5.16
2015/16	63,522,791	99.62%	5.24
2016/17	65,322,870	99.38%	5.16
2017/18	65,630,211	In Process	4.96

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31 are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll, are collected from each taxing entity in the year following the levy year.

PROPERTY TAX RATES OF LARGEST MUNICIPALITIES WITHIN THE COUNTY

Full value rates for property taxes expressed in dollars per $1,000 of equalized value (excluding TIF) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools	County	Local	Other	Total Full Value Effective Rate
City of Kenosha					
2013/14	$13.74	$5.16	$12.03	$0.19	$31.12
2014/15	11.98	5.16	11.86	0.18	29.18
2015/16	11.66	5.12	11.86	0.19	28.83
2016/17	9.70	4.47	10.41	0.17	24.75
2017/18	11.00	4.96	11.50	0.00	27.46
Village of Pleasant Prairie					
2013/14	$13.76	$5.51	$4.46	$0.20	$23.93
2014/15	11.99	5.50	4.45	0.20	22.14
2015/16	11.67	5.45	4.52	0.20	21.84
2016/17	10.97	5.37	4.37	0.21	20.92
2017/18	11.04	5.29	4.42	0.00	20.75

"Schools" reflects the composite rate of all local school districts and technical college district.

"Other" includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax district with their borders on the basis of full value. It also includes any tax increments and taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.

"Total Full Value Effective Rate" is general property tax less state property tax credit (not including lottery credit)

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

DEBT ISSUANCE CONDITIONS FOR COUNTIES

Wisconsin counties may not issue general obligation bonds or promissory notes unless the county qualifies for one of the exceptions allowed under the statute, as described below:

General obligation bonds or notes can be issued by a county only if one of the following conditions is met: (a) the bonds or notes are approved at a referendum; (b) the county board adopts a resolution that sets forth its reasonable expectation that the issuance will not cause the county to exceed its debt levy rate limit; (c) the debt is issued for regional projects; (d) the debt is issued to refund existing debt or (e) the resolution authorizing the debt is approved by a vote of at least 3/4 of the members elect of the county board. In addition, counties generally are prohibited from using the proceeds of general obligation bonds or notes to fund the operating expenses of the general fund of the county or to fund the operating expenses of any special revenue fund of the county that is supported by property taxes, although this prohibition does not apply to notes issued to pay unfunded prior service liability contributions.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, as amended most recently by 2017 Wisconsin Act 59, establishes a levy increase limit on the property tax levy imposed by a city, village, town, or county (a "**political subdivision**").

Subject to certain adjustments and exceptions, no political subdivision may increase its levy in any year, from the actual levy for the prior year, by a percentage that exceeds its valuation factor. The term "**valuation factor**" means a percentage equal to the greater of either (i) zero percent or (ii) the percentage change in the political subdivision's January 1st equalized value due to new construction, less improvements removed, between the previous year and the current year. However, the levy increase limit may be increased in either (but not both) of the following ways, by action of the governing body:

1. If a political subdivision's allowable levy in the prior year was greater than its actual levy, the levy increase limit otherwise applicable may be increased by the difference between the two amounts, up to a maximum increase of 1.5 percent of the actual levy in the prior year.

2. The levy increase limit may be increased by the total amount by which the valuation factor exceeded the actual percentage increase in the levy for each of the previous five years (beginning with 2014), up to a maximum increase of 5 percent of the actual levy in the prior year, to the extent such excess had not previously formed the basis for such an increase.

A political subdivision may also exceed the levy limit by action of its governing body that is approved by a referendum.

The levy increase limit otherwise applicable does not apply to amounts levied by a political subdivision to pay debt service on general obligations authorized on or after July 1, 2005, such as the Notes.

For general obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy increase limit otherwise applicable is increased by the difference between the two amounts.

If a political subdivision's levy for the payment of debt service on general obligations originally issued before July 1, 2005 (and general obligations issued to fund or refund such general obligations) is less in the current year than it was in the previous year, then the political subdivision shall reduce its levy increase limit in the current year by an amount equal to the amount that its levy was reduced.

The levy increase limit otherwise applicable does not apply to the amount that a political subdivision levies to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 of the Wisconsin Statutes, or a special assessment B bond issued under Section 66.0713 (4) of the Wisconsin Statutes.

In determining the levy increase limit for any year, the tax increment calculated for tax incremental districts is subtracted. If the Wisconsin Department of Revenue does not certify a value increment for a tax incremental district for the current year as a result of the district's termination, the levy increase limit otherwise applicable is increased by an amount equal to the political subdivision’s maximum allowable levy for the immediately preceding year, multiplied by a percentage equal to 50 percent of the amount determined by dividing the value increment of the terminated tax incremental district for the previous year by the political subdivision's equalized value for the previous year.

Other adjustments or exceptions to the levy increase limit, which are not described in this summary, are made in specified situations.

THE ISSUER

COUNTY GOVERNMENT

The County, organized in 1850, operates under the elected County Executive form of government and is governed by a 23-member Board of Supervisors, all are elected to two-year terms, all of which end April 2020. Under the County Executive form of government, the County Board deals mainly with legislation and policy while the County Executive is charged with the execution of policy and overall administration of the County government. The standing committees of the Kenosha County Board of Supervisors are as follows: Finance & Administration; Building & Grounds; Extension Education and Conservation; Health and Human Services; Highway and Parks; Judicial and Law Enforcement; Land Use and Legislative.

The County Executive, elected by voters for a four year term, coordinates and directs all administrative functions not otherwise vested by law in elected officers. In addition, he is required to prepare and submit and annual budget to the County Board and annually submits a report to the County Board on the condition of the County, with related recommendations. A County Executive has veto power and a two-thirds vote of the County Board is required to override his veto. For resolutions or ordinances containing appropriations, the County Executive has line-item veto authority.

EMPLOYEES; PENSIONS

As of July 9, 2018, the County had 1,333 employees. The County is a participant in the Wisconsin Retirement System (WRS) covering all employees on a non-contributory basis. The annual employer's contribution rate, which is actuarially determined by the State, provides for funding of prior service costs, including interest, over 40 years beginning January 1, 1990. The annual employer's contribution rate, which is actuarially determined by the State, covers only current expenses. The County has no prior costs, as they have been paid by the County. See the Notes to Financial Statements in Appendix A for a detailed description of the plan.

Recognized and Certified Bargaining Units

All eligible County personnel are covered by the Municipal Employment Relations Act (MERA) of the Wisconsin Statutes. Pursuant to that law, employees have limited rights to organize and collectively bargain with the municipal employers.

Under MERA, the County is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the County is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless County were to seek approval for a higher increase through a referendum). Ultimately, the County can unilaterally implement the wages for a collective bargaining unit.

There are no impasse resolution procedures, such as binding interest arbitration, under MERA for most municipal employees of the type employed by the County. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining unit represents employees of the County:

Bargaining Unit	Expiration Date of Current Contract
Deputy Sheriff's Association	December 31, 2019

INSURANCE

The County's Workers Compensation and Employer's Liability Insurance Policy provides statutory coverage.

LIABILITIES FOR OTHER POST EMPLOYMENT BENEFITS

The County's annual other post employment benefit cost is calculated based on the annual required contribution ("ARC") of the employer, 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 County has had an actuarial study done to analyze the expected effect of the implementation of GASB 74 and 75 to be implemented for financial statements ending December 31, 2018. The study estimated the total OPEB liability as of December 31, 2018 to be $39.4 million.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the County or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Notes or otherwise questioning the validity of the Notes.

The County Attorney reports that any litigation and claims currently pending against the County are being handled by the County's insurance carrier or outside counsel and will not affect the issuance of these Notes.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance that State law will not change in the future, while the Notes are outstanding, in a way that would allow the County to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. If, in the future, the County were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the County could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the County is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the County could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of owners of the Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to owners of the Notes, and there could ultimately be no assurance that owners of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of owners of the Notes could be viewed as having no priority (a) over claims of other creditors of the County; (b) to any particular assets of the County, or (c) to funds otherwise designated for payment to owners of the Notes.

Moreover, if the County were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the owners of the Notes would not occur.

FUNDS ON HAND (including investments, as of July 9, 2018)

Fund	**Amount**
General Fund	$23,739,215
Special Revenue	5,793,104
Debt Service Fund	10,362,362
Trust and Agency Fund	4,740,784
Internal Service	5,711,331
Total Funds on Hand	$50,346,796

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the County's General Fund. These summaries are not purported to be the complete audited financial statements of the County, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the County. Copies of the complete audited financial statements are available upon request. See Appendix A for the County's 2017 audited financial statements.

	FISCAL YEAR ENDING DECEMBER 31				
COMBINED STATEMENT	**2014 Audited**	**2015 Audited**	**2016 Audited**	**2017 Audited**	**2018 Adopted Budget[1]**
Revenues					
Taxes and special assessments	$46,287,327	$48,382,229	$48,150,170	$ 50,636,753	$ 50,711,938
Intergovernmental	9,079,669	9,363,780	9,654,879	9,797,991	11,735,054
Licenses and permits	146,643	165,234	184,433	154,618	187,900
Penalties and forfeitures	1,126,753	1,195,452	1,310,410	1,098,320	1,207,466
Public charges for services	2,767,297	2,698,254	2,800,652	2,896,718	2,965,212
Interest	154,164	120,361	196,022	284,833	280,000
Miscellaneous general revenues	452,873	549,684	474,213	278,586	479,089
Continuing appropriations	0	0	0	0	1,119,088
Total Revenues	$60,014,726	$62,474,994	$62,770,779	$ 65,147,819	$ 68,685,747
Expenditures					
Current:					
General government	$20,526,466	$21,740,212	$22,884,953	$ 23,727,991	$ 24,960,461
Public safety	36,897,791	37,366,535	38,517,109	39,244,925	39,566,341
Public works	253,856	261,923	0	0	0
Health and social services	1,920,620	2,097,619	282,094	333,476	412,456
Culture and recreation	840,594	856,085	2,306,776	2,183,175	2,616,692
Conservation and development	0	0	989,799	976,102	1,262,498
Capital outlay	12,886	55,997	2,662	82,870	84,625
Total Expenditures	$60,452,213	$62,378,371	$64,983,393	$ 66,548,539	$ 68,903,073
Excess of revenues over (under) expenditures	$ (437,487)	$ 96,623	$ (2,212,614)	$ (1,400,720)	$ (217,326)
Other Financing Sources (Uses)					
Proceeds from capital lease	0	0	0	0	
Proceeds of long-term debt	0	0	0	0	
Operating transfers in	4,432,359	2,639,334	2,997,767	1,297,248	
Operating transfers out	(51,151)	0	(301,191)	(615,031)	
Total Other Financing Sources (Uses)	$ 4,381,208	$ 2,639,334	$ 2,696,576	$ 682,217	$ 0
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ 3,943,721	$ 2,735,957	$ 483,962	$ (718,503)	$ (217,326)
General Fund Balance January 1	20,676,310	24,620,031	27,355,989	27,839,951	27,121,448
Prior Period Adjustment	0	1	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	$24,620,031	$27,355,989	$27,839,951	$ 27,121,448	$ 26,904,122
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	8,148,170	7,778,544	7,976,985	6,414,362	
Assigned	1,391,773	1,376,714	1,441,593	1,066,972	
Unassigned	15,080,088	18,200,731	18,421,373	19,640,114	
Total	$24,620,031	$27,355,989	$27,839,951	$ 27,121,448	

1 The 2018 budget was adopted on November 9, 2017.

GENERAL INFORMATION

LOCATION

Kenosha County, with a 2010 U.S. Census population of 166,426 and a current estimated population of 168,065, comprising an area of 272.8 square miles, is located in the southeastern corner of Wisconsin. The City of Kenosha is the county seat, is located 30 miles south of Milwaukee and 60 miles north of Chicago.

LARGEST EMPLOYERS[1]

Largest employers in the County include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Amazon	Online Retail/Distribution	4,000
Kenosha Unified Schools	Public Education	3,000
Uline*	Shipping Supply Distribution	2,600
Froedtert South, Inc (fka UHS, Inc.)	Health Care	2,310
Advocate-Aurora Health Care	Health Care	1,500
Kenosha County	County Government	1,320
City of Kenosha	Municipal Government	730
Snap-On*	Diagnostic Equipment & Hand Tools	650
Gateway Technical College	Public Education/College	600
UW-Parkside	Public Education/College	540
Good Foods Group*	Food Processing - Guacomole, Salsa, Salads	500
Birchwood Foods/Kenosha Beef*	Food Processing	475
Kenall Manufacturing*	LED Lighting Systems	450
Meijer, Inc.	Grocery/General Merchandise	440
Carthage College	Education - Private Liberal Arts College	400
Jockey International*	Clothing & Undergarments	350
Gordon Food Service	Food Service Distribution	350
Rust-Oleum	Paint Products	330
Pfizer (fka Hospira)	Pharmaceuticals	300
Fair Oaks Farms	Food Processing	275
Shiloh	Aluminum Die Casting	260

*Indicates Corporate Headquarters

Source: *Kenosha Area Business Alliance (KABA).*

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[1] This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

U.S. CENSUS DATA

Population Trend: Kenosha County

2000 U.S. Census	149,577
2010 U.S. Census	166,426
2016 Estimated Population	168,065
Percent of Change 2000-2010	11.26%

Income and Age Statistics

	Kenosha County	**State of Wisconsin**	**United States**
2016 per capita income	$27,335	$29,253	$29,829
2016 median household income	$56,086	$54,610	$55,322
2016 median family income	$70,767	$69,925	$67,871
2016 median gross rent	$865	$789	$928
2016 median value owner occupied units	$162,400	$167,000	$184,700
2016 median age	37.6 yrs.	39.1 yrs.	37.7 yrs.

	State of Wisconsin	**United States**
County % of 2016 per capita income	91.64%	91.64%
County % of 2016 median family income	104.27%	104.27%

Housing Statistics

	Kenosha County		
	2000	**2016**	**Percent of Change**
All Housing Units	59,989	69,627	16.07%

Source*:* *2000 and 2010 Census of Population and Housing, and 2015 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).*

EMPLOYMENT/UNEMPLOYMENT DATA

	Average Employment	**Average Unemployment**	
Year	**Kenosha County**	**Kenosha County**	**State of Wisconsin**
2014	81,671	6.1%	5.4%
2015	83,085	5.1%	4.5%
2016	84,660	4.7%	4.0%
2017	86,426	3.9%	3.3%
2018, May	87,308	3.1%	2.6%

Source: *Wisconsin Department of Workforce Development.*

APPENDIX A

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the County's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The County has not requested the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, nor has the County requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the County since the date of the financial statements, in connection with the issuance of the Notes, the County represents that there have been no material adverse change in the financial position or results of operations of the County, nor has the County incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

KENOSHA COUNTY
Kenosha, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

December 31, 2017

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Schenck

ADVISORY | TAX | ASSURANCE

Independent auditors' report

To the County Board of Supervisors
Kenosha County, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINIONS

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

OTHER MATTERS

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

Schenck SC

Certified Public Accountants

Green Bay, Wisconsin
July 20, 2018

Our discussion and analysis of Kenosha County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2017.

USING THIS ANNUAL REPORT

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

Reporting the County as a Whole

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

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

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

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

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

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

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

Governmental activities (continued):

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

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

Reporting the County's Most Significant Funds

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

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

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

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

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

Reporting the County's Most Significant Funds (continued)

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

The County as Trustee

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

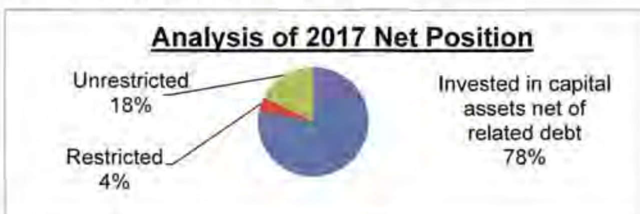
THE COUNTY AS A WHOLE

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

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

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

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



THE COUNTY AS A WHOLE (continued)

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

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

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

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

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

THE COUNTY AS A WHOLE (continued)

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

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

THE COUNTY AS A WHOLE (continued)

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

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

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

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

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

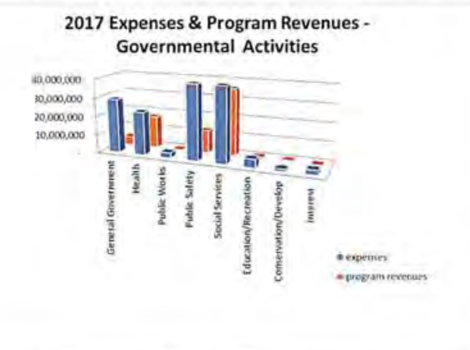
- Increase of Federal/State Highway revenues for road projects of $2.5 million.
- Decrease of Highway maintenance revenue of $0.5 million.
- Decrease of Brookside Medicare and Medicaid revenues of $0.9 million due to decrease of available beds during construction.

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

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

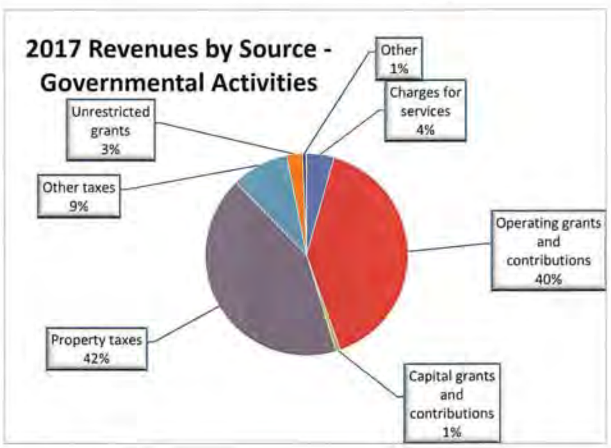
EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES

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



REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

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

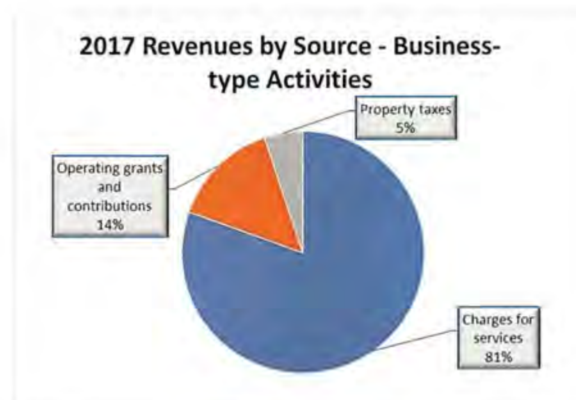


EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES

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

REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

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



THE COUNTY'S FUNDS

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

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

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

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

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

THE COUNTY'S FUNDS (continued)

General Fund (continued)

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

- To maintain the fund balance of the General Fund at levels sufficient to protect the County's creditworthiness as well as its financial positions from unforeseeable emergencies.
- To ensure sufficient liquidity to provide for County obligations as they become due.
- To maintain the proper balance between maintaining a prudent level of reserves that is neither too low nor too high. The policy requires that the County maintain 17% of General Fund expenditures as unassigned fund balance in the General Fund. The County surpassed the 17% threshold by $8.3 million at year-end 2017. See the summary on page 14 for an analysis of this.

In accord with this policy, available balances within the General Fund in excess of 17% may be used for capital expenditures and one-time operating expenditures. An amount not to exceed $300,000 may be used for ongoing operational expenditures. In the 2017 financial statements, $290,000 of funds from the General Fund was designated to fund a one-time expense for the 2018 budget. This policy does permit reserves to be used for mid-year budget transfers.

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

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

Items that affected the General Fund:

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

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

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

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

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

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

THE COUNTY'S FUNDS (continued)

General Fund (continued)

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

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

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

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

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

KENOSHA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

THE COUNTY'S FUNDS (continued)

General Fund (continued)

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

2017 General Fund Year-End Forecast

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

	Year End 2017
Prior Year Unassigned Reserves	$18,421,373
Items causing increase to the General Fund	
Federal Inmate Housing/Other KSD revenue surplus	$745,000
Public Works operating expenditures/revenue surplus	$241,500
Sales Tax	$619,000
Circuit Court/County Clerk/Register of Deeds revenue surplus	$240,000
Treasurer Tax Delinquency and Interest on Taxes revenue surplus	$467,000
Public Safety Building Maintenance revenue	$237,000
Decrease in Tax Delinquencies net of Profit/Loss Tax Deed Sale revenues	$1,669,318
Total Increases to General Fund	$4,218,818
Items causing decrease to the General Fund	
Sheriff - Personnel/Other	($1,133,000)
Health Insurance deficit	($487,838)
Human Services - Institute Placements net against Medicaid revenue deficit	($310,855)
Vacancy	($330,000)
Workers Comp/Liability Insurances deficit	($306,000)
Human Resources reorganization	($116,131)
Miscellaneous	($86,253)
Reserves to fund budget approved one time expenditures permitted by Reserve policy	($230,000)
Total net reduction to Fund Balance	($3,000,077)
Year-end unassigned fund balance	$19,640,114
Less: County Board minimum requirement of 17% of General Fund Expenditures	$11,312,617
Amount over 17% Minimum	$8,327,497

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

THE COUNTY'S FUNDS (continued)

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Debt

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

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

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

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

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

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

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

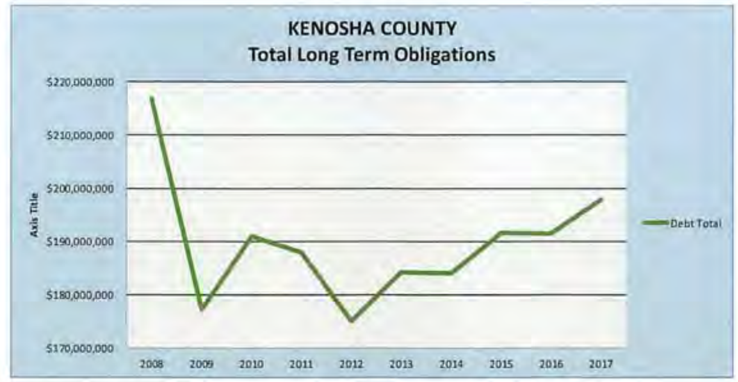
KENOSHA COUNTY
TOTAL LONG TERM OBLIGATIONS

	2010	2011	2012	2013	2014	2015	2016	2017
General Obligation	$ 95,765,000	$ 97,180,000	$ 101,325,000	$ 99,110,000	$ 99,515,000	$ 117,980,000	$ 118,970,000	$ 124,355,000
OPEB Protective	35,048,490	33,726,650	29,700,000	40,154,327	40,471,845	40,735,463	40,979,068	39,936,357
OPEB Nonprotective	56,176,150	53,545,627	40,600,000	44,798,295	43,968,115	32,801,555	31,400,351	29,298,724
Vacation/Casual	4,039,364	3,449,308	3,435,000	109,317	118,925	132,313	120,055	109,836
	$191,029,004	$ 187,901,585	$ 175,060,000	$ 184,171,939	$ 184,073,885	$191,649,331	$ 191,469,474	$ 193,699,917

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

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

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



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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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

KENOSHA COUNTY
STATEMENT OF NET POSITION
December 31, 2017

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

KENOSHA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

Net Change in Fund Balances - Total Governmental Funds	$	(2,441,845)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($17,915,690), is greater than depreciation ($8,657,479) in the current period.		9,258,211
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to increase (decrease) net position.		22,966
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(28,177)
Bond issues provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded debt issues. See Note II.B.		(6,393,737)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. See Note II.B.		(1,405,326)
Changes in the net pension (asset) liability and related deferred inflows/outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience in the pension plan.		(3,448,512)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and public works, to individual funds. The net expense of certain internal service funds is reported with governmental activities, plus capital assets acquired.		(70,836)
Change in net position of governmental activities	$	(4,507,256)

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

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

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

See accompanying notes to the financial statements.

KENOSHA COUNTY

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

ASSETS		
Cash and temporary cash investments	$	3,706,068
Miscellaneous receivables		266,925
Total Assets	$	3,972,993
LIABILITIES		
Other accrued liabilities	$	3,972,993
Total Liabilities	$	3,972,993

See accompanying notes to the financial statements.

KENOSHA COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS
December 31, 2017

KENOSHA COUNTY

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

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

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

***Fund Financial Statements* (cont.)**

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

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

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

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

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

The County reports the following major governmental funds:

- General – accounts for and reports all financial resources not accounted for and reported in another fund.
- Human Services – Accounts for resources legally restricted to supporting expenditures for the Social Services and Aging programs.
- Debt Service – accounts for resources accumulated and payments made for principal and interest on long-term debt other than enterprise fund debt.

The County reports the following major enterprise funds:

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

***Fund Financial Statements* (cont.)**

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

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

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

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

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

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

In addition, the County reports the following fund types:

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

Human Services Building	Workers' Compensation
Health Insurance	General Liability Insurance

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

Clerk of Courts	Social Services
Child Support	Other Agency Funds

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

Fund Financial Statements (cont.)

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

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

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

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

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

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

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

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

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

1. Deposits and Investments (cont.)

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

See Note IV. A. for further information.

2. Receivables

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

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

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

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

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

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

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

2. Receivables (cont.)

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

Property tax calendar – 2017 tax roll:

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

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

The County has a 0.5% sales tax which is collected by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale related to it takes place. At December 31, 2017, the County has accrued two months of the subsequent year's collections as receivable.

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

It is the County's policy to record deferred inflow in the governmental funds for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are issued from the repayments, expenditures are recorded. In the government-wide statements, revenue is recorded when new loans are made. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Financial Statements

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

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

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

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

5. Capital Assets (cont.)

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

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

Fund Financial Statements

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

6. Other Assets

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

7. Compensated Absences

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

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

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

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

7. Compensated Absences (cont.)

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

Accumulated liabilities at December 31, 2017 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

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

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

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

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

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

9. Claims and Judgments

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

10. Equity Classifications

Government-Wide Financial Statements

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

a. Net Investment in Capital Assets – includes the County's capital assets (net of accumulated depreciation and capital related deferred outflows of resources) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

b. Restricted Net Position – includes assets that have third party (statutory, bond covenant, or granting agency) limitations on their use. The County typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

c. Unrestricted Net Position – typically includes unrestricted liquid assets. The County has the authority to revisit or alter this position.

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

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

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

KENOSHA COUNTY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

10. Equity Classifications (cont.)

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Following are details of these differences:

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

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

Internal Service Funds:	
Human Services Building	$ 1,876,755
Health Insurance	1,500,001
Total	$ 3,376,756

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

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

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

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

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

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

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

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

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

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

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

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

B. GOVERNMENTAL FUNDS - EXCESS EXPENDITURES OVER APPROPRIATIONS

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

C. DEFICIT BALANCES

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

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

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

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

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

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

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

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

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

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

The distribution of deposits and investments is as follows:

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

As of December 31, 2017, the carrying amount of the County's deposits was $4,217,408 and the bank balance was $6,768,566. As of December 31, 2017, $5,822,295 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits of which all were collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name. In addition, the County maintains petty cash funds in the amount of $28,210.

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

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

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

Investment Risk Factors

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

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

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

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government are not considered to have credit risk.

The credit risk profile for fixed income securities at December 31, 2017 is as follows:

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

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 name61 by a third party custodian (a bank trust company), or are part of an external investment pool. There is no custodial credit risk exposure for these investments.

Concentration of Credit Risk

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

Major issuers (over five percent of total investments) in the County's portfolio as of December 31, 2017 are as follows:

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

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

In addition to using the assigned benchmarks to evaluate the performance of the portfolio management firms, the firms also manage interest rate risk by maintaining the effective duration of their portfolios consistent to the duration of the assigned benchmark. The duration of the County's overall investments at December 31, 2017 is as follows (total duration includes money market accounts, which are not listed in the table):

Investment Type	Amount	Effective Duration
Federal Home Loan Mortgage Corp. (FHLMC)	$ 3,304,137	Average 274 days
International Bank for Reconstruction and Development (World Bank)	303,114	Average 814 days
Federal Farm Credit Bank	403,761	Average 595 days
Federal National Mortgage Association (FNMA)	2,665,261	Average 168 days
Government National Mortgage Association	11,906	Average 241 days
Small Business Association	1,028,650	Average 113 days
	$ 7,716,829	

For money market fund investments and the Wisconsin Local Government Investment Pool, weighted average maturity is used to measure interest rate risk. The weighted average maturity of all of the County's money market investments at December 31, 2017 is as follows:

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Fair Value Measurements

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

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

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

B. RECEIVABLES

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

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

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

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

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

	Total	County Levied	County Purchased
Tax Certificates			
2016	$ 2,487,424	$ 402,023	$ 2,085,401
2015	1,495,637	241,728	1,253,909
2014	981,362	158,610	822,752
2013	618,643	99,986	518,657
2012	416,568	67,327	349,241
2011	265,926	42,980	222,946
2010	171,212	27,672	143,540
2009 and prior	208,087	33,630	174,457
Total Tax Certificates	6,644,859	$ 1,073,956	$ 5,570,903
Delinquent Special Assessments	1,981,098		
Tax Deeds held by County	1,611,247		
Other	(43,838)		
Total Delinquent Property Taxes Receivable	$ 10,193,366		

For economic development loans, the County is limited by the Wisconsin Department of Commerce to the amount of program income from economic development loans it may retain and loan to other businesses. Program income includes the principal and interest received from economic development loans repayments. Based upon its current population, the County may retain $750,000. At December 31, 2017, the County has not exceeded its maximum retention cap. If it does, a liability to the state will be recorded.

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

C. CAPITAL ASSETS

The County defines their capital assets as assets with an initial cost of more than $5,000. The addition column represents the new assets in 2017 including new infrastructure assets. The deletion column represents the assets that were discarded in 2017.

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

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental Activities, excluding Internal Service Capital Assets					
Capital Assets not being depreciated:					
Construction in Progress	$ 1,839,806	$ 8,323,826	$ (174,084)	$ 417,510	$ 10,407,078
Land Improvements	15,800,904	202,300	-	-	16,003,204
Land	20,889,496	33,392	-	478	20,923,366
Total Capital Assets not being depreciated	38,530,206	8,559,518	(174,084)	417,988	47,333,648
Other Capital Assets:					
Land Improvements	5,985,098	109,053	-	(475)	6,093,676
Buildings	99,008,960	2,645,103	(32,724)	-	101,621,339
Machinery & Equipment	39,573,907	4,790,897	(2,164,822)	(404,627)	41,795,355
Infrastructure	52,102,304	1,985,183	(492,900)	-	53,594,587
Total Other Capital Assets at Historical Cost	196,670,269	9,530,236	(2,690,446)	(405,102)	203,104,957
Less: Accumulated Depreciation					
Land Improvements	(3,453,969)	(182,244)	-	-	(3,636,213)
Buildings	(35,541,665)	(2,167,018)	19,855	-	(37,688,828)
Machinery & Equipment	(26,666,016)	(3,672,888)	2,104,268	83,503	(28,151,133)
Infrastructure	(22,874,576)	(2,635,329)	492,900	-	(25,017,005)
Total Accumulated Depreciation	(88,536,226)	(8,657,479)	2,617,023	83,503	(94,493,179)
Net Total Other Capital Assets	108,134,043	872,757	(73,423)	(321,599)	108,611,778
Net Subtotal Non-Internal Service Capital Assets	146,664,249	9,432,275	(247,467)	96,389	155,945,426
Internal Service Capital Assets					
Capital Assets not being depreciated:					
Construction in Progress	27,362	-	(27,362)	-	-
Land	682,623	-	-	-	682,623
Total Capital Assets not being depreciated	709,985	-	(27,362)	-	682,623
Other Capital Assets:					
Buildings	7,451,991	27,360	-	-	7,479,351
Machinery & Equipment	632,512	-	-	-	632,512
Total Other Capital Assets	8,084,503	27,360	-	-	8,111,863
Less: Accumulated Depreciation	(6,905,034)	(498,952)	-	-	(7,403,986)
Net Total Other Capital Assets	1,179,469	(471,592)	-	-	707,877
Net Subtotal Internal Service Capital Assets	1,889,454	(471,592)	(27,362)	-	1,390,500
Net Total Government Activities Capital Assets	$ 148,553,703	$ 8,960,683	$ (274,849)	$ 96,389	$ 157,335,926

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

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

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

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

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

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

C. CAPITAL ASSETS (cont.)

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

Depreciation/amortization expense was charged to functions as follows:

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

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

All of these balances will be repaid within the year.

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

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

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

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

The following is a schedule of interfund transfers:

fund	Fund Transferred To	Fund Transferred From	Amount In	Amount Out	Principal Purpose
200	Human Services		592,226		To cover deficits caused by
700	Highway		22,803		year end health insurance expense
200		General Fund		615,031	allocation per adopted budget resolution.
100	General Fund		1,297,248		To record lapsing funds transferred at
		Federal Inmate		1,297,248	year end per adopted budget resolution.
280	Sheriff Federal Equitable Sharing Fund		174,070		To transfer Federal Equitable dollars
270		Federal Equitable Sharing Fund		174,070	for use by County Sheriff.
605	Brookside Care Center		97,108		To transfer funds for approved
411		Other Capital Projects		66,108	repurposed surplus.
204		Human Services Building		31,000	
411	Other Capital Projects		97,000		Per Year End Closeout resolution,
204		Human Services Building		97,000	repurpose funds for capital projects.

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

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

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

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017 was as follows:

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

	Ending Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable:					
General Obligation Debt	$ 18,290,000	$ -	$ -	$ 18,290,000	$ -
Add/(Subtract) Deferred Amounts For:					
Bond premiums net of discounts	759,974	-	39,999	719,975	39,999
Total Bonds And Notes Payable	19,049,974	-	39,999	19,009,975	39,999
Other Liabilities:					
Post Retirement Benefits	4,586,829	427,689	948,703	4,065,815	-
Total Other Liabilities	4,586,829	427,689	948,703	4,065,815	-
Total Business-type Activities-Long-Term Obligations	$ 23,636,803	$ 427,689	$ 988,702	$ 23,075,790	$ 39,999

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed five percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2017, was $732,754,650. Total general obligation debt outstanding at year end was $124,355,000.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2017
Governmental Activities - General Obligation Debt					
Refunding Bonds	2010	2022	0.50% - 3.75%	7,305,000	$ 4,005,000
Promissory Notes	2011	2021	2.00% - 3.00%	10,030,000	5,680,000
Building Bonds	2011	2031	2.00% - 4.25%	2,610,000	2,205,000
Promissory Notes	2012	2022	1.00% - 2.50%	15,750,000	9,685,000
Building Bonds	2012	2032	2.00% - 3.50%	2,805,000	2,355,000
Promissory Notes	2013	2023	2.00% - 2.60%	9,765,000	7,565,000
Refunding Bonds	2013	2019	1.00% - 3.00%	11,115,000	2,765,000
Promissory Notes	2014	2024	2.00% - 3.00%	11,925,000	11,120,000
Refunding Bonds	2015	2030	0.05% - 4.00%	21,555,000	17,380,000
Promissory Notes	2015	2025	2.00% - 4.00%	12,305,000	10,945,000
Promissory Notes	2016	2026	2.00% - 3.00%	13,965,000	13,790,000
Promissory Notes	2017	2027	2.25% - 4.00%	13,255,000	13,255,000
Law Enforcement Enhancement Bonds	2017	2037	2.75% - 4.00%	5,315,000	5,315,000
Total Governmental Activities - General Obligation Debt					$ 106,065,000

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2017
Business-type Activities - General Obligation Debt					
Refunding Bonds	2015	2035	3.00% - 4.00%	18,290,000	$ 18,290,000
Total Business-type Activities - General Obligation Debt					$ 18,290,000
Total Debt					$ 124,355,000

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

Other Debt Information

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

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

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

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

F. PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

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

F. PENSION PLAN (cont.)

General Information about the Pension Plan (cont.)

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

The WRS also provides death and disability benefits for employees.

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

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

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

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

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

F. PENSION PLAN (cont.)

General Information about the Pension Plan (cont.)

Contribution rates for the reporting period are:

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

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

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

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

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

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

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

F. PENSION PLAN (cont.)

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

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

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

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

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

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

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

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

F. PENSION PLAN (cont.)

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

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

Asset Allocation Targets and Expected Returns
As of December 31, 2016

Core Fund Asset Class	Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50 %	45 %	8.3 %	5.4 %
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
Variable Fund Asset Class				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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

F. *PENSION PLAN* (cont.)

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

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

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

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

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

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

G. *RESTRICTED ASSETS*

The County has restricted assets which consist of a deposit in Wisconsin Municipal Mutual Insurance Company (WMMIC) in the amount of $1,157,860. This deposit is the County's original capitalization investment. In addition, cash in the amount of $531,073 is restricted for liability insurance at WMMIC.

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

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

H. *LEASE DISCLOSURES*

Lessor – Operating Leases

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

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

Capital Leases – Lessee/Lessor

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

I. *GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET POSITION*

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

Governmental Activities

Net Investment in capital assets	
Land and land improvements	$ 48,016,273
Other capital assets, net of accumulated depreciation	109,319,653
Less: capital related long-term debt outstanding (net of unspent proceeds of debt)	(109,159,474)
Total net investment in capital assets	$ 48,176,452
Restricted for:	
Specific purpose - grants and loans	$ 1,420,649
Debt service (net of accrued interest)	569,683
	$ 1,990,332
Unrestricted	$ 15,572,704

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

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

Business-Type Activities

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

Governmental Activities (cont.)

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

Nonspendable	
Major Funds	
General Fund	
Prepaid items	$ 613,573
Delinquent taxes	5,800,789
Total Nonspendable - Major Funds	$ 6,414,362
Nonmajor Funds	
Health Department	
Prepaid items	$ 6,557
Total Nonspendable-Nonmajor Funds	$ 6,557
Restricted	
Major Funds	
Debt Service	$ 1,491,210
Human Service-Aging	76,102
Total Restricted - Major Funds	$ 1,567,312
Nonmajor - Special Revenue Funds	
Housing Authority -revolving loan fund	$ 17,354
Federal Equitable Sharing	64,258
Sheriff Equitable Sharing	41,896
Total Restricted - Nonmajor Funds	$ 123,508

I. GOVERNMENTAL ACTIVITIES NET POSITION (cont.)

Governmental Activities (cont.)

Committed	
Nonmajor Funds - Special Revenue	
Health Department - for Health Department use only	$ 20,683
Federated Library Fund - for Library use only	42
Geographic Information Systems - GIS use only	14,696
Total Committed - Nonmajor	$ 35,421
Assigned	
Major Funds	
General Fund	
Encumbrances	$ 262,884
Subsequent year expenditures	804,088
Total Assigned - Major Funds	$ 1,066,972
Nonmajor Funds	
Special Revenue	
Subsequent year expenditures	$ 10,305
Capital Projects	
Subsequent year expenditures	$ 4,750,258
Capital Projects - Capital use only	1,124,406
Total Assigned - Nonmajor Funds	$ 5,884,969
Unassigned	
Major Funds	
General Fund	$ 19,640,114
Total Unassigned - Major Fund	$ 19,640,114
Nonmajor Funds	
Public Safety Building	$ (679,783)
Public Safety Access Point	163,162
Total Unassigned - Nonmajor Fund	$ (516,621)

NOTE V – OTHER INFORMATION

A. RISK MANAGEMENT

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

Public Entity Risk Pool

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

WMMIC's exposure in its layer of insurance is limited to $1,000,000 per occurrence in that the company purchases $9,000,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage. The amount of reinsurance may vary from year to year as determined by the WMMIC Board of Directors.

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

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

NOTE V – OTHER INFORMATION (cont.)

A. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

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

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

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

Therefore, in 2017, the participant's share in the operation of WMMIC and the market value are shown using the new presentation. Using this presentation, the market value of the original capitalization as of December 31, 2017 is $1,896,080. The financial statements can be obtained from WMMIC at their address of 4785 Hayes Road, Madison, Wisconsin, 53704-7364.

NOTE V – OTHER INFORMATION (cont.)

A. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

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

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

Self-Insurance – Workers' Compensation

The County has also established a Risk Management program for workers' compensation. All funds of the County participate in this program. The workers' compensation internal service fund is maintained to provide for self-insured workers compensation insurance coverage and employee safety and loss control programs. The County contracts with a third-party claims administrator for adjusting workers' compensation claims. An excess insurance policy covers individual claims in excess of the County's $650,000 self-insured retention up to statutory requirements (unlimited) per claim. Settled claims have not exceeded the commercial coverage in any of the past three years. Costs associated with the workers' compensation program are billed to other County departments based on exposure and historical loss experience and include amounts necessary to fund current year claims to be paid in the current year and in the future. At December 31, 2017, the County has established a future claims insurance reserve in the amount of $2,449,825 to fund the estimated liability for the County's self-insured retention limits under its workers' compensation program.

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

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

NOTE V – Other Information (cont.)

A. RISK MANAGEMENT (cont.)

Self-Insurance – Workers' Compensation (cont.)

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

Self-Insurance – Health Insurance

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

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

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

NOTE V – Other Information (cont.)

B. Commitments and Contingencies

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

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

During 2017, the County borrowed $18,570,000 for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the various Capital Project and Proprietary funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. Open purchase orders for the General Fund, Highway and Capital Projects-Other Fund totaled $262,884 at year end and is included in Assigned Fund Balance for encumbrances.

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

C. Joint Venture

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

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

NOTE V – Other Information (cont.)

C. Joint Venture (cont.)

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

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

The County accounts for its share of the operation in the general fund. Financial information of the Board as of December 31, 2017 is available directly from the Board's office.

D. Other Postemployment Benefits

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

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

Deputy Sheriffs

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

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

All Others

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

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

NOTE V – Other Information (cont.)

D. Other Postemployment Benefits (cont.)

All Others (cont.)

Benefits (cont.)

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

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

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

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

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

NOTE V – Other Information (cont.)

D. Other Postemployment Benefits (cont.)

All Others (cont.)

Benefits (cont.)

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

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

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

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

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

NOTE V – Other Information (cont.)

D. Other Postemployment Benefits (cont.)

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

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

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

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

NOTE V – Other Information (cont.)

D. Other Postemployment Benefits (cont.)

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

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

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

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

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

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

NOTE V – Other Information (cont.)

D. Other Postemployment Benefits (cont.)

Funded Status and Funding Progress. Using a January 1, 2018 valuation date, the present value of the County's retiree medical plan actuarial accrued liability for benefits was $69.24 million. This liability is comprised of the actuarial accrued liability for past service component of $46.12 million, current service component (normal cost) of $1.99 million, and future service component of $21.13 million. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2018, actuarial valuation, the projected unit credit actuarial cost method was used because this method allocates costs based on each employee's length of service. The County adopted the Other Post-Employment Benefit Health Insurance Policy with an effective date of January 1, 2013. All of the preceding actuarially determined liability estimates were calculated taking this adoption into consideration.

The County has not established a separate, irrevocable trust to fund the annual OPEB cost. As a result, actuarial assumptions included a 3.0 percent interest discount rate compounded annually based on the County's long term expectations of returns on its own investments, and an annual healthcare cost trend rate of 5.8 percent per annum for 2018 grading down to an ultimate rate of 5.5 percent over a 22 year period. In addition, the actuarial valuation calculated the liability estimates using actuarial assumptions related to claim costs, premium rates, annual trends in the utilization and cost of medical care, eligibility of Medicare, participation rates, termination rates, retirement rates, disability rates, and mortality based on information provided by the County, Wisconsin Retirement System (WRS) rates, and the actuarial firm's judgment.

NOTE V – Other Information (cont.)

E. Upcoming Accounting Pronouncements

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

KENOSHA COUNTY

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDED STATUS

For the Year Ended December 31, 2017

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

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

KENOSHA COUNTY

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

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

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

Schedule of Employer Contributions

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

See Notes to Required Supplementary Information.

KENOSHA COUNTY

Notes to Required Supplementary Information
December 31, 2017

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

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

NOTE B – WISCONSIN RETIREMENT SYSTEM

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

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

SUPPLEMENTARY INFORMATION

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

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

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

	Housing Authority	Health Department	Federated Library System	Geographic Information Systems	Federal Equitable Sharing	Sheriff's Equitable Sharing	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and investments	$ 17,354	$ -	$ 299,967	$ 27,227	$ 64,398	$ 41,896	$ 450,842
Receivables							
Property taxes	-	1,101,506	1,584,747	-	-	-	2,686,253
Miscellaneous	-	135,541	-	-	-	-	135,541
Due from other governments	-	952,102	9,040	-	-	-	961,142
Prepaid items	-	6,557	-	-	-	-	6,557
Loans receivable	1,221,039	-	-	-	-	-	1,221,039
TOTAL ASSETS	$ 1,238,393	$ 2,195,706	$ 1,893,754	$ 27,227	$ 64,398	$ 41,896	$ 5,461,374
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	$ -	$ 253,018	$ -	$ 2,226	$ 140	$ -	$ 255,384
Special deposits	-	39,953	-	-	-	-	39,953
Due to other funds	-	755,946	-	-	-	-	755,946
Other unearned revenue	-	18,043	308,965	-	-	-	327,008
Total Assets	-	1,066,960	308,965	2,226	140	-	1,378,291
Deferred Inflows of Resources							
Deferred property tax revenue	-	1,101,506	1,584,747	-	-	-	2,686,253
Revolving loan fund outstanding loans	1,221,039	-	-	-	-	-	1,221,039
Total deferred inflows of resources	1,221,039	1,101,506	1,584,747	-	-	-	3,907,292
Fund Balance							
Nonspendable							
Prepaid items	-	6,557	-	-	-	-	6,557
Restricted							
Housing Authority revolving loan fund	17,354	-	-	-	-	-	17,354
Federal Equitable Sharing funds	-	-	-	-	64,258	41,896	106,154
Committed							
Health Department	-	20,683	-	-	-	-	20,683
Federated Library System	-	-	42	-	-	-	42
Geographic Information Systems	-	-	-	14,696			14,696
Assigned							
Subsequent year expenditures	-	-	-	10,305	-	-	10,305
Total Fund Balances	17,354	27,240	42	25,001	64,258	41,896	175,791
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 1,238,393	$ 2,195,706	$ 1,893,754	$ 27,227	$ 64,398	$ 41,896	$ 5,461,374

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES

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

	Human Services Building	Health Insurance	Workers Compensation	General Liability Insurance	Totals
Operating Loss	$ (275,105)	$ (79,157)	$ (23,641)	$ (8,740)	$ (386,643)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:					
Non-cash items included in operating income:					
Depreciation expense	498,952	-	-	-	498,952
Changes in assets and liabilities:					
Accounts receivable	-	(20,254)	-	153,577	133,323
Prepaid items	-	73,648	30,000	-	103,648
Accounts payable	(5,777)	(167,527)	65,741	85,063	(22,500)
Claims payable	-	(178,000)		134,920	(43,080)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 218,070	$ (371,290)	$ 72,100	$ 364,820	$ 283,700

Noncash investing, capital and financing activities:
None

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

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

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

For the Year Ended December 31, 2017

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

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

To the County Board of Supervisors
Kenosha County, Wisconsin

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

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

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

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

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

PURPOSE OF THIS REPORT

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

Schenck SC

Certified Public Accountants

Green Bay, Wisconsin
July 20, 2018

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INDEPENDENT AUDITORS' REPORT ON STATE FINANCIAL REPORT FORM

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

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

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

Schenck SC

Certified Public Accountants

Green Bay, Wisconsin
July 20, 2018

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

ATTORNEYS AT LAW

777 EAST WISCONSIN AVENUE
MILWAUKEE, WI 53202-5306
414.271.2400 TEL
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#

September __, 2018

Kenosha County
1010 56th Street
Kenosha, Wisconsin 53140-3738

Subject: $15,425,000
Kenosha County, Wisconsin
General Obligation Promissory Notes, Series 2018A

We have acted as bond counsel to Kenosha County, Wisconsin (the "**Issuer**") in connection with the issuance of its $15,425,000 General Obligation Promissory Notes, Series 2018A, dated September 13, 2018 (the "**Obligations**").

We examined the law, a certified copy of the proceedings relating to the issuance of the Obligations, and certifications of public officials and others. As to questions of fact material to our opinion, we relied upon the certified proceedings and certifications without independently undertaking to verify them.

Based upon this examination, it is our opinion that, under existing law:

1. The Obligations are valid and binding general obligations of the Issuer.

2. All taxable property in the Issuer's territory is subject to *ad valorem* taxation without any limit as to rate or amount to pay the principal and interest coming due on the Obligations. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Obligations except to the extent that the Issuer has deposited other funds, or there is otherwise surplus money, in the account within the debt service fund created for the Obligations under Wisconsin law.

3. Interest on the Obligations is excluded from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on all taxpayers; however, interest on the Obligations is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations for taxable years beginning on or before December 31, 2017. The Issuer must comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied after the Obligations are issued for interest on the Obligations to be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has agreed to comply with those requirements. Its failure to do so may cause interest on the Obligations to be included in gross income for federal income tax purposes, in some cases retroactively to the date the Obligations were issued. We express no opinion about other federal tax law consequences relating to the Obligations.

The rights of the owners of the Obligations and the enforceability of the Obligations may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or an equitable proceeding).

We express no opinion as to the truth or completeness of any official statement or other disclosure document used in connection with the offer and sale of the Obligations.

Our opinion is given as of the date of this letter. We assume no duty to update our opinion to reflect any facts or circumstances that later come to our attention or any subsequent changes in law. In acting as bond counsel, we have established an attorney-client relationship solely with the Issuer.

Very truly yours,

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or Fiscal Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Fiscal Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the County or Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

(See following pages)

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of September 13, 2018 (this "**Disclosure Agreement**"), is executed and delivered by Kenosha County, Wisconsin (the "**Issuer**"), a municipal securities issuer and a governmental entity located in the State of Wisconsin. The Issuer covenants and agrees as follows:

Section 1. Definitions.

The following capitalized terms have the following meanings:

"**Annual Financial Information**" means the Issuer's financial information or operating data, for the preceding fiscal year, of the type included in the Final Official Statement as further described in Section 3(b) hereof.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Dissemination Agent**" means any agent responsible for assisting the Issuer in carrying out its obligations under this Disclosure Agreement which has been designated as a dissemination agent in writing by the Issuer and has filed with the Issuer a written acceptance of such designation, and the successors and assigns of such dissemination agent.

"**EMMA**" means the Electronic Municipal Market Access system for municipal securities disclosures, a Commission-approved electronic database established and operated by the MSRB to accommodate the collection and availability of required filings of secondary market disclosures under the Rule.

"**Event Notice**" means a notice of occurrence of a Listed Event provided under Section 4(b) hereof or a notice provided under Sections 3(c), 4(c), or 8 hereof, each of which shall be transmitted as described in Section 5 hereof.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time.

"**Final Official Statement**" means the offering document prepared and distributed to a Participating Underwriter in connection with the primary offering of the Obligations.

"**Issuer**" means the municipal securities issuer named above.

"**Listed Event**" means any of the events listed in Section 4(a) of this Disclosure Agreement.

"**MSRB**" means the Municipal Securities Rulemaking Board, which serves as the sole repository for all required filings of all secondary market disclosures under the Rule.

"**Obligations**" means the Issuer's $15,425,000 General Obligation Promissory Notes, Series 2018A, dated September 13, 2018.

"**Owners**" means the beneficial owners from time to time of the Obligations.

"**Participating Underwriter**" means any broker, dealer, or municipal securities dealer that is required to comply with the Rule when acting as underwriter in the primary offering of the Obligations.

"**Resolution**" means collectively, the resolutions adopted by the governing body of the Issuer on November 6, 2014, November 10, 2016, December 5, 2017, July 17, 2018, and August 21, 2018 pursuant to which the Obligations are issued.

"**Rule**" means Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act.

Section 2. <u>Purpose of this Disclosure Agreement</u>.

The purpose of this Disclosure Agreement is to assist a Participating Underwriter in complying with the Rule when acting as an underwriter in the primary offering of the Obligations.

Section 3. <u>Annual Financial Information</u>.

(a) The Issuer shall submit its Annual Financial Information to the MSRB not later than 365 days following the close of the Issuer's fiscal year (currently December 31), beginning with the 2018 Annual Financial Information.

(b) The Annual Financial Information will consist of (i) the Issuer's audited annual financial statements prepared using generally accepted accounting principles, and (ii) the following operating data:

1. direct debt; debt limit; debt ratios,

2. current property valuations,

3. tax levies and collections.

(c) If the Issuer fails to submit its Annual Financial Information to the MSRB by the date required in subsection (a) above, then the Issuer shall promptly send an Event Notice of such failure to the MSRB.

Section 4. <u>Reporting of Listed Events; Event Notices</u>.

(a) This Section 4 shall govern the submission of an Event Notice after the occurrence of any of the following Listed Events with respect to the Obligations:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material under the Exchange Act.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations.

7. Modifications to rights of Owners, if material under the Exchange Act.

8. Redemptions of the Obligations, if material under the Exchange Act, and tender offers.

9. Defeasances.

10. Release, substitution, or sale of property securing repayment of the Obligations, if material under the Exchange Act.

11. Rating changes.

12. Bankruptcy, insolvency, receivership, or similar event of the Issuer (for the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all the assets or business of the Issuer).

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all the assets of the Issuer, other than in the ordinary course of business, the

entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material under the Exchange Act.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material under the Exchange Act.

(b) The Issuer shall submit an Event Notice to the MSRB within ten business days after the occurrence of any Listed Event.

(c) If the Issuer determines that it failed to submit an Event Notice of an occurrence of a Listed Event as required by subsection (b) above, then it shall promptly submit an Event Notice with respect to such occurrence to the MSRB.

Section 5. Transmittal of Annual Financial Information and Event Notices.

Annual Financial Information and Event Notices shall be submitted to the MSRB in an electronic format, and accompanied by identifying information, as prescribed by the MSRB. As of the date of this Disclosure Agreement, the MSRB requires that all submissions of secondary disclosure be made through EMMA. The Annual Financial Information may be submitted as a single document or as a package comprising separate documents. Any or all the items constituting the Annual Financial Information may be incorporated by reference from other documents available to the public on the MSRB's internet website or filed with the Commission. The Issuer shall clearly identify each document that is incorporated by reference.

Section 6. Duty to Confirm MSRB's Filing Format and Procedure.

The Issuer shall confirm, in the manner it deems appropriate, the MSRB's prescriptions concerning the electronic format and accompanying identifying information for submissions. As of the date of this Disclosure Agreement, information on the MSRB's required electronic format and submission procedures through EMMA can be found on the MSRB's internet website at www.emma.msrb.org.

Section 7. Termination of Disclosure Agreement and Reporting Obligation.

This Disclosure Agreement and the Issuer's disclosure obligations under this Disclosure Agreement with respect to the Obligations shall terminate upon the legal defeasance (if applicable), prior redemption, or payment in full of all the Obligations or if the Rule shall be revoked or rescinded by the Commission or declared invalid by a final decision of a court of competent jurisdiction.

Section 8. **Amendment; Waiver.**

Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if the following conditions are met:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer or an obligated person, or the type of business conducted;

(b) This Disclosure Agreement, as amended or waived, would have complied with the requirements of the Rule on the date of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of Owners, as determined either by parties unaffiliated with the Issuer (such as the fiscal agent, trustee, or bond counsel), or by approving vote of the Owners pursuant to the terms of the Resolution at the time of the amendment.

In the event this Disclosure Agreement is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Financial Information it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an Event Notice and that the next Annual Financial Information it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. **Dissemination Agent.**

The Issuer may, from time to time, appoint or engage a Dissemination Agent and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. **Additional Information.**

The Issuer may, from time to time, choose to disseminate other information, using the means of transmittal set forth in Section 5 hereof or any other means of communication, or to include other information with its Annual Financial Information or Event Notice, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information with its Annual Financial Information or Event Notice in addition to that which is specifically required by this Disclosure Agreement, then the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information or Event Notice.

Section 11. Default.

The sole remedy of the Owners under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Beneficiaries.

The Issuer intends to be contractually bound by this Disclosure Agreement. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Owners, and shall create no rights in any other person or entity.

Section 13. Recordkeeping.

The Issuer shall maintain records of all Annual Financial Information and Event Notices submitted to the MSRB pursuant to this Disclosure Agreement, including the content and the date of filing of such submissions, until the last Obligation has been retired.

Section 14. Responsible Officer.

The Issuer's Finance Director shall be the officer, representative, agency, or agent of the Issuer ultimately responsible for submitting Annual Financial Information and Event Notices to the MSRB, to the extent required hereunder, regardless of whether a Dissemination Agent has been appointed. Any inquiries regarding this Disclosure Agreement should be directed to:

Attention: Finance Director
Kenosha County
1010 56th Street
Kenosha, Wisconsin 53140
Telephone: (262) 653-2700
Fax: (262) 653-2491
Email: dave.geertsen@kenoshacounty.org

[Signature Page Follows]

IN WITNESS WHEREOF, the Issuer has caused this Disclosure Agreement to be executed by its duly authorized officer or representative as of the date written above.

KENOSHA COUNTY, WISCONSIN,
Issuer

By:____________________________________
Title: Finance Director

[Signature Page to 2018A Continuing Disclosure Agreement]

APPENDIX E

NOTICE OF SALE

$15,425,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2018A
KENOSHA COUNTY, WISCONSIN

Bids for the purchase of $15,425,000* General Obligation Promissory Notes, Series 2018A (the "Notes") of Kenosha County, Wisconsin (the "County") will be received at the offices of Ehlers & Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the County, until 10:00 A.M., Central Time, and **ELECTRONIC BIDS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on August 21, 2018 (the "Sale Date"), at which time they will be opened, read, and tabulated. The bids will be presented to the County Board of Supervisors for consideration for award by resolution (the "Award Resolution") at a meeting to be held at 7:30 PM, Central Time, on the Sale Date. The bid offering to purchase the Notes upon the terms specified herein and most favorable to the County will be accepted unless all bids are rejected.

PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, financing budgeted capital projects including road and highway improvements, grants to the Kenosha Area Business Alliance, law enforcement enhancement projects and enterprise resource planning projects. The Notes are valid and binding general obligations of the County, and all the taxable property in the County is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Notes will be dated September 13, 2018, will be issued as fully registered Notes in the denomination of $5,000 each, or any multiple thereof, and will mature on September 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2019	$570,000	2023	$1,025,000	2027	$2,780,000
2020	675,000	2024	1,325,000	2028	2,910,000
2021	725,000	2025	1,900,000		
2022	825,000	2026	2,690,000		

ADJUSTMENT OPTION

* The County reserves the right to increase or decrease the principal amount of the Notes on the Sale Date, in increments of $5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000.

TERM NOTE OPTION

Bids for the Notes may contain a maturity schedule providing for any combination of serial notes and term notes, subject to partial mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2019, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in a multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

The Notes will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual owners of the Notes. So long as Cede & Co. is the registered owner of the Notes, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Notes.

OPTIONAL REDEMPTION

At the option of the County, the Notes maturing on or after September 1, 2026 shall be subject to redemption prior to maturity on September 1, 2025 and on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part. If redemption is in part, then the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the County. If only part of the Notes having a common maturity date are called for redemption, then the Fiscal Agent will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by first-class mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books maintained by the Fiscal Agent.

A notice of optional redemption may be revoked by sending a notice, by first class mail, not less than 15 days prior to the proposed redemption date to the registered owners of the Notes which have been called for redemption.

DELIVERY

On or about September 13, 2018 (the "Closing Date"), the Notes will be delivered without cost to the winning bidder at DTC. On the Closing Date, the County will furnish to the winning bidder the opinion of bond counsel hereinafter described, a tax certificate, and a certificate verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the County, threatened. Payment for the Notes must be received by the County at its designated depository on the Closing Date in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Foley & Lardner LLP, Bond Counsel to the County, and will be available on the Closing Date. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the County; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding).

SUBMISSION OF BIDS

Bids must not be for less than $15,270,750, nor more than $16,250,500, plus accrued interest, if any, on the principal amount of $15,425,000 from the dated date of the Notes to the Closing Date. Prior to the time established above for the opening of bids on the Sale Date, interested parties may submit a bid as follows:

1) Electronically to bondsale@ehlers-inc.com; or

2) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or

3) Electronically via **PARITY** in accordance with this Notice of Sale until 10:00 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids on the Sale Date. Each bid must be unconditional except as to legality. Neither the County nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit in the amount of $308,500 ("Deposit") shall be made by the winning bidder by wire transfer to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time on the Sale Date. The County reserves the right to award the Notes to the winning bidder as long as its federal wire reference number has been received by such time, even it the wire has not yet been received by such time. In the event the Deposit is not received as provided above, the County may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the County as liquidated damages if the bid is accepted and the winning bidder fails to comply therewith.

The County and the winning bidder hereby irrevocably agree that Ehlers shall hold the Deposit in escrow subject only to the following conditions and duties: 1) All income earned thereon shall be retained by Ehlers as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder on the Closing Date; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the Deposit to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to $250,000 per bidder.

No bid can be withdrawn after the time set on the Sale Date for receiving bids unless the meeting of the County scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The County's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The County reserves the right to reject any and all bids and to waive any informality in any bid.

BOND INSURANCE

A policy of municipal bond insurance or commitment therefor may be purchased at the option of the winning bidder, provided that the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole expense of the winning bidder. In the event an insurance policy is purchased for the Notes, the winning bidder shall also be responsible for ascertaining whether or not the municipal bond insurer requires specific language with respect to the insurer and the insurance policy to be included in the Award Resolution. The winning bidder shall provide, or cause the insurer to provide, any such required language to bond counsel no later than 1:00 p.m. Central Time on the Sale Date. Any increased costs of issuance for the Notes resulting from the purchase of bond insurance shall be paid by the winning bidder, except that, if the County has requested and received a rating on the Notes from a rating agency, then the County will pay that rating fee. Any other rating agency fees shall be the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

CUSIP NUMBERS

The County will assume no obligation for the assignment or printing of CUSIP numbers on the Notes or for the accuracy of any CUSIP numbers printed thereon. The winning bidder waives any delay in delivery caused as a result of printing CUSIP numbers on the Notes.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The County will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits certain financial institutions to deduct 80% of the interest expenses allocable to carrying and acquiring tax-exempt obligations.

CONTINUING DISCLOSURE

In order to assist the winning bidder in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the County will enter into an agreement for the benefit of the owners of the Notes. The agreement is in substantially the form set forth in Appendix D of the Preliminary Official Statement.

ESTABLISHMENT OF ISSUE PRICE PRIOR TO CLOSING

The winning bidder shall assist the County in establishing the issue price of the Notes and shall execute and deliver to the County at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, and compliance with the representations and covenants below, and identifying all underwriters for purposes of the issue price rules.

The County intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "**competitive sale requirements**") because:

1. the County shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the County expects to receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the County anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the County shall so advise the winning bidder. In that event, the winning bidder shall be required to elect at the time of the acceptance of the bid whether to comply with its obligations to assist the County in establishing the "issue price" of the Notes on the basis of the "general rule" or on the basis of the "hold-the-offering price" rule, as further described below. If the winning bidder makes no express election, it shall be treated as having elected to apply the "general rule".

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Notes will be subject to either the "general rule" or the "hold-the-offering price" rule, as applicable, to establish the issue price of the Notes.

For purposes of the agreements and representations of the underwriters, the "**10 percent test**" is met when the first 10% of a maturity is first sold to the public at a single price. The winning bidder shall advise the County if any maturity of the Notes satisfies the 10% test as of the date and time of the award of the Notes. The winning bidder shall also promptly advise the County, at or before the time of award of the Notes, which maturities of the Notes shall be subject to the "general rule" and which shall be subject to the "hold-the-offering-price rule".

If the winning bidder elects to comply on the basis of the "**general rule**", the County intends treat the first price at which 10% of a maturity of the Notes is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The County, however, may in its sole discretion choose to apply one or more different interpretations of the issue price rule for purposes of its federal income tax compliance (for example, by averaging the prices at which the first 10% is sold). Until the 10% test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the County and to its financial advisor the prices at which the unsold Notes of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Notes of that maturity or until all Notes of that maturity have been sold. If such election is made, the County will not require bidders to comply with the "hold-the-offering-price rule".

If the winning bidder elects to comply on the basis of the "**hold-the-offering-price rule**", the County may determine to treat (i) the first price at which 10% of a maturity of the Notes is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the Sale Date of any maturity of the Notes as the issue price of that maturity, in each case applied on a maturity-by-maturity basis.

By electing the hold-the-offering-price rule, the winning bidder (i) agrees to confirm that the underwriters have offered or will offer the Notes to the public on or before the date of award at the offering price or prices (the "**initial offering price**"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder, and (ii) agrees, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the Sale Date; or
(2) the date on which the underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the County and its financial advisor when the underwriters have sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The County acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires and representations relating to actual sales, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires and representations relating to actual sales, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires, and representations relating to actual sales.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this section of the Notice of Sale:

(i) "**public**" means any person (including any individual, trust, estate, partnership, association or corporation) other than an underwriter or a related party,

(ii) "**underwriter**" means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public).

(iii) a winning bidder of any of the Notes is a "**related party**" to an underwriter if the underwriter and the winning bidder are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other),

(iv) "**sale date**" means the date that the Notes are awarded by the County to the winning bidder, and

(v) "**maturity**" means each maturity of substantially identical Notes. For this purpose, Notes are not treated as substantially identical if they have different credit or payment terms. For example, Notes having the same nominal maturity are not treated as having the same "maturity" for this purpose if they have different interest rates.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain the Preliminary Official Statement relating to the Notes prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic version of the Final Official Statement within seven business days of the bid acceptance. Up to 10 paper copies of the Final Official Statement will be provided upon request. Additional paper copies of the Final Official Statement will be available at a cost of $10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the County Board of Supervisors

Mary Kubicki, County Clerk
Kenosha County, Wisconsin

BID FORM

The County Board of Supervisors **August 21, 2018**
Kenosha County, Wisconsin

RE: **$15,425,000* General Obligation Promissory Notes, Series 2018A**
DATED: **September 13, 2018**

For all or none of the above Notes, in accordance with the Notice of Sale and terms of the Book-Entry Only System as stated in this Preliminary Official Statement, we will pay you $__________________ (not less than $15,270,750, nor more than $16,350,500) plus accrued interest, if any, to the date of delivery for fully registered Notes bearing interest rates and maturing on September 1 in the stated years as follows:

% due	2019	% due	2023	% due	2027
% due	2020	% due	2024	% due	2028
% due	2021	% due	2025		
% due	2022	% due	2026		

* The County reserves the right to increase or decrease the principal amount of the Notes on the day of sale, in increments of $5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000.

The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in a multiple of 5/100 or 1/8 of 1%.

If we are the winning bidder, we will wire our Deposit in the amount of $308,500 to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138.** Such Deposit shall be received by Ehlers & Associates no later than two hours after the bid opening time. The County reserves the right to award the Notes to the winning bidder as long as its federal wire reference number has been received by such time. In the event the Deposit or reference number is not received as provided above, the County may award the Notes to the bidder submitting the next best bid provided such bidder agrees to such award. If our bid is not accepted, said Deposit shall be promptly returned to us. We agree to the conditions and duties of Ehlers for holding the Deposit in escrow pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about September 13, 2018.

This bid is subject to the County's agreement to enter into a written agreement to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Notes.

We have received and reviewed the Preliminary Official Statement and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the County with the reoffering price of the Notes within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Notes identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Notes.

Account Manager: ______________________________ By: ______________________________
Account Members:
Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from September 13, 2018 of the above bid is $_______________and the true interest cost (TIC) is __________%.

The foregoing offer is hereby accepted by and on behalf of the County Board of Supervisors of Kenosha County, Wisconsin, on August 21, 2018.

By: ______________________________ By: ______________________________
Title: ______________________________ Title: ______________________________