



County of Racine, Wisconsin
Comprehensive Annual Financial Report
For year ending December 31, 2018

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COUNTY OF RACINE, WISCONSIN

Racine, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2018

Prepared by:
Racine County Finance Department

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INTRODUCTORY SECTION

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July 24, 2019

To the County Board of Supervisors and the Citizens of Racine County:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Racine for the fiscal year ended December 31, 2018. To satisfy requirements of state law and Racine County Ordinance, this report has been prepared by the County's Finance Department in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

Racine County management is responsible for the completeness and fairness of the information, including disclosures, presented in this report. We believe the information presented is complete and reliable in all material respects, and that it fairly presents the County's financial position and results of operations. To provide a reasonable basis for making these representations, management of the County has established a comprehensive framework of internal control. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

A firm of licensed certified public accountants, Baker Tilly Virchow Krause, LLP, has performed an independent audit of, and issued an unmodified opinion on, the County's financial statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in accordance with the audit requirements of *Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. The auditors' report related specifically to the single audit is not included in this document, but is issued under separate cover.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Racine County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Racine County operates under a County Executive who is responsible for the administrative functions of the County. The County Executive serves for a four year term and is elected on a non-partisan basis. The governing body of Racine County is comprised of 21 County Board Supervisors, each serving two-year terms and elected by a majority of voters from their respective district. The County Board is responsible for, among other things, passing ordinances, adopting the budget, and appointing committees. The County Executive is responsible for carrying out the policies and ordinances of the County Board, overseeing the day-to-day operations of the government, and appointing the heads of the various departments. The County elects the following offices to four year terms on a partisan basis: County Clerk, County Treasurer, Register of Deeds, County Sheriff, and Clerk of Courts.

Racine County provides a full range of services, including police protection and county jail (Sheriff's Office), highway and other infrastructure construction and maintenance, health and human services, recreational activities and events, and conservation and development activities.

The County is required to adopt a budget in conformance with Chapter 65.90 of the Wisconsin State Statutes. Adoption of the budget for the ensuing year takes place at the November County Board meeting. The County Board holds required public hearings on the proposed budget prior to adoption. The budget must list all existing indebtedness of the County and include anticipated revenues from all sources during the ensuing year, and must list all proposed appropriations for each department, activity and reserve account during the ensuing year. The budget must show actual revenues and expenditures for the prior year and not less than the first six months of the current year and estimated revenues and expenditures for the balance of the current year. Budget-to-actual comparisons are provided in the other supplementary information section of this report for each fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Racine County operates.

Local economy. Racine County, established in 1853, serves a population of approximately 196,000 and is located in southeastern Wisconsin, approximately 30 miles south of Milwaukee and 60 miles north of Chicago and is bounded on the east by Lake Michigan. The County encompasses an area of 333 square miles and consists of two cities, ten villages and five towns.

The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate over the past year. The December 2018 unemployment rate was 3.3%.¹ Racine County is world headquarters of S.C. Johnson Wax, a leading global manufacturer of chemical specialty products for home care, insect control, and personal care. Racine County is also home to over 450 manufacturing companies including CNH, a manufacturer of agricultural and construction equipment and In-Sink-Erator, the world's largest manufacturer of household and commercial disposer systems. In 2018, it was announced that Foxconn Technology Group

¹ Per Bureau of Labor Statistics. The reported figures reflect revised population controls, model re-estimation, and a new seasonal adjustment procedure.

would build a manufacturing campus in Racine County, the largest foreign investment on U.S. soil.

Long-term financial planning. To plan for the future, Racine County engages in a strategic planning process which focuses on long term planning and development of a plan that responds to changing national economic conditions, including the impact of technology on business and the loss of jobs in our community. As part of long range planning, the County develops a five-year capital improvement plan. The plan identifies major capital improvement projects and the methods to finance them.

Major Initiatives. The 2019 budget includes plans for:

- \$1.5 million in State funds from the EITM Local Government Grant Program which will allow the Sheriff's Office to hire additional investigators and training personnel.
- An in-depth workforce talent recruitment and retention analysis through Manpower Group and RCEDC to help inform our strategies to address workforce challenges.
- Architectural design funds for a new mental health services building on the Dennis Kornwolf Racine County Service Center site.
- IT upgrades to respond to increasing cyber security threats by strengthening the County's security platform and technology infrastructure.
- Assisting the DOT with the County Highway KR widening project from I-94 east to approximately State Highway 31.
- Replacing large and aging box culverts beneath County Highways U, A and J.
- Partnering with the Racine Unified School District to begin construction on Phase 2 of the SC Johnson Community Sports Complex at Pritchard Park, which includes a state-of-the-art multi-purpose stadium, plaza and concessions.

Relevant Financial Policies

Fund Balances. The County has adopted a Fund Balance Policy whereby it will maintain as "working capital" a balance between 16% and 25% of the next fiscal year's budgeted operating expenditures in the General Fund unrestricted fund balances. This "working capital" will be used to help cover revenue shortfalls or unanticipated expenditures and will be available to stabilize the tax rate and provide liquidity. This balance will allow the County to maintain a prudent level of financial reserves to guard against potential service disruptions. This policy has enabled the County to maintain strong fund balances which contribute to its Aa2 rating by Moody's. The County has been in compliance with its fund balance policy since 2006.

Debt Administration. The County continues to have low-cost access to the debt markets to finance various capital projects. It is management's objective to adequately plan to meet the County's ongoing demands for essential capital improvement projects and equipment without overburdening taxpayers with general obligation bonds payable from tax levies. As of December 31, 2018, the County was rated Aa2 by Moody's Investor Services on its long-term debt. The rating largely reflects current and anticipated growth in the county's direct debt burden and likely growth in its overlapping debt burden tied to borrowing in support of a major economic development. The county's rising debt burden is balanced by its very healthy financial position, moderate revenue raising flexibility, and large tax base. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such ratings may be obtained from such rating agency. The County has furnished to the rating agencies certain information and materials relating to the bonds and the County, including certain information and materials that have not been included in this financial report.

Risk management. Racine County is self-funded for most risks, including workers' compensation, employee and retiree medical expenses, automobile, and public liability. As part of this comprehensive plan, the County maintains stop-loss coverage and accumulates resources in the general fund to meet potential losses. The County effectively shifted eligible post-65 retirees (and eligible post-65 spouses) to a fully insured healthcare plan to manage rising healthcare costs in 2014, which has reduced long term debt obligations as reflected by the 2015 and 2017 actuarial studies. Additional information on Racine County's risk management activity can be found in Note IV.C of the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its annual financial report for the fiscal year ended December 31, 2017. In order to be awarded a Certificate of Achievement, the county must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. I believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance and other County departments. I would like to express my appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the County Executive and the County Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Racine County.

Respectfully submitted,



Brian J. Nelson
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

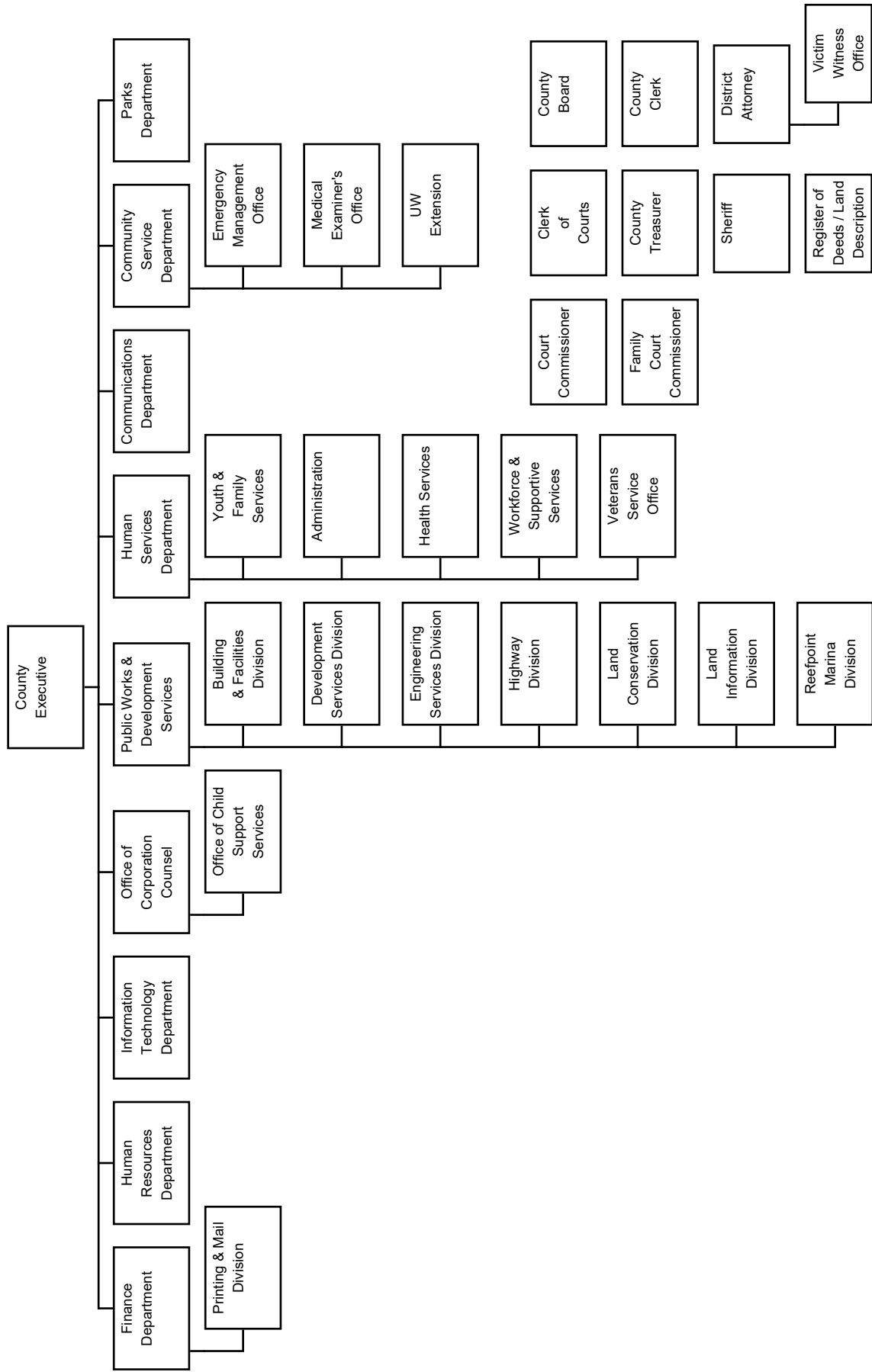
County of Racine
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO



COUNTY OF RACINE PRINCIPAL OFFICIALS

County Elected Officials*

County Executive.....Jonathan J. Delagrave
County Clerk.....Wendy M. Christensen
County Treasurer.....Jane F. Nikolai
Register of Deeds.....Connie Cobb Madsen
Clerk of Circuit Court.....Samuel Christensen
Sheriff.....Christopher Schmaling

County Board of Supervisors (by District Number) *

1 – Nick Demske	12 – Don Trottier
2 – Fabi Maldonado	13 – Tom Kramer
3 – Monte Osterman	14 – Katherine Buske
4 – Melissa Kaprelian-Becker	15 – John Wisch
5 – David Cooke, Vice Chair	16 – Scott Maier
6 – Q.A. Shakoor, II	17 – Robert D. Grove
7 – Russell A. Clark, Chairman	18 – Thomas E. Roanhouse
8 – Brett A. Nielsen	19 – Tom Hincz
9 – Eric Hillery	20 – Thomas Pringle
10 – Janet Bernberg	21 – Mike Dawson
11 – Robert N. Miller	

Appointed Officials *

Finance DirectorBrian J. Nelson
Corporation Counsel.....Michael Lantzdorf
Human Resources DirectorKaren E. Galbraith
Information Systems Director.....Shuchi Wadhwa
Human Services Director.....Hope M. Otto
Public Works & Development Services DirectorJulie A. Anderson
Communications Director.....Jacqueline R. Bratz
Chief of StaffMary Therese Boyle

* - at the time this report is issued

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the Board of Supervisors
County of Racine
Racine, 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 the County of Racine, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County of Racine'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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the County of Racine'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 of Racine'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.

To the Honorable Members of the Board of Supervisors
County of Racine

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 of Racine, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Human Services Fund for the year then ended in 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 required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Racine's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Racine's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

To the Honorable Members of the Board of Supervisors
County of Racine

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the County of Racine'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 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 of Racine's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 24, 2019

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**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

As management of Racine County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2018. Please read it in conjunction with the letter of transmittal, which can be found on pages 1-4 of this report.

Financial Highlights

- The County's assets were in deficit of its liabilities at the close of the 2018 year by \$152.7 million (*net position*), with a \$166.0 million deficit in governmental activities and a \$13.3 million surplus in business-type activities. The unrestricted net position of the County was a negative \$341 million.
- The County's total net position decreased by \$95.4 million which was primarily due to spending on economic development activities. In 2017, Foxconn Technology Group announced it would be building a manufacturing center in Racine County. The County has acted in partnership with the Village of Mount Pleasant in Racine County to issue debt for land acquisition and infrastructure costs. This debt will be repaid through special assessments and TID revenues.
- On December 31, 2018, the County's governmental funds maintained a combined fund balance of \$110.3 million. Approximately \$12.0 million, or 10.9% of the combined fund balance, is available for spending at the government's discretion (*unassigned fund balance*).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Racine County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Racine County's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Racine County include general government, public safety, health and social services, education and recreation, development, and highways and streets. The business-type activities of Racine County include Ridgewood Healthcare Center, Reefpoint Marina, Behavioral Health Services, Pritchard Park, and the County-owned golf courses.

The government-wide financial statements can be found on pages 24-25 of this report.

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The County maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Human Services Fund and the Capital Projects Fund, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplemental information section of this report.

The County adopts an annual budget for all of its governmental funds, except the Permanent Fund. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the General Fund and for each individual, major special revenue fund to demonstrate compliance with the budget. Budgetary comparisons for other funds with adopted budgets have been included in other supplementary financial information.

**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

The basic governmental fund financial statements can be found on pages 26-31 of this report.

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Racine County uses enterprise funds to account for its Ridgewood Healthcare Center, Reefpoint Marina, Behavioral Health Services, Pritchard Park, and golf course operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Racine County uses internal service funds for its central fleet and the highway department. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail. The Ridgewood Healthcare Center, Reefpoint Marina, Behavioral Health Services, and Pritchard Park are considered to be major funds of the County. The County's three internal service funds are combined into a single aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in combining statements in the supplemental information section of this report.

The proprietary fund financial statements can be found on pages 32-35 of this report.

Fiduciary funds account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of those funds are not available to support Racine County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County's fiduciary funds consist of agency funds which are used to account for monies received, held, and disbursed on behalf of the State of Wisconsin Court System located in the County; jail inmates; and certain other local governments.

The fiduciary fund financial statements can be found on page 36 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-84 of this report.

Required supplementary information provides information on the County's other postemployment benefits (OPEB) and pension plan on pages 85-87 of this report.

Supplementary information includes the combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds. Combining and individual fund statements are presented immediately following the required supplementary information on pages 88-99 of this report.

**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Racine County, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$152.7 million at the close of the most recent fiscal year.

The largest portion of the County's net position reflects its net investment in capital assets (e.g., land, improvements, buildings, infrastructure, machinery, and equipment, net of depreciation), less the outstanding debt that was used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additionally, the depreciation of capital assets is an expense for proprietary funds and therefore, as an expense, is available to be reimbursed through user fees of those funds.

Restricted net position represents resources that are subject to external restrictions (grant terms, laws or regulations, etc.) on how they may be used. Unrestricted net position represents the remaining amount of net position that is neither related to capital assets nor restricted for specific purposes.

**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

RACINE COUNTY'S NET POSITION
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 197,554	\$ 216,780	\$ 4,488	\$ 13,309	\$ 202,042	\$ 230,089
Capital Assets	113,400	117,142	14,571	7,438	127,971	124,580
Total assets	310,954	333,922	19,059	20,747	330,013	354,669
Deferred outflows	23,080	29,048	590	492	23,670	29,540
Long-term liabilities	388,066	345,507	3,648	3,948	391,714	349,455
Other liabilities	9,564	11,289	2,051	2,455	11,615	13,744
Total liabilities	397,630	356,796	5,699	6,403	403,329	363,199
Deferred inflows	102,416	78,118	642	195	103,058	78,313
Net position (deficit)						
Net investment in capital assets	71,421	75,699	10,923	3,555	82,344	79,254
Restricted	60,945	79,470	303	-	61,248	79,470
Unrestricted (deficit)	(298,378)	(227,114)	2,082	11,087	(296,296)	(216,027)
Total net position (deficit)	\$ (166,012)	\$ (71,945)	\$ 13,308	\$ 14,642	\$ (152,704)	\$ (57,303)

As shown in the following table, the County's net position decreased by \$95.4 million during the year.

**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

RACINE COUNTY'S CHANGE IN NET POSITION
(in thousands)

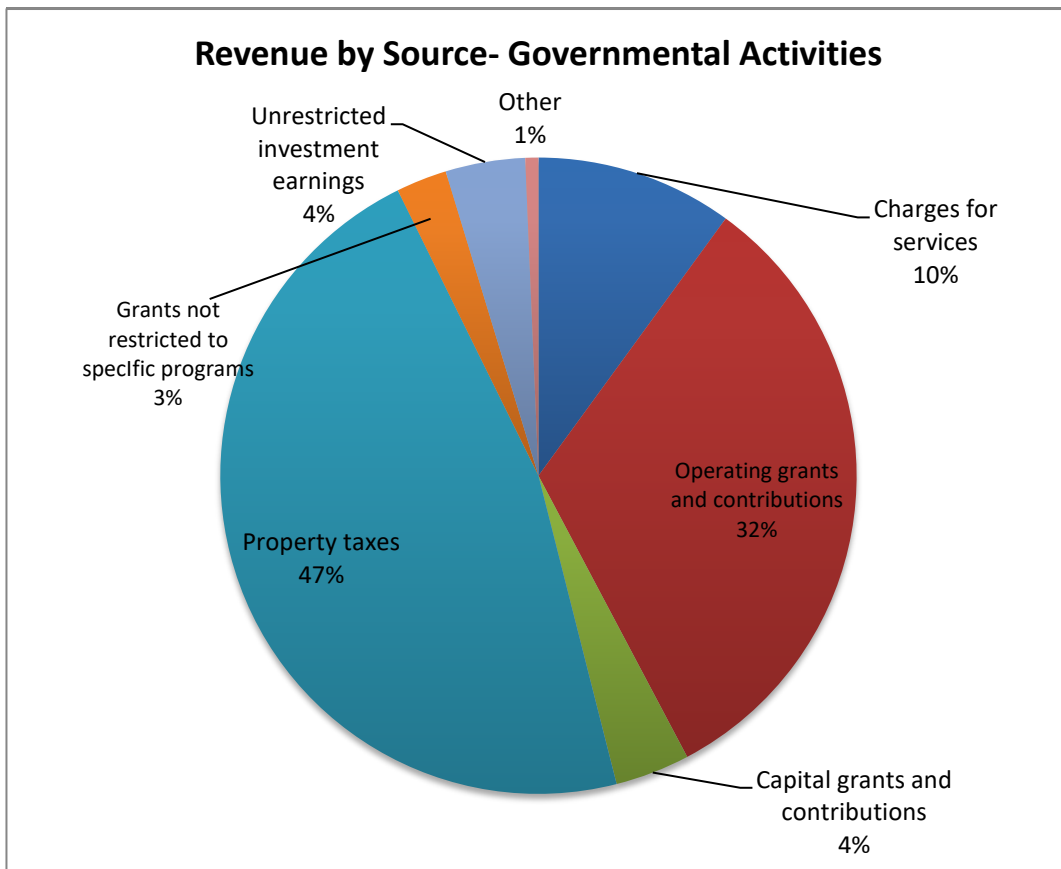
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 11,335	\$ 9,715	\$ 19,495	\$ 28,560	\$ 30,830	\$ 38,275
Operating grants and contributions	36,479	34,863	-	-	36,479	34,863
Capital grants and contributions	4,290	2,210	-	-	4,290	2,210
General Revenues:						
Property taxes	52,801	52,212	-	-	52,801	52,212
Grants not restricted to specific programs	2,919	2,900	-	-	2,919	2,900
Unrestricted investment earnings	4,578	4,871	26	20	4,604	4,890
Other	752	1,152	-	-	752	1,152
Special Item			-	5,745	-	5,745
Total revenues	113,154	107,923	19,521	34,325	132,675	142,247
Expenses:						
General government	14,511	12,631	-	-	14,511	12,631
Public safety	41,224	53,853	-	-	41,224	53,853
Health and social services	36,925	37,682	-	-	36,925	37,682
Education and recreation	6,142	5,608	-	-	6,142	5,608
Development	99,525	6,734	-	-	99,525	6,734
Highways and streets	5,988	6,392	-	-	5,988	6,392
Interest and fiscal charges	3,743	1,227	-	-	3,743	1,227
Healthcare Center	-	-	358	12,860	358	12,860
Reefpoint Marina	-	-	1,912	1,728	1,912	1,728
Behavioral Health Services	-	-	17,131	15,948	17,131	15,948
Pritchard Park	-	-	253	-	253	-
Golf Courses	-	-	364	220	364	220
Total expenses	208,058	124,127	20,019	30,756	228,077	154,883
Change in net position before transfers	(94,904)	(16,204)	(498)	3,569	(95,402)	(12,636)
Transfers	836	(147)	(836)	147	-	-
Change in net position	(94,068)	(16,352)	(1,334)	3,716	(95,402)	(12,636)
Beginning of year, original	(71,944)	59,842	14,641	10,925	(57,303)	70,768
Change in acting principle	-	(115,435)	-	-	-	(115,435)
Beginning of year, as restated	(71,944)	(55,592)	14,641	10,925	(57,303)	(44,667)
Net position (deficit) - ending	\$ (166,012)	\$ (71,944)	\$ 13,308	\$ 14,641	\$ (152,704)	\$ (57,303)

**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

Governmental Activities

Revenues for the County's governmental activities were \$113.2 million for fiscal year 2018, representing an increase of \$5.2 million over fiscal year 2017. This increase is due largely to changes in grants and programs within our Human Services and Health Services operations.

Sources of revenue for 2018 as a percentage of total revenues are shown below. Property taxes constitute the largest revenue source and remain consistent with the prior year.



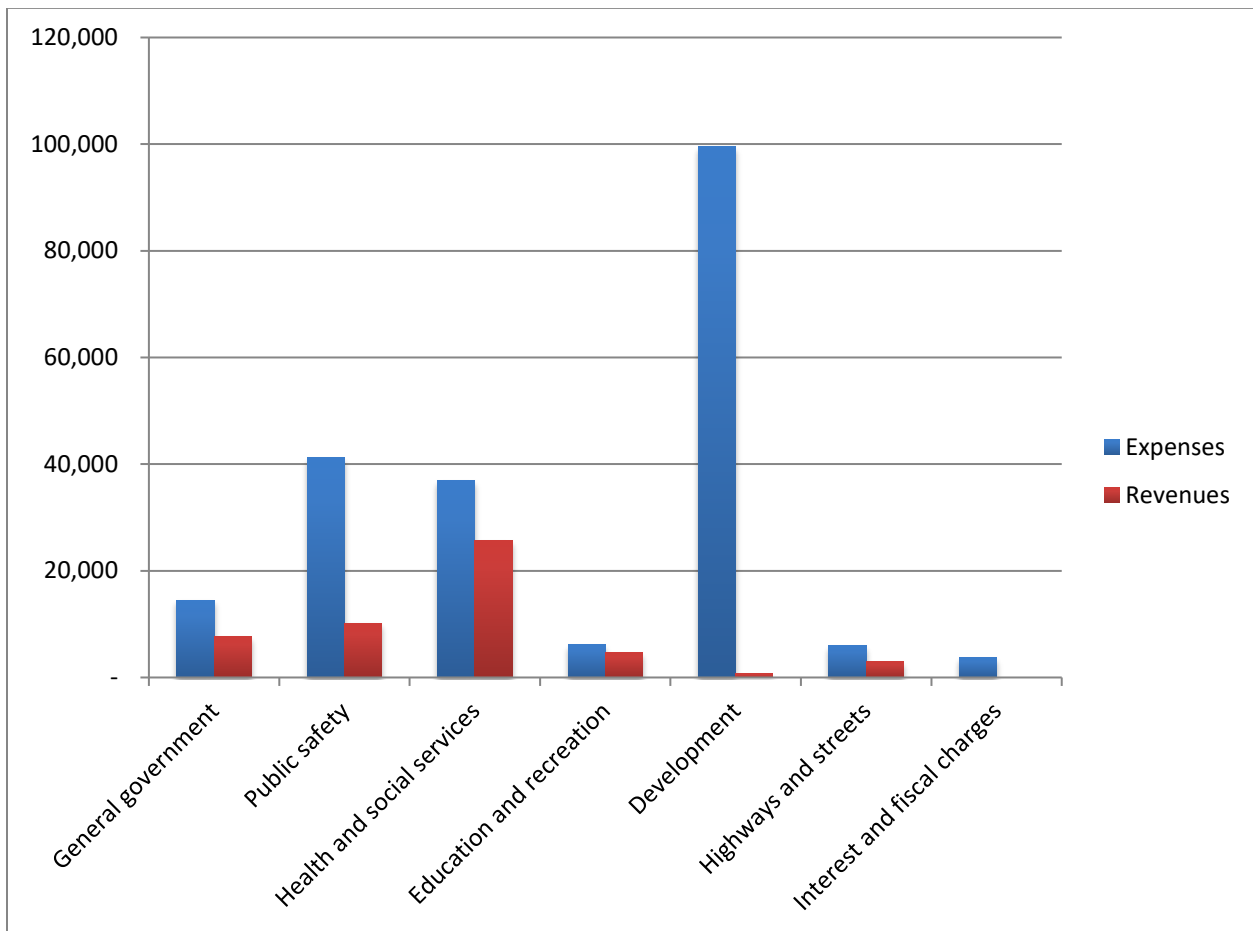
The County's expenses for governmental activities increased by \$83.9 million, or 67.6%. Most of the expense increase was due to spending on regional economic development, primarily related to Foxconn land acquisition and infrastructure costs.

**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

Governmental activities expenses exceeded program revenues by \$156.0 million. When general revenues (which include such items as property taxes, investment earnings, and grants and contributions not restricted to specific programs) are included, total expenses exceed revenues by \$94.1 million after transfers.

The following graph illustrates the expenses and program revenues, which does not include general revenues, for each area.

Expenses and Program Revenues – Governmental Activities



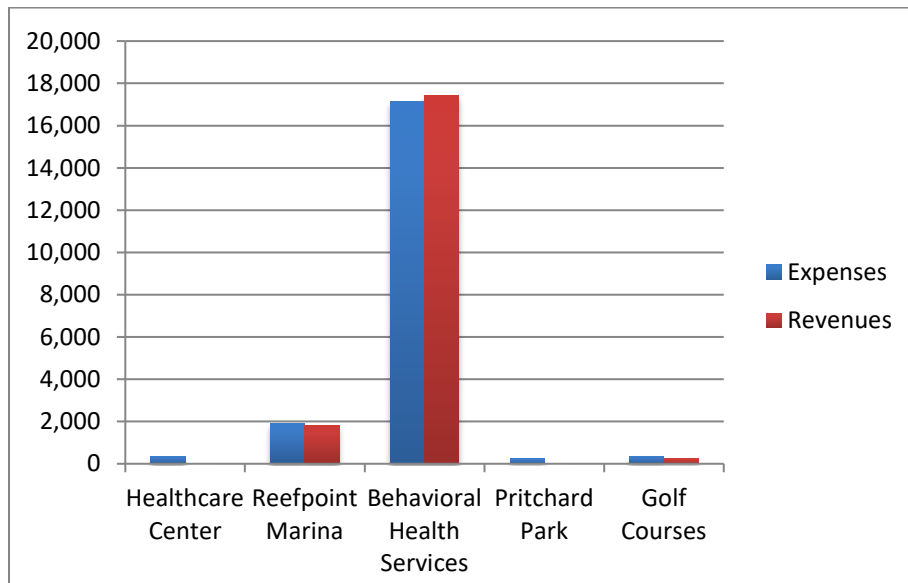
**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

Business-type Activities

Business-type activities (before transfers) decreased the County's net position by \$0.5 million, a \$4.1 million reduction compared to 2017. This was primarily driven by the one-time special item revenue reported in 2017 resulting from the gain on sale of the healthcare center. Overall, 2018 expenses decreased \$10.7 million from 2017, and 2018 revenues decreased \$14.8 million from 2017.

The following graph illustrates the expenses and program revenues, which does not include transfers, for each area.

Expenses and Program Revenues – Business-type Activities



**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Racine County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Racine County's governmental funds reported combined fund balances of \$110.3 million, a decrease of \$27.9 million from the prior year. Approximately 10.9% of this amount, \$12.0 million, is *unassigned fund balance*, which is available for spending at the governments' discretion. The remainder of fund balance is *nonspendable, restricted, committed* or *assigned* to indicate that it is not available for new spending because it has already been committed for inventory and prepaid items, non-current receivables, delinquent taxes, carryovers, endowment requirements, debt service or other purposes.

General fund. The General fund is the chief operating fund of the County. At year end, total fund balance of the General fund was \$50.5 million, of which 24%, or \$12.0 million, was unassigned. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers. Unassigned fund balance represents 15.3% of total General fund expenditures and transfers out, while total fund balance represents 64.2% of that same amount.

Fund balance of the County's General fund increased \$3.7 million from the prior year.

Human Services fund. The Human Services special revenue fund accounts for the revenue and expenditures associated with the Human Services Department. Human Services is the largest department within the County's government and receives a wide variety of intergovernmental revenues and a transfer of tax levy from the General Fund. The Human Services fund balance of \$2.7 million is mostly assigned for specific purposes (an immaterial amount is nonspendable for prepaid expenses or committed). Fund balance of the Human Services department decreased by \$2.1 million from the prior year due primarily to increased child welfare and juvenile justice expenses.

Capital Projects fund. The Capital Projects fund accounts for the revenue and expenditures associated with the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds. The Capital Projects fund balance of \$48.4 million is mostly restricted for economic development projects (Foxconn) or capital projects of the County. Fund balance decreased \$30.4 million from the prior year primarily due to spending of financed funds on the Foxconn project.

Proprietary funds. Racine County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

The unrestricted net positions of Ridgewood Healthcare Center, Behavioral Health Services, and Reefpoint Marina either decreased or remained the same versus the prior year. Ridgewood Healthcare Center's remaining fund balance was eliminated by transferring it to the General fund as a result of the sale of the Center. Behavioral Health Services remained constant at \$0.76 million, and Reefpoint Marina had a slight decrease in unrestricted net position by \$.084 million from the prior year.

Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original and the final amended budget resulted in a \$20.9 million increase in appropriations. Carryovers and encumbrances to the next fiscal year counted for nearly all of the increases.

Actual revenues of the general fund were \$1.8 million under the final amended budget due to shortfalls in intergovernmental revenues.

Actual expenditures of the general fund were \$14.7 million under the final amended budget. Carryovers and encumbrances to the next fiscal year accounted for nearly all of this favorable variance.

The General Fund budgetary comparison is presented on page 30 of this report.

Capital Asset and Debt Administration

Capital assets. Racine County's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounted to \$128.0 million (net of accumulated depreciation), an increase of \$3.4 million over the prior year. This investment in capital assets includes buildings, improvements, machinery and equipment, park facilities, roads, highways and bridges, and construction in progress.

RACINE COUNTY'S CAPITAL ASSETS

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 21,812	\$ 21,812	\$ 1,132	\$ 1,132	\$ 22,944	\$ 22,944
Construction in progress	3,107	5,393	167	-	3,274	5,393
Buildings	35,496	36,881	6,935	4,297	42,431	41,178
Improvements	11,058	11,709	6,227	1,966	17,285	13,675
Machinery and equipment	8,799	7,946	110	43	8,909	7,989
Infrastructure	33,127	33,401	-	-	33,127	33,401
Total	\$ 113,400	\$ 117,142	\$ 14,571	\$ 7,438	\$ 127,970	\$ 124,580

**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

Additional information on the County's capital assets can be found in Note III.D of this report.

Long-term debt. At the end of the current fiscal year, Racine County had \$207.3 million of general obligation debt outstanding. The County has a Aa2 rating from Moody's Investors Services on general obligation debt. Under current state statutes, the County's general obligation debt issues are subject to a legal limitation of 5% of the equalized value of taxable property in the County. As of December 31, 2018, the County's total amount applicable to the debt margin (outstanding notes less debt service fund balance) is \$202.9 million, which is significantly below the legal limit of \$768.7 million.

During the year, the County issued \$6.05 million of general obligation bonds to finance the cost of capital improvements within the County and \$.675 million in taxable general obligation bonds for economic development.

Also in 2018, the County issued \$68.0 million in Taxable Bond Anticipation Notes to finance additional land acquisition for the Village of Mount Pleasant TID 5 in relation to the Foxconn Technology Group manufacturing center development.

Additional information on the County's long-term debt can be found in Note III.F of this report.

Economic Factors

Current economic conditions have impacted communities throughout Wisconsin and the nation. Major revenue sources of the County continue to be affected by the lower than ideal economic growth, historically low interest rates, and the County's responsibility for the delinquent taxes of all municipalities within its borders.

The State of Wisconsin has imposed tax levy limits on Wisconsin counties. Racine County's operating and debt tax levy rates cannot exceed the limit unless the County meets one of the exceptions under the statute. The statute establishes specific penalties for failure to meet the levy rate freeze requirements including the reduction of state shared revenues and transportation aids. The County levies for handicapped education, libraries, and bridge aids, are exempt from the levy limit.

Next Year's Budget and Rates

The 2019 general county-wide levy, which covers operations and debt services, increased by \$1.5 million over 2018. Other tax levies of the County include bridge aids, library, and county schools. Total revenues and expenses for the next budget increased by \$5.0 million over the prior year.

**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2018**

Requests for Information

This financial report is designed to provide a general overview of Racine County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Racine County Finance Director, 730 Wisconsin Ave, Racine, WI 53403.

General information relating to Racine County, Wisconsin, can be found at the County's website, www.racinecounty.com.

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BASIC FINANCIAL STATEMENTS

COUNTY OF RACINE, WISCONSIN
STATEMENT OF NET POSITION
As of December 31, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 36,731,331	\$ 2,169,272	\$ 38,900,603
Receivables (net of allowance for uncollectibles)	92,257,007	3,543,527	95,800,534
Internal balances	1,582,025	(1,582,025)	-
Inventories	1,111,498	38,981	1,150,479
Prepaid items	1,775,463	15,402	1,790,865
Restricted assets			
Cash and investments	54,810,820	-	54,810,820
Net pension asset	9,286,682	303,119	9,589,801
Capital assets not being depreciated:			
Land	21,812,455	1,131,761	22,944,216
Construction in progress	3,107,073	166,880	3,273,953
Capital assets being depreciated, net	88,479,878	13,272,456	101,752,334
Total assets	<u>310,954,232</u>	<u>19,059,373</u>	<u>330,013,605</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges from debt refunding	854,012	-	854,012
Pension related amounts	16,733,372	589,961	17,323,333
OPEB related amounts	5,492,663	-	5,492,663
Total deferred outflows of resources	<u>23,080,047</u>	<u>589,961</u>	<u>23,670,008</u>
LIABILITIES			
Accounts payable and other current liabilities	8,579,793	1,376,142	9,955,935
Accrued interest payable	719,581	7,375	726,956
Grant and user fee advances	264,835	667,667	932,502
Noncurrent liabilities:			
Due within one year	10,378,417	240,000	10,618,417
Due in more than one year	377,687,822	3,408,124	381,095,946
Total liabilities	<u>397,630,448</u>	<u>5,699,308</u>	<u>403,329,756</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for future periods	54,451,396	-	54,451,396
Pension related amounts	18,263,940	642,298	18,906,238
OPEB related amounts	29,700,777	-	29,700,777
Total deferred inflows of resources	<u>102,416,113</u>	<u>642,298</u>	<u>103,058,411</u>
NET POSITION			
Net investment in capital assets	71,421,109	10,922,973	82,344,082
Restricted for:			
Recreational land acquisition	315,925	-	315,925
Expendable endowments	162,868	-	162,868
Nonexpendable endowments	264,246	-	264,246
Capital projects	2,059,810	-	2,059,810
Economic development	45,151,282	-	45,151,282
Debt Service	3,703,661	-	3,703,661
Pensions	9,286,682	303,119	9,589,801
Unrestricted (deficit)	(298,377,865)	2,081,636	(296,296,229)
Total net position (deficit)	<u>\$ (166,012,282)</u>	<u>\$ 13,307,728</u>	<u>\$ (152,704,554)</u>

The accompanying notes are an integral part of this statement.

COUNTY OF RACINE, WISCONSIN
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Operating		Capital	Governmental Activities	Business-type Activities	Total
		Charges for Services	Grants and Contributions	Grants and Contributions			
Governmental activities:							
General government	\$ 14,511,152	\$ 4,674,757	\$ 3,088,801	\$ -	\$ (6,747,594)	\$ -	\$ (6,747,594)
Public safety	41,224,061	3,292,389	6,888,270	-	(31,043,402)	-	(31,043,402)
Health and social services	36,925,247	2,664,070	23,038,588	-	(11,222,589)	-	(11,222,589)
Education and recreation	6,142,042	376,197	60,444	4,290,000	(1,415,401)	-	(1,415,401)
Development	99,524,979	327,741	354,128	-	(98,843,110)	-	(98,843,110)
Highways and streets	5,988,191	53	3,048,370	-	(2,939,768)	-	(2,939,768)
Interest and fiscal charges	3,742,597	-	-	-	(3,742,597)	-	(3,742,597)
Total governmental activities	<u>208,058,269</u>	<u>11,335,207</u>	<u>36,478,601</u>	<u>4,290,000</u>	<u>(155,954,461)</u>	<u>-</u>	<u>(155,954,461)</u>
Business-type activities:							
Healthcare Center	358,473	-	-	-	-	(358,473)	(358,473)
Reefpoint Marina	1,911,897	1,828,318	-	-	-	(83,579)	(83,579)
Behavioral Health Services	17,131,365	17,414,474	-	-	-	283,109	283,109
Pritchard Park	253,124	88	-	-	-	(253,036)	(253,036)
Golf Courses	363,916	252,047	-	-	-	(111,869)	(111,869)
Total business-type activities	<u>20,018,775</u>	<u>19,494,927</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(523,848)</u>	<u>(523,848)</u>
Total	<u>\$ 228,077,044</u>	<u>\$ 30,830,134</u>	<u>\$ 36,478,601</u>	<u>\$ 4,290,000</u>	<u>(155,954,461)</u>	<u>(523,848)</u>	<u>(156,478,309)</u>
General Revenues:							
Property taxes for general purposes					45,791,008	-	45,791,008
Property taxes for debt service					7,009,988	-	7,009,988
Other taxes					465	-	465
Grants not restricted to specific programs					2,919,130	-	2,919,130
Unrestricted investment earnings					4,578,269	26,058	4,604,327
Other					751,587	-	751,587
Transfers					835,936	(835,936)	-
Total general revenues and transfers					<u>61,886,383</u>	<u>(809,878)</u>	<u>61,076,505</u>
Change in net position					(94,068,078)	(1,333,726)	(95,401,804)
NET POSITION (DEFICIT)							
Beginning of year					<u>(71,944,204)</u>	<u>14,641,454</u>	<u>(57,302,750)</u>
End of year					<u>\$ (166,012,282)</u>	<u>\$ 13,307,728</u>	<u>\$(152,704,554)</u>

The accompanying notes are an integral part of this statement.

COUNTY OF RACINE, WISCONSIN
BALANCE SHEET - GOVERNMENTAL FUNDS
As of December 31, 2018

	<u>General</u>	<u>Human Services Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 36,729,691	\$ 940	\$ -	\$ -	\$ 36,730,631
Receivables:					
Property taxes	46,635,272	-	-	7,816,124	54,451,396
Delinquent property taxes (net of uncollectibles of \$313,819)	17,198,536	-	-	-	17,198,536
Loans (net of uncollectibles of \$4,650,000)	1,888,585	-	-	-	1,888,585
Due from other governments	2,014,625	3,196,903	-	176,570	5,388,098
Notes	1,000,000	-	-	-	1,000,000
Interest and penalties	9,588,498	-	-	-	9,588,498
Accounts	1,455,694	365,113	12,140	1,750	1,834,697
Due from other funds	-	701,331	-	4,169,463	4,870,794
Inventories	37,655	-	-	-	37,655
Prepaid items	1,760,876	4,089	-	-	1,764,965
Restricted cash and investments	318,549	-	49,834,361	4,657,910	54,810,820
Total assets	<u>\$ 118,627,981</u>	<u>\$ 4,268,376</u>	<u>\$49,846,501</u>	<u>\$ 16,821,817</u>	<u>\$ 189,564,675</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,163,890	\$ 1,434,032	\$ 286,543	\$ 257,452	\$ 4,141,917
Accrued liabilities	3,784,778	-	-	-	3,784,778
Due to other funds	4,016,441	-	1,158,043	-	5,174,484
Grant and user fee advances	75,181	96,619	-	-	171,800
Total liabilities	<u>10,040,290</u>	<u>1,530,651</u>	<u>1,444,586</u>	<u>257,452</u>	<u>13,272,979</u>
Deferred Inflows of Resources					
Unavailable revenues	11,494,361	-	-	90,000	11,584,361
Property taxes levied for future periods	46,635,272	-	-	7,816,124	54,451,396
Total deferred inflows of resources	<u>58,129,633</u>	<u>-</u>	<u>-</u>	<u>7,906,124</u>	<u>66,035,757</u>
Fund Balances					
Nonspendable	18,960,863	4,089	-	264,246	19,229,198
Restricted for					
Recreational land acquisition	315,925	-	-	-	315,925
Capital projects	-	-	2,059,810	-	2,059,810
Economic development	-	-	45,151,282	-	45,151,282
Debt service	-	-	-	4,423,242	4,423,242
Endowments	-	-	-	162,868	162,868
Committed	19,144,099	38,896	1,190,823	2,293,176	22,666,994
Assigned	-	2,694,740	-	1,514,709	4,209,449
Unassigned	12,037,171	-	-	-	12,037,171
Total fund balances	<u>50,458,058</u>	<u>2,737,725</u>	<u>48,401,915</u>	<u>8,658,241</u>	<u>110,255,939</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 118,627,981</u>	<u>\$ 4,268,376</u>	<u>\$49,846,501</u>	<u>\$ 16,821,817</u>	<u>\$ 189,564,675</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
As of December 31, 2018**

Fund balances of governmental funds	\$ 110,255,939
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Land	21,812,455
Construction in progress	3,107,073
Capital assets being depreciated, net	88,479,878
Less: Internal service fund capital assets, net of depreciation	(9,183,629)
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	
	11,584,361
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds:	
General obligation debt	(203,675,000)
Unamortized premium on long-term debt	(1,189,329)
Compensated absences	(4,099,607)
Claims and judgments	(2,238,828)
Total OPEB liability	(176,863,475)
Accrued interest on long-term debt	(719,581)
Less: Internal service fund long-term debt	47,983
A deferred charge on refunding represents a consumption of net position that applies to a future period and, therefore, is not reported in the funds.	
	854,012
Certain amounts, less amounts reported in the internal service funds, do not related to current financial resources and are not reported in the governmental funds.	
Net pension asset	8,556,685
Deferred outflows of resources	
Pensions	15,440,833
OPEB	5,492,663
Deferred inflows of resources	
Pensions	(16,790,921)
OPEB	(29,700,777)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal services funds are in governmental activities.	
	12,816,983
Net position of governmental activities	\$ (166,012,282)

The accompanying notes are an integral part of the financial statements.

COUNTY OF RACINE, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	<u>General</u>	<u>Human Services Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 45,092,350	\$ -	\$ -	\$ 7,848,133	\$ 52,940,483
Intergovernmental	16,406,423	20,062,379	-	3,717,001	40,185,803
Fines and fees	8,675,664	2,631,442	-	-	11,307,106
Investment income	4,019,060	-	649,524	5,616	4,674,200
Miscellaneous	609,811	10,555	4,452,036	32,340	5,104,742
Total revenues	<u>74,803,308</u>	<u>22,704,376</u>	<u>5,101,560</u>	<u>11,603,090</u>	<u>114,212,334</u>
EXPENDITURES					
Current:					
General government	17,986,621	-	-	-	17,986,621
Public safety	39,488,611	-	-	-	39,488,611
Health and social services	4,993,324	30,320,320	-	-	35,313,644
Education and recreation	5,216,955	-	-	653,301	5,870,256
Development	2,857,547	-	-	-	2,857,547
Highways and streets	761,433	-	-	4,214,413	4,975,846
Capital outlay	-	-	105,050,919	1,823,390	106,874,309
Debt service:					
Principal retirement	-	-	-	6,870,358	6,870,358
Interest and fiscal charges	-	-	49,550	4,274,868	4,324,418
Total expenditures	<u>71,304,491</u>	<u>30,320,320</u>	<u>105,100,469</u>	<u>17,836,330</u>	<u>224,561,610</u>
Excess (deficiency) of revenues over expenditures	<u>3,498,817</u>	<u>(7,615,944)</u>	<u>(99,998,909)</u>	<u>(6,233,240)</u>	<u>(110,349,276)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	7,421,745	5,492,355	2,016,775	4,031,793	18,962,668
Transfers out	(7,234,591)	-	(3,796,579)	(11,074)	(11,042,244)
Issuance of general obligation debt	-	-	71,608,239	3,116,761	74,725,000
Proceeds from the sale of capital assets	4,630	-	-	-	4,630
Net premium (discount) on issuance of debt	-	-	(195,160)	-	(195,160)
Total other financing sources (uses)	<u>191,784</u>	<u>5,492,355</u>	<u>69,633,275</u>	<u>7,137,480</u>	<u>82,454,894</u>
Net change in fund balances	3,690,601	(2,123,589)	(30,365,634)	904,240	(27,894,382)
FUND BALANCES					
Beginning of year	<u>46,767,457</u>	<u>4,861,314</u>	<u>78,767,549</u>	<u>7,754,001</u>	<u>138,150,321</u>
End of year	<u>\$ 50,458,058</u>	<u>\$ 2,737,725</u>	<u>\$ 48,401,915</u>	<u>\$ 8,658,241</u>	<u>\$ 110,255,939</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN
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, 2018**

Net change in fund balances - total governmental funds	\$ (27,894,382)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	106,874,309
Some items reported as current expenditures in the funds were not capitalized	(105,114,899)
Depreciation is reported in the government-wide financial statements	(5,451,686)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position	(298,731)
The change in net position of the internal service funds is reported with governmental activities.	150,258
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements.	(234,953)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position.	
Debt issued	(74,725,000)
Principal repaid	6,870,358
Governmental funds report debt premiums and discounts as other financing sources (uses). However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and is reported as interest expense.	
Net debt premiums and discounts	195,160
Net amortization of debt premiums and discounts	77,696
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Accrued interest on long-term debt	(167,022)
Amortization of deferred loss on refunding	(154,709)
Compensated absences	(307,621)
Claims and judgments	288,565
Net pension asset and related deferrals	(1,089,446)
Total OPEB liability and related deferrals	<u>6,914,025</u>
Changes in net position of the governmental activities	<u>\$ (94,068,078)</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2018**

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes	\$ 45,091,885	\$ 45,092,350	\$ 45,092,350	\$ -
Intergovernmental	15,404,385	18,252,386	16,406,423	(1,845,963)
Fines and fees	8,100,871	8,644,350	8,675,664	31,314
Investment income	3,264,000	4,019,059	4,019,060	1
Miscellaneous	62,400	609,808	609,811	3
Total revenues	<u>71,923,541</u>	<u>76,617,953</u>	<u>74,803,308</u>	<u>(1,814,645)</u>
EXPENDITURES				
Current:				
General government	13,957,467	29,521,131	17,986,621	11,534,510
Public safety	37,602,494	40,834,025	39,488,611	1,345,414
Health and social services	5,665,721	5,103,721	4,993,324	110,397
Education and recreation	4,803,781	6,039,673	5,216,955	822,718
Development	2,359,007	3,683,379	2,857,547	825,832
Highways and streets	641,335	814,108	761,433	52,675
Total expenditures	<u>65,029,805</u>	<u>85,996,037</u>	<u>71,304,491</u>	<u>14,691,546</u>
Excess (deficiency) of revenues over expenditures	<u>6,893,736</u>	<u>(9,378,084)</u>	<u>3,498,817</u>	<u>12,876,901</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	398,516	1,048,516	7,421,745	6,373,229
Transfers out	(7,292,252)	(7,598,782)	(7,234,591)	364,191
Proceeds from the sale of capital assets	-	4,630	4,630	-
Total other financing sources (uses)	<u>(6,893,736)</u>	<u>(6,545,636)</u>	<u>191,784</u>	<u>6,737,420</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (15,923,720)</u>	3,690,601	<u>\$ 19,614,321</u>
FUND BALANCES				
Beginning of year			<u>46,767,457</u>	
End of year			<u>\$ 50,458,058</u>	

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN
HUMAN SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2018**

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	20,474,347	19,410,907	\$ 20,062,379	\$ 651,472
Fines and fees	1,216,299	2,426,732	2,631,442	204,710
Miscellaneous	-	2,100,857	10,555	(2,090,302)
Total revenues	<u>21,690,646</u>	<u>23,938,496</u>	<u>22,704,376</u>	<u>(1,234,120)</u>
EXPENDITURES				
Current:				
Health and social services	<u>28,737,165</u>	<u>29,464,134</u>	<u>30,320,320</u>	<u>(856,186)</u>
Total expenditures	<u>28,737,165</u>	<u>29,464,134</u>	<u>30,320,320</u>	<u>(856,186)</u>
Excess (deficiency) of revenues over expenditures	<u>(7,046,519)</u>	<u>(5,525,638)</u>	<u>(7,615,944)</u>	<u>(2,090,306)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>5,012,217</u>	<u>5,492,355</u>	<u>5,492,355</u>	<u>-</u>
Net change in fund balances	<u>\$ (2,034,302)</u>	<u>\$ (33,283)</u>	<u>(2,123,589)</u>	<u>\$ (2,090,306)</u>
FUND BALANCES				
Beginning of year			<u>4,861,314</u>	
End of year			<u>\$ 2,737,725</u>	

The accompanying notes are an integral part of this statement.

COUNTY OF RACINE, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Ridgewood Healthcare Center	Reefpoint Marina	Behavioral Health Services	Pritchard Park	Golf Courses (Nonmajor)	Totals	Internal Service Funds
ASSETS							
Current assets							
Cash and investments	\$ -	\$ 497,602	\$ 600	\$ -	\$ 1,671,070	\$ 2,169,272	\$ 700
Receivables (net of allowance for uncollectibles)	-	2,901	78,699	4,147	1,597	87,344	70,279
Due from other governments	-	-	3,456,183	-	-	3,456,183	836,918
Due from other funds	-	274,369	-	73,146	-	347,515	3,346,344
Inventories	-	38,981	-	-	-	38,981	1,073,843
Prepaid items	-	8,405	6,802	195	-	15,402	10,498
Total current assets	<u>-</u>	<u>822,258</u>	<u>3,542,284</u>	<u>77,488</u>	<u>1,672,667</u>	<u>6,114,697</u>	<u>5,338,582</u>
Noncurrent assets							
Restricted assets:							
Net pension asset	-	-	303,119	-	-	303,119	729,997
Capital assets not being depreciated:							
Land	-	-	-	-	1,131,761	1,131,761	-
Construction in progress	-	70,700	-	86,000	10,180	166,880	227,740
Capital assets being depreciated:							
Buildings	-	3,891,734	-	2,809,490	1,867,542	8,568,766	6,778,439
Improvements other than buildings	-	1,175,910	-	4,575,599	4,155,494	9,907,003	1,935,226
Machinery and equipment	-	207,910	22,775	67,260	-	297,945	12,821,665
Less: accumulated depreciation	-	(1,214,769)	(759)	(210,821)	(4,074,909)	(5,501,258)	(12,579,441)
Total capital assets	<u>-</u>	<u>4,131,485</u>	<u>22,016</u>	<u>7,327,528</u>	<u>3,090,068</u>	<u>14,571,097</u>	<u>9,183,629</u>
Total noncurrent assets	<u>-</u>	<u>4,131,485</u>	<u>325,135</u>	<u>7,327,528</u>	<u>3,090,068</u>	<u>14,874,216</u>	<u>9,913,626</u>
Total assets	<u>-</u>	<u>4,953,743</u>	<u>3,867,419</u>	<u>7,405,016</u>	<u>4,762,735</u>	<u>20,988,913</u>	<u>15,252,208</u>
DEFERRED OUTFLOWS							
Pension related amounts	-	-	589,961	-	-	589,961	1,292,539
LIABILITIES							
Current liabilities							
Accounts payable and other current liabilities	-	165,062	1,181,377	19,703	10,000	1,376,142	653,098
Accrued interest payable	-	7,375	-	-	-	7,375	-
Due to other funds	-	-	1,872,997	-	56,543	1,929,540	1,460,629
Grant and user fee advances	-	667,667	-	-	-	667,667	-
Unearned revenue	-	-	-	-	-	-	93,035
Current maturities on long-term debt	-	240,000	-	-	-	240,000	9,815
Total current liabilities	<u>-</u>	<u>1,080,104</u>	<u>3,054,374</u>	<u>19,703</u>	<u>66,543</u>	<u>4,220,724</u>	<u>2,216,577</u>
Noncurrent liabilities							
Long-term debt	-	3,408,124	-	-	-	3,408,124	38,168
Total liabilities	<u>-</u>	<u>4,488,228</u>	<u>3,054,374</u>	<u>19,703</u>	<u>66,543</u>	<u>7,628,848</u>	<u>2,254,745</u>
DEFERRED INFLOWS							
Pension related amounts	-	-	642,298	-	-	642,298	1,473,019
NET POSITION							
Net investment in capital assets	-	483,361	22,016	7,327,528	3,090,068	10,922,973	9,135,646
Restricted for pensions	-	-	303,119	-	-	303,119	729,997
Unrestricted (deficit)	-	(17,846)	435,573	57,785	1,606,124	2,081,636	2,951,340
Total net position	<u>\$ -</u>	<u>\$ 465,515</u>	<u>\$ 760,708</u>	<u>\$ 7,385,313</u>	<u>\$ 4,696,192</u>	<u>\$ 13,307,728</u>	<u>\$ 12,816,983</u>

The accompanying notes are an integral part of this statement.

COUNTY OF RACINE, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds					Totals	Governmental Activities
	Ridgewood Healthcare Center	Reefpoint Marina	Behavioral Health Services	Pritchard Park	Golf Courses (Nonmajor)		Internal Service Funds
OPERATING REVENUES							
Charges for services	-	1,696,762	17,373,146	-	247,803	\$ 19,317,711	\$ -
Highway charges and fees	-	-	-	-	-	-	14,943,774
Other	-	131,556	41,328	88	4,244	177,216	60,310
Total operating revenues	<u>-</u>	<u>1,828,318</u>	<u>17,414,474</u>	<u>88</u>	<u>252,047</u>	<u>19,494,927</u>	<u>15,004,084</u>
OPERATING EXPENSES							
Operations and maintenance	-	1,642,148	17,130,606	42,303	177,452	18,992,509	-
Administration	358,473	-	-	-	-	358,473	-
Highway maintenance	-	-	-	-	-	-	14,484,297
Depreciation	-	178,953	759	210,821	186,464	576,997	791,952
Total operating expenses	<u>358,473</u>	<u>1,821,101</u>	<u>17,131,365</u>	<u>253,124</u>	<u>363,916</u>	<u>19,927,979</u>	<u>15,276,249</u>
Operating income (loss)	<u>(358,473)</u>	<u>7,217</u>	<u>283,109</u>	<u>(253,036)</u>	<u>(111,869)</u>	<u>(433,052)</u>	<u>(272,165)</u>
NONOPERATING REVENUES (EXPENSE)							
Interest income	-	-	-	-	26,058	26,058	-
Interest expense	-	(90,796)	-	-	-	(90,796)	(1,356)
Loss on disposal of capital assets	-	-	-	-	-	-	(30,082)
Total nonoperating revenues (expense)	<u>-</u>	<u>(90,796)</u>	<u>-</u>	<u>-</u>	<u>26,058</u>	<u>(64,738)</u>	<u>(31,438)</u>
Income (loss) before transfers	<u>(358,473)</u>	<u>(83,579)</u>	<u>283,109</u>	<u>(253,036)</u>	<u>(85,811)</u>	<u>(497,790)</u>	<u>(303,603)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS							
Contributed capital	-	-	-	7,538,349	-	7,538,349	-
Transfers in	-	-	197,029	100,000	-	297,029	1,228,446
Transfers out	(8,191,176)	-	(480,138)	-	-	(8,671,314)	(774,585)
Total capital contributions and transfers	<u>(8,191,176)</u>	<u>-</u>	<u>(283,109)</u>	<u>7,638,349</u>	<u>-</u>	<u>(835,936)</u>	<u>453,861</u>
Change in net position	<u>(8,549,649)</u>	<u>(83,579)</u>	<u>-</u>	<u>7,385,313</u>	<u>(85,811)</u>	<u>(1,333,726)</u>	<u>150,258</u>
NET POSITION							
Beginning of year	<u>8,549,649</u>	<u>549,094</u>	<u>760,708</u>	<u>-</u>	<u>4,782,003</u>	<u>14,641,454</u>	<u>12,666,725</u>
End of year	<u>\$ -</u>	<u>\$ 465,515</u>	<u>\$ 760,708</u>	<u>\$ 7,385,313</u>	<u>\$ 4,696,192</u>	<u>\$ 13,307,728</u>	<u>\$ 12,816,983</u>

The accompanying notes are an integral part of this statement.

COUNTY OF RACINE, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Ridgewood Healthcare Center	Reefpoint Marina	Behavioral Health Services	Pritchard Park	Golf Courses (Nonmajor)	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Received from customers and users	\$ 141,960	\$ 1,511,019	\$ 17,384,158	\$ -	\$ 747,498	\$ 19,784,635	\$ 7,552,196
Received from interfund services provided	-	-	-	-	-	-	7,073,456
Paid to suppliers	(146,064)	(1,594,376)	(14,248,726)	(22,795)	(214,711)	(16,226,672)	(10,726,292)
Paid to employees	-	-	(2,829,548)	-	-	(2,829,548)	(3,271,529)
Net cash from operating activities	<u>(4,104)</u>	<u>(83,357)</u>	<u>305,884</u>	<u>(22,795)</u>	<u>532,787</u>	<u>728,415</u>	<u>627,831</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Interest income	-	-	-	-	26,058	26,058	-
Transfers in	-	-	197,029	22,795	-	219,824	1,228,446
Transfers out	-	-	(480,138)	-	-	(480,138)	(774,585)
Net cash from noncapital financing activities	<u>-</u>	<u>-</u>	<u>(283,109)</u>	<u>22,795</u>	<u>26,058</u>	<u>(234,256)</u>	<u>453,861</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of capital assets	-	(56,401)	(22,775)	-	(35,738)	(114,914)	(1,070,694)
Principal paid on capital debt	-	(235,000)	-	-	-	(235,000)	(9,642)
Interest paid on capital debt	-	(91,838)	-	-	-	(91,838)	(1,356)
Net cash from capital and related financing activities	<u>-</u>	<u>(383,239)</u>	<u>(22,775)</u>	<u>-</u>	<u>(35,738)</u>	<u>(441,752)</u>	<u>(1,081,692)</u>
Net increase (decrease) in cash and cash equivalents	(4,104)	(466,596)	-	-	523,107	52,407	-
CASH AND CASH EQUIVALENTS							
Beginning of year	<u>4,104</u>	<u>964,198</u>	<u>600</u>	<u>-</u>	<u>1,147,963</u>	<u>2,116,865</u>	<u>700</u>
End of year	<u>\$ -</u>	<u>\$ 497,602</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 1,671,070</u>	<u>\$ 2,169,272</u>	<u>\$ 700</u>

The accompanying notes are an integral part of this statement.

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Ridgewood Healthcare Center	Reefpoint Marina	Behavioral Health Services	Pritchard Park	Golf Courses (Nonmajor)	Totals	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES							
Operating income (loss)	\$ (358,473)	\$ 7,217	\$ 283,109	\$ (253,036)	\$ (111,869)	\$ (433,052)	\$ (272,165)
Adjustments to reconcile to net cash from operating activities:							
Depreciation	-	178,953	759	210,821	186,464	576,997	791,952
Bad debt expense	526,316	-	-	-	-	526,316	-
Changes in assets, deferred outflows, liabilities and deferred inflows:							
Receivables	114,781	13,538	325,264	(4,147)	-	449,436	(24,596)
Due from other governments	-	-	(355,580)	-	-	(355,580)	(81,082)
Due from other funds	-	(274,369)	-	4,059	495,451	225,141	(287,792)
Inventories	-	7,384	-	-	-	7,384	(48,725)
Prepaid items	-	10,344	(2,834)	(195)	-	7,315	17,622
Accounts payable and other current liabilities	(10,238)	32,177	(76,918)	19,703	(37,259)	(72,535)	29,476
Due to other funds	(2,247)	(2,133)	150,270	-	-	145,890	420,529
Grant and user fee advances	(274,243)	(56,468)	-	-	-	(330,711)	15,038
Pension related asset and deferrals	-	-	(18,186)	-	-	(18,186)	105,283
Other liabilities	-	-	-	-	-	-	(37,709)
Net cash from operating activities	<u>\$ (4,104)</u>	<u>\$ (83,357)</u>	<u>\$ 305,884</u>	<u>\$ (22,795)</u>	<u>\$ 532,787</u>	<u>\$ 728,415</u>	<u>\$ 627,831</u>
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Transfers to other funds	\$ 8,191,176	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributed capital assets from governmental activities	\$ -	\$ -	\$ -	\$ 7,538,349	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

COUNTY OF RACINE, WISCONSIN
STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUNDS
As of December 31, 2018

	Total Agency Funds
ASSETS	
Cash and cash equivalents	\$ 5,088,682
Receivables:	
Delinquent property taxes	<u>1,105,420</u>
Total assets	<u><u>\$ 6,194,102</u></u>
LIABILITIES	
Accounts payable	\$ 108,650
Agency deposits	<u>6,085,452</u>
Total liabilities	<u><u>\$ 6,194,102</u></u>

The accompanying notes are an integral part of this statement.

COUNTY OF RACINE, WISCONSIN

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COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of County of Racine (County), Wisconsin have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described in these notes to the financial statements.

A. Reporting Entity

The County is a municipal corporation under the laws of the State of Wisconsin and is governed by an elected County Executive and twenty-three elected Supervisors. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units that have a significant operational or financial relationship with the County. The County has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statements No. 14, as amended by GASB Statement No. 61, and No. 39.

Related Organization

The Housing Authority of Racine County ("Housing Authority") is responsible for providing affordable housing to low to moderate income families in Racine County. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by and responsible to the County Executive. The County cannot impose its will on the Housing Authority, and the Housing Authority cannot create a potential financial benefit to or burden on the County. Separately issued financial statements of the Housing Authority may be obtained from the Housing Authority's office, 837 Main Street, Racine, WI 53403.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

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

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

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

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (continued)

The County reports the following major governmental funds:

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

Human Services Special Revenue Fund - accounts for the financial activities of the Human Services Department for Racine County taxpayers. Operations of the fund are primarily funded from federal and state grants.

Capital Projects Fund - accounts for and reports financial resources to be used for the acquisition or construction of equipment and/or major capital assets that are not financed by proprietary funds.

The County reports the following major enterprise funds:

Ridgewood Healthcare Center Fund - accounts for the activities of the County’s nursing home operations.

Reefpoint Marina – accounts for the activities of the County-owned marina.

Behavioral Health Services – accounts for the activities of the behavioral health clinic.

Pritchard Park – accounts for the activities of the County’s aquatic center.

The County reports the following nonmajor funds:

Special Revenue Funds - account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects). The County reports the following special revenue funds:

- Road Maintenance
- County Handicapped Education
- County Bridge Aids

Debt Service Fund - accounts for the resources accumulated and payments made for principal and interest on general obligation long-term debt.

Permanent Fund - report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the County’s programs, that is, for the benefit of the County or its citizenry.

Enterprise Fund – may be used to report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

- Golf Courses

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) B. Government-wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

Additionally, the County reports the following fund types:

Internal Service Funds account for fringe benefit, highway operations and fleet management services provided to other departments of the County, or to other governments, on a cost-reimbursement basis.

Agency Funds are used to account for taxes and deposits collected by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's business-type activities and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, with the exception of revenues related to property taxes which are considered to be available if they are collected within 60 days of the end of the current fiscal period and Human Services Department grants which are considered to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, including other postemployment benefits, and claims and judgments, are recorded only when payment is due.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

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

Intergovernmental aids and grants are recognized as revenues in the period the County is entitled the resources and the amounts are available. Amounts owed to the County which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from non-operating 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 enterprise and internal service funds are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity

1. Cash and investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash deposits are carried at cost. Investments are stated at fair value based on methods and inputs as outlined in Note III.A. 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 municipal accounting funds is allocated based on average balances.

State statutes restrict investment of County funds. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. 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.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The State of Wisconsin Local Government Investment Pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

County ordinances further limit investments to obligations which mature in not more than 182 days, in any bank, trust company or savings and loan association which is authorized to conduct business in Wisconsin and, with prior County Finance Committee approval, any investment permissible under Wisconsin Statutes.

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 Statutes 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, 2018 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 III.A for further information.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

2. Receivables

A majority of accounts receivables are recorded at gross with uncollectible amounts recognized under the direct write-off method, since it is believed that the amount of such allowances would not be material. For accounts receivables that expect to have material uncollectible amounts, these balances have been shown net of these allowances.

Property taxes are levied in November (for the County the levy date is the second Tuesday of November) and are due in the year subsequent to the levy. In all taxation districts, except the City of Racine, Wisconsin, real property taxes must either be paid in full by January 31 to the taxation district treasurer, or paid in two or more installments with the first installment paid by January 31 and the balance due by July 31. Amounts paid after January 31 are paid to the County Treasurer. On or about February 20, all tax rolls are turned over to the County Treasurer who then continues to collect all delinquent and postponed taxes. The City of Racine, Wisconsin collects property taxes through July 31 at which time the County Treasurer makes all subsequent collections. Personal property taxes, special assessments, special charges and special taxes must be paid in full by January 31.

On or before January 15 and February 20, the taxation district treasurer settles with other taxing districts for all collections through the preceding month. On or before August 20, the County Treasurer must settle in full with the underlying taxing jurisdictions for all real estate and special taxes (except special assessments). The County may then recover any tax delinquencies by enforcing the lien on the property (which commences on September 1) and retain any penalties or interest on the delinquencies for which it has settled.

Collection of delinquent personal property taxes is the duty of the taxation district treasurer. However, if they remain uncollected after one year, each taxing district may be billed their proportionate amount.

All property tax receivables are shown net of an allowance for uncollectible items. Wisconsin cities, villages, and towns (taxation districts) are charged with the responsibility of assessing taxable property, collecting taxes, and making distribution to the state, county, school districts, and other taxing jurisdictions. Property of manufacturing establishments and utilities is assessed by the State Department of Revenue. All assessments are made as of January 1.

3. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to/from other funds" on the balance sheet. Noncurrent portions of the interfund receivables described as "advances to/from" governmental funds are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation. There are no advances at December 31, 2018.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances."

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

4. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

5. Restricted assets

Certain investments of the Ridgewood Healthcare Center Enterprise Fund are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited for the benefit of residents. Restricted assets of the permanent fund include the Bushnell endowment and related income which is restricted for use in Bushnell Park. Restricted assets of the General Fund are for the purchase of park lands on the open-space plan.

6. Capital assets

Government-wide financial statements

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., roads, bridges, dams and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets other than infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. In addition, the Ridgewood Healthcare Center will follow Medicare guidelines and include capital assets with a value greater than \$1,000. The Public Works department will follow the governmental funds threshold but will also include all state-classified equipment regardless of the value. Additionally, the County reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add value or materially extend asset lives are not capitalized. Donated capital assets are valued at the estimated acquisition value of the item at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects as constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No net interest was capitalized during the current year.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

6. Capital assets (continued)

Government-wide financial statements (continued)

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building and other improvements	20
Infrastructure	30-50
Machinery and equipment	5-10
Vehicles	3-10

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 way as in the governmental-wide financial statements as described above.

7. Compensated absences

It is the County's policy to permit employees to accumulate earned but unused vacation, casual time and sick pay benefits in accordance with County policy and bargaining unit agreements. There is a liability for unpaid accumulated sick leave and casual time since the County has a policy to pay partial amounts when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. Payments for accumulated vacation will be made at rates in effect when the benefits are used or paid out upon separation. For governmental activities, the compensated absences are generally liquidated by the General Fund.

8. Self-funded insurance

The County is self-insured for its health, worker's compensation, public liability and automobile claims. The claim costs are accounted for in the General Fund. A private administrator calculates the contribution per employee for health and workers' compensation insurance, which is used to charge other departments and funds. An excess liability policy is carried for health insurance and workers compensation insurance. Estimated claims incurred but not reported for health claims are recorded as a liability in the statement of net position and in the governmental fund financial statements.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

9. Long-term obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, other postemployment benefits and accrued compensated absences. Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and 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 amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

10. Deferred Outflows and Inflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an expense/expenditure until that future time.

A deferred charge on refunding arises from the advanced refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as revenue until that future time.

11. Pension and Other Post Employment Benefits (OPEB)

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.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the County OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

12. Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets – Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Net positions subject to constraints imposed by 1) external groups, such as creditors, grantors, contributors, or laws and regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Non-spendable – Amounts that cannot be spent because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Amounts subject to constraints imposed by either 1) external groups, such as creditors, grantors, contributors, or laws and regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County Board (the County’s highest level of decision-making authority) in a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The County Board is authorized to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned – Residual positive fund balance within the general fund which has not been classified within the above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

It is the County’s policy to use fund balance resources in the following manner, first, restricted, then committed, assigned and finally unassigned.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

12. Equity Classifications (continued)

Minimum Fund Balance

The County has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 16% to 25% of the next fiscal year's budgeted operating expenditures as general fund unrestricted fund balance. The balance at year end was \$31,181,270 or 20%, and is included in unassigned and committed general fund balance.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

County departments are required to submit their annual budget requests for the ensuing year to the County Executive's Office by early August. The County Executive's Office reviews the requests in detail with the departments. After all of the requests have been reviewed, the proposed budget is submitted to the Board of Supervisors by early October. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America by the Board of Supervisors for all governmental funds except capital projects funds, (for which multi-year budgets are adopted) on or before December 1. An annual budget is not adopted for the Permanent Fund. The General Fund budget is adopted at the function level. All other funds' budgets are adopted at the total fund level.

The County amends the adopted budget for funds encumbered for specific purposes from previous periods. These funds are authorized for specific purposes as restricted by County Board resolution or grantor agency regulation. These encumbered funds changed the County's 2018 adopted budget for the following funds:

General Fund	\$ 20,948,604
Human Services Fund	726,969

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Excess of Expenditures over Appropriations

The following funds had excess expenditures (including transfers out) over appropriations which were financed by available fund balance and excess revenues:

Human Services Fund	\$ 856,186
Debt Service Fund	2,553,920

C. Limitations on the County's Tax Levy Rate

Wisconsin law limits the County's future tax levies. Generally the County is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the County's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The County is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The County had the following deposits and investments as of December 31, 2018:

Petty cash	\$ 13,373
Demand deposits	56,701,686
Corporate Bonds	7,162,975
Asset Backed Securities	5,011,446
Mortgage Bonds	10,078,851
U.S. Government Agency Securities	5,074,931
U.S. Treasury Bonds and Notes	2,740,593
Mutual Funds - bond funds	255,814
Mutual Funds - income funds	115,290
Local Government Investment Pool	<u>11,645,146</u>
Total	<u>\$ 98,800,105</u>
Reconciliation to the financial statements	
Per statement of net position	
Unrestricted cash and investments	\$ 38,900,603
Restricted cash and investments	<u>54,810,820</u>
Per statement of assets and liabilities	
Agency Funds	<u>5,088,682</u>
Total Cash and Investments	<u>\$ 98,800,105</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual entities. This coverage has not been considered in computing custodial credit risk.

The County has received an irrevocable letter of credit from its bank in the amount of \$100 million to collateralize deposit accounts held at the bank. The letter of credit expires on December 16, 2019.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (continued)

Fair Value

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 other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation method for recurring fair value measurements of investments is the market approach. The County's investments are categorized as follows as of December 31, 2018:

	Fair Value	Level 1	Level 2	Level 3
Corporate Bonds	\$ 7,162,975	\$ -	\$ 7,162,975	\$ -
Asset Backed Securities	5,011,446	-	5,011,446	-
Mortgage Bonds	10,078,851	-	10,078,851	-
U.S. Government Agency Securities	5,074,931	-	5,074,931	-
U.S. Treasury Bonds and Notes	2,740,593	2,740,593	-	-
Mutual Funds - bond funds	255,814	255,814	-	-
Mutual Funds - income funds	115,290	115,290	-	-
Total	<u>\$ 30,439,900</u>	<u>\$ 3,111,697</u>	<u>\$ 27,328,203</u>	<u>\$ -</u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the County's deposits may not be returned to the County. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy will allow the Treasurer to place funds in excess of five hundred thousand dollars (\$500,000) in any bank so named as a county depository without the effect of collateralization if standards established by the finance committee are maintained. As of December 31, 2018, all of the County's demand deposits were insured or fully collateralized.

As of December 31, 2018, the County's following investments were held by the counterparty in the County's name.

	<u>Fair Value</u>
Corporate Bonds	\$ 7,162,975
Asset Backed Securities	5,011,446
Mortgage Bonds	10,078,851
U.S. Government Agency Securities	5,074,931
U.S. Treasury Bonds and Notes	2,740,593
Mutual Funds - bond funds	255,814
Mutual Funds - income funds	115,290
Total	<u>\$ 30,439,900</u>

The Local Government Investment Pool and mutual funds - other than bond funds are not subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits the County's investment in U.S. Treasury Notes, Bills and Bonds and time deposits to a maximum maturity of 182 days unless otherwise approved by Racine County Finance Committee. All Racine County investments are permissible under Wisconsin Statutes.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (continued)

The following is a summary of investments by maturity:

	Fair Value	Less than 1			
		year	1 - 2 years	2 - 3 years	3 - 5 years
Corporate Bonds	\$ 7,162,975	\$ 2,120,181	\$ 2,838,051	\$2,107,907	\$ 96,836
Asset Backed Securities	5,011,446	-	-	-	5,011,446
Mortgage Bonds	10,078,851	-	-	-	10,078,851
U.S. Government Agency Securities	5,074,931	784,212	2,631,505	1,659,215	-
U.S. Treasury Bonds and Notes	2,740,593	-	691,240	681,536	1,367,817
Mutual Funds - bond funds	255,814	-	-	-	255,814
	<u>\$ 30,324,611</u>	<u>\$ 2,904,393</u>	<u>\$ 6,160,796</u>	<u>\$4,448,658</u>	<u>\$ 16,810,764</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). The County's investment policy does not specifically address credit risk.

It is the County's practice to limit its investments in these investment types to the top rating issued by NRSROs. As of December 31, 2018, the County's investments were rated by Moody's Investors Service as follows:

	Fair Value	Average Moody's Rating
Corporate Bonds	420,504.00	Aa1
Corporate Bonds	1,279,152.00	Aa2
Corporate Bonds	2,105,236.00	Aa3
Corporate Bonds	1,681,938.00	A1
Corporate Bonds	1,676,145.00	Aaa
Asset Backed Securities	1,679,961	Aaa
Asset Backed Securities	3,331,485	Not Rated
Mortgage Bonds	3,074,306	Aaa
Mortgage Bonds	7,004,545	Not Rated
U.S. Government Agency Securities	4,290,719	Aaa
U.S. Government Agency Securities	784,212	Not Rated
U.S. Treasury Bonds and Notes	2,740,593	Aaa
Mutual Funds - bond funds	255,814	Not Rated
Local Government Investment Pool	11,645,146	Not Rated

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy does not address concentration of credit risk. The County held investments in the following investments that represented 5% or more of total investments:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan	Mortgage Bonds and U.S.	15.5%
Federal Home Loan Bank	U.S. Government Agency Securities	1.5%
Federal National Mortgage Association	Mortgage Bonds and U.S. Government Agency Securities	11.8%

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Delinquent property taxes have been shown net of an allowance for uncollectible accounts. All other receivables on the balance sheet are expected to be collected within one year.

Delinquent Taxes

Delinquent property taxes purchased from other taxing districts 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 nonspendable fund balances. Delinquent property taxes levied by the County are reflected as unavailable revenue and are excluded from the fund balance until collected. Delinquent tax certificates include special assessments that are purchased by the County during settlement with the taxing districts. At December 31, 2018, delinquent property taxes for governmental funds by year levied consists of the following:

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax certificates			
2017	\$ 4,910,259	\$ 582,104	4,328,155
2016	3,396,936	402,358	2,994,578
2015	2,427,426	287,522	2,139,904
2014	1,680,987	173,021	1,507,966
2013	1,383,315	157,322	1,225,993
2012	1,056,328	122,156	934,172
2011 and prior	1,768,300	222,853	1,545,447
Tax deeds	<u>888,804</u>	<u>113,853</u>	<u>774,951</u>
 Total Delinquent Property Taxes Receivable	 17,512,355	 2,061,189	 15,451,166
 Less Allowance	 <u>(313,819)</u>	 <u>(135,901)</u>	 <u>(177,918)</u>
 Net Delinquent Property Taxes Receivable	 <u>\$ 17,198,536</u>	 <u>\$ 1,925,288</u>	 <u>\$ 15,273,248</u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables (continued)

Loan to the Wisconsin Women's Business Initiative Corporation

In September 2008, the County loaned the Wisconsin Women's Business Initiative Corporation (WWBIC) \$250,000 for lending to business within Racine County for business development purposes. The note is for a 10-year term at 2.0% interest and was due October 1, 2018. The note was paid in full in May 2019. In May 2015, the County loaned an additional \$125,000 to WWBIC. The note is for a 10-year term at 2.0% interest and due May 1, 2025. The outstanding balance at December 31, 2018 is \$375,000.

Loan to SEDA North America, Inc.

In 2012, the County loaned SEDA \$2,000,000 to assist in the development of its manufacturing operation in Mt Pleasant, specifically for the purchase of equipment. The loan has a 12-month deferral period after which equal quarterly payments are due. The loan is for a ten year term (after expiration of the deferral period) at 2.44% interest and due on February 1, 2023. The outstanding balance at December 31, 2018 is \$1,513,585.

Loan to Emerson Electric Company (dba InSinkErator)

In 2017, the County agreed to loan Emerson Electric Company \$4,650,000 to assist in the construction of its new headquarters in Mt Pleasant. The loan was disbursed in two phases (1) \$4,000,000 in year 1 of construction and (2) \$650,000 upon receipt of an occupancy permit and documentation of \$18 million in capital expenditures. The loan is a forgivable loan upon achieving mutually agreed upon benchmarks at the end of the defined term. The County has established an allowance for uncollectible equal to the balance of the loan.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables (continued)

Unavailable and Unearned Revenues

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable for subsequent year	\$ -	\$ 54,451,396	\$ 54,451,396
Delinquent property taxes receivable	1,924,646	-	1,924,646
Delinquent property taxes interest receivable	9,569,715	-	9,569,715
Revenues received for subsequent year	-	171,800	171,800
Current year receivables collected subsequent to recognition period	<u>90,000</u>	<u>-</u>	<u>90,000</u>
 Total unavailable/unearned revenue for governmental funds	 <u>\$ 11,584,361</u>	 <u>\$ 54,623,196</u>	 <u>\$ 66,207,557</u>
 Unearned revenue included in liabilities		\$ 171,800	
Unearned revenue included in deferred inflows		<u>54,451,396</u>	
Total unearned revenue for governmental funds		<u>\$ 54,623,196</u>	

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Restricted Assets

The following represent the balances of the restricted assets:

Reserve Account

This account is used to report resources set aside to make future debt payments. The balance of this account is \$4,283,105 at December 31, 2018.

Lawcon Account

This account is used to report resources set aside for future recreational land acquisitions. The balance of this account is \$318,549 at December 31, 2018.

Bushnell Account

This account is used to report the principal and interest balances of the Bushnell permanent fund endowment. The balance of the account is \$374,805 at December 31, 2018.

Capital Project Funds

This account is used to report unspent bond proceeds related to the 2017 and 2018 debt issues. The balance of this account is \$49,834,361 at December 31, 2018.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits. The County reported a net pension asset of \$9,589,801 at December 31, 2018.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 21,812,455	\$ -	\$ -	\$ 21,812,455
Construction in progress	<u>5,392,644</u>	<u>2,529,506</u>	<u>(4,815,077)</u>	<u>3,107,073</u>
Total capital assets, not being depreciated	<u>27,205,099</u>	<u>2,529,506</u>	<u>(4,815,077)</u>	<u>24,919,528</u>
 Capital assets, being depreciated:				
Buildings	72,015,693	461,229	(1,727,594)	70,749,328
Improvements other than buildings	21,244,640	281,483	(41,099)	21,485,024
Machinery and equipment	34,037,477	2,633,517	(1,503,573)	35,167,421
Infrastructure	<u>55,408,447</u>	<u>1,739,446</u>	<u>-</u>	<u>57,147,893</u>
Total capital assets, being depreciated:	<u>182,706,257</u>	<u>5,115,675</u>	<u>(3,272,266)</u>	<u>184,549,666</u>
 Less accumulated depreciation for:				
Buildings	(35,135,405)	(1,466,965)	1,348,811	(35,253,559)
Improvements other than buildings	(9,536,031)	(893,851)	2,744	(10,427,138)
Machinery and equipment	(26,090,800)	(1,869,120)	1,591,899	(26,368,021)
Infrastructure	<u>(22,007,368)</u>	<u>(2,013,702)</u>	<u>-</u>	<u>(24,021,070)</u>
Total accumulated depreciation	<u>(92,769,604)</u>	<u>(6,243,638)</u>	<u>2,943,454</u>	<u>(96,069,788)</u>
 Total capital assets being depreciated, net	<u>89,936,653</u>	<u>(1,127,963)</u>	<u>(328,812)</u>	<u>88,479,878</u>
 Total capital assets, net	<u>\$ 117,141,752</u>	<u>\$ 1,401,543</u>	<u>\$ (5,143,889)</u>	<u>\$ 113,399,406</u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,131,761	\$ -	\$ -	\$ 1,131,761
Construction in progress	-	166,880	-	166,880
Total capital assets, not being depreciated	<u>1,131,761</u>	<u>166,880</u>	<u>-</u>	<u>1,298,641</u>
Capital assets, being depreciated:				
Buildings	5,719,340	2,867,876	(18,450)	8,568,766
Improvements other than buildings	5,307,691	4,599,312	-	9,907,003
Machinery and equipment	207,910	90,035	-	297,945
Total capital assets, being depreciated:	<u>11,234,941</u>	<u>7,557,223</u>	<u>(18,450)</u>	<u>18,773,714</u>
Less accumulated depreciation for:				
Buildings	(1,421,735)	(223,766)	11,764	(1,633,737)
Improvements other than buildings	(3,341,654)	(330,109)	(7,613)	(3,679,376)
Machinery and equipment	(165,023)	(23,122)	-	(188,145)
Total accumulated depreciation	<u>(4,928,412)</u>	<u>(576,997)</u>	<u>4,151</u>	<u>(5,501,258)</u>
Total capital assets being depreciated, net	<u>6,306,529</u>	<u>6,980,226</u>	<u>(14,299)</u>	<u>13,272,456</u>
Total capital assets, net	<u>\$ 7,438,290</u>	<u>\$ 7,147,106</u>	<u>\$ (14,299)</u>	<u>\$ 14,571,097</u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 624,062
Public safety	1,457,844
Health and social services	442,002
Education and recreation	860,771
Development	23,081
Highways and streets	<u>2,835,878</u>

Total depreciation expenses - governmental activities \$6,243,638

Business-type activities:

Reefpoint Marina	\$ 178,953
Behavioral Health Services	759
Pritchard Park	210,821
Golf Courses	<u>186,464</u>

Total depreciation expenses - business-type activities \$ 576,997

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2018 is as follows:

	Cash Held by General Fund for Other Funds	Temporary Cash Advances
General Fund	\$ (8,564,653)	4,548,212
Human Services Fund	701,331	-
Capital Projects Fund	-	(1,158,043)
Nonmajor Governmental Funds		
Special Revenue Funds		
County Road Maintenance Fund	3,361,736	-
County Handicapped Education Fund	517,394	-
County Bridge Aids Fund	97,887	-
Debt Service Fund	140,137	-
Permanent Fund	52,309	-
Enterprise Funds		
Reefpoint Marina	274,369	-
Behavioral Health /Services	-	(1,872,997)
Pritchard Park	73,146	-
Nonmajor Enterprise Fund		
Golf Courses	-	(56,543)
Internal Service Funds		
Billable	-	(1,460,629)
Fringe Benefits	429,321	-
Fleet	2,917,023	-
Total	<u>\$ -</u>	<u>\$ -</u>
Total Interfund Cash Advance		
Receivables/Payables (Net)		\$ (4,016,441)
Elimination of governmental balances due to/from General Fund		3,712,751
Elimination of Internal Service Funds balances due to/from General Fund		<u>1,885,715</u>
Internal Balances - Government-Wide Financial Statements		<u>\$ 1,582,025</u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivables, Payables, and Transfers (continued)

The principal purpose of these interfunds is to provide funding for specific fund operations since the County reports all operating cash accounts in the general fund and does not have pooled cash accounts reported in other individual funds. All remaining 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. All amounts are expected to be collected within one year.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivables, Payables, and Transfers (continued)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 650,000
	Ridgewood Healthcare Center	6,771,676
	Permanent Fund	69
		<u>7,421,745</u>
Human Services Fund	General Fund	5,012,217
	Behavioral Health Services	480,138
		<u>5,492,355</u>
Capital Projects Fund	General Fund	191,866
	Ridgewood Healthcare Center	1,273,500
	Fleet	551,409
		<u>2,016,775</u>
Behavioral Health Services	General Fund	<u>197,029</u>
Pritchard Park	General Fund	<u>100,000</u>
Nonmajor Governmental Funds		
County Road Maintenance Fund	Capital Projects Fund	2,135,000
County Road Maintenance Fund	Ridgewood Healthcare Center	50,000
County Road Maintenance Fund	General Fund	1,718,815
Debt Service	Capital Projects	91,579
Debt Service	Fleet	36,399
		<u>4,031,793</u>
Internal Service Funds		
Billable Internal Service	General Fund	14,664
Fleet Internal Service	Debt Service Fund	11,005
Fleet Internal Service	Capital Projects Fund	920,000
Fleet Internal Service	Ridgewood Healthcare Center	96,000
Fleet Internal Service	Billable Internal Service	186,777
		<u>1,228,446</u>
Total transfers from other funds		20,488,143
Less fund eliminations		(11,519,800)
Less government-wide eliminations		(594,058)
Less capital assets transferred to Enterprise Fund		(7,538,349)
Total Interfund Transfers - Government-Wide Statement of Net Position		<u>\$ 835,936</u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivables, Payables, and Transfers (continued)

Transfers are used to (1) move revenue from the fund with collection authorization to the Ridgewood Healthcare facility to supplement its operations, (2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds with budgetary authorizations, and (3) move fund surpluses to other funds.

F. Long-term Debt

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
General obligation debt:					
Notes payable	\$ 107,435,000	\$ 68,675,000	\$ 3,995,000	\$ 172,115,000	\$ 4,545,000
Bonds payable	28,395,000	6,050,000	2,885,000	31,560,000	2,500,000
Total general obligation debt	135,830,000	74,725,000	6,880,000	203,675,000	7,045,000
Bond premium (discount)	1,462,185	(195,160)	77,696	1,189,329	-
Net general obligation debt	137,292,185	74,529,840	6,957,696	204,864,329	7,045,000
Compensated absences	3,791,986	3,656,413	3,348,792	4,099,607	3,165,166
Total OPEB liability	199,281,329	9,795,389	32,213,243	176,863,475	-
Net pension liability	2,614,574	-	2,614,574	-	-
Claims and judgments	2,527,393	724,591	1,013,156	2,238,828	168,251
Governmental activity Long-term liabilities	<u>\$ 345,507,467</u>	<u>\$ 88,706,233</u>	<u>\$ 46,147,461</u>	<u>\$ 388,066,239</u>	<u>\$ 10,378,417</u>
Business type activities:					
General obligation debt:					
Bonds payable	\$ 3,875,000	\$ -	\$ 235,000	\$ 3,640,000	\$ 240,000
Total general obligation debt	3,875,000	-	235,000	3,640,000	240,000
Bond premium (discount)	8,778	-	654	8,124	-
Net general obligation debt	3,883,778	-	235,654	3,648,124	240,000
Net pension liability	64,385	-	64,385	-	-
Business -type activity Long-term liabilities	<u>\$ 3,948,163</u>	<u>\$ -</u>	<u>\$ 300,039</u>	<u>\$ 3,648,124</u>	<u>\$ 240,000</u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term Debt (continued)

Annual debt service requirements to maturity for general obligation debt are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 7,045,000	\$ 5,950,945	\$ 240,000	\$ 87,088
2020	154,645,000	6,018,601	245,000	82,238
2021	7,225,000	2,108,303	250,000	77,288
2022	6,820,000	1,968,382	255,000	72,238
2023	5,530,000	741,319	265,000	66,706
2024-2028	14,720,000	1,980,392	1,425,000	234,225
2029-2033	7,690,000	505,136	960,000	43,413
Total	<u>\$ 203,675,000</u>	<u>\$ 19,273,078</u>	<u>\$ 3,640,000</u>	<u>\$ 663,194</u>

The detail of the general obligation debt is as follows:

	<u>Date of issue</u>	<u>Final maturity</u>	<u>Interest rates</u>	<u>Original Amount</u>	<u>Balance 12/31/18</u>
General Obligation Notes					
Series 2012	4/17/2012	6/1/2021	1.0%-2.1%	\$ 5,000,000	\$ 2,250,000
Series 2013	3/19/2013	3/1/2023	2.0%-3.0%	6,000,000	4,575,000
Series 2014	4/15/2014	3/1/2024	2.0%-3.0%	5,110,000	4,685,000
Series 2015	6/15/2015	3/1/2025	2.0%-2.25%	5,535,000	5,080,000
Series 2016	6/1/2016	3/1/2031	2.0%-2.25%	4,980,000	3,815,000
General Obligation Corporate Purpose Bonds					
Series 2017A	6/1/2017	6/1/2032	2.0%-3.0%	5,630,000	4,840,000
Series 2018A	9/18/2018	3/1/2033	2.00%-3.25%	6,050,000	6,050,000
Taxable General Obligation Notes					
Series 2010B	8/3/2010	6/1/2020	3.50%-4.25%	2,140,000	1,265,000
Series 2012	4/17/2012	3/1/2022	0.45%-3.00%	10,200,000	4,180,000
Series 2013	3/19/2013	3/1/2023	0.50%-2.59%	1,020,000	530,000
Series 2014	4/15/2014	3/1/2024	0.70%-3.52%	1,025,000	640,000
Series 2016	6/1/2016	3/1/2022	2.0%	1,030,000	1,030,000
Series 2018B	9/18/2018	12/1/2022	2.75%-2.96%	675,000	675,000
Taxable General Obligation Bonds					
Series 2017B	6/1/2017	6/1/2032	2.75%-3.30%	7,035,000	7,035,000
General Obligation Marina Bonds					
Series 2012	4/17/2012	6/1/2031	2.0%-3.0%	5,000,000	3,640,000
General Obligation Refunding Bonds					
Series 2013	3/19/2013	3/1/2026	2.0%-4.0%	14,880,000	9,820,000
Taxable Bond Anticipation Notes					
Series 2017	6/1/2017	12/1/2020	2.15%	79,205,000	79,205,000
Series 2018	5/31/2018	12/1/2020	3.05%	68,000,000	68,000,000
Total General Obligation debt					207,315,000
Less amount applicable to business-type activities					(3,640,000)
Governmental activities General Obligation debt					<u>\$ 203,675,000</u>

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability, other post employment benefits obligation and net pension liability will be liquidated primarily by the general fund.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term Debt (continued)

General obligation debt is a direct obligation and pledge of full faith and credit of the County. Notes and bonds in the governmental funds will be retired by future property tax levies. Business-type activities debt is payable by revenues from the user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Wisconsin statutes limit direct general obligation borrowing in the amount equivalent to 5% of the equalized valuation of taxable property. At December 31, 2018, the County's debt margin and legal debt limit is calculated as follows:

Equalized Value of Real and Personal Property	\$ 15,373,789,400
	5%
Debt Limit, 5% of Equalized Valuation	<u>768,689,470</u>
Amount of Debt Applicable to Debt Limitation:	
General Obligation Debt	\$ 207,315,000
Less Debt Service Funds	<u>(4,423,242)</u>
Total Amount of Debt Applicable to Debt Margin	<u>202,891,758</u>
Legal Debt Margin (Debt Capacity)	<u><u>\$ 565,797,712</u></u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Net Investment in Capital Assets/Fund Balances

Net Investment in Capital Assets

The calculation of net investment in capital assets as of December 31, 2018 is as follows:

Governmental Activities

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 113,399,406
Less: outstanding long term debt (net of debt premiums, discounts, and loss on refunding)	(204,010,317)
Plus: noncapital related long term debt	158,652,017
Plus: unspent bond proceeds	<u>3,380,003</u>
Total net investment in capital assets	<u>\$ 71,421,109</u>

Business-type Activities

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 14,571,097
Less: outstanding long term debt (net of debt premiums and discounts)	<u>(3,648,124)</u>
Total net investment in capital assets	<u>\$ 10,922,973</u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Net Investment in Capital Assets/Fund Balances (continued)

Fund Balances

The details of the fund balances as of December 31, 2018 are as follows:

Nonspendable

Major Funds

General Fund

Delinquent property taxes	\$ 15,273,746
Prepayments and inventories	1,798,531
Noncurrent receivables	1,888,586
	<u>18,960,863</u>

Special Revenue Fund - Human Services Fund

Prepayments and inventories	<u>4,089</u>
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Nonmajor Fund

Special Revenue Fund - Permanent fund endowments	<u>264,246</u>
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Total nonspendable fund balance	<u>19,229,198</u>
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Restricted

Major Funds	315,925
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General Fund - Recreational land acquisition

Capital Projects Fund

Capital projects	2,059,810
Economic development	45,151,282

Nonmajor Funds

Debt Service Fund - Debt service	4,423,242
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Special Revenue Fund - Permanent fund endowments	<u>162,868</u>
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Total restricted fund balance	<u>52,113,127</u>
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Committed

Major Funds

General Fund

Nonlapsing and encumbrances	19,128,384
Park development	15,715
Human Services Fund - Nonlapsing and encumbrances	38,896

Nonmajor Funds

Special Revenue Fund - County Road Maintenance	1,677,895
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Special Revenue Fund - County Handicapped Board	517,394
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Special Revenue Fund - County Bridge Aids	97,887
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Capital Projects Fund - Capital Projects	<u>1,190,823</u>
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Total committed fund balance	<u>22,666,994</u>
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COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Net Investment in Capital Assets/Fund Balances (continued)

Assigned

Major Funds	
Human Services Fund - Nonlapsing and encumbrances	\$ 2,694,740
Nonmajor Funds	
Special Revenue Fund - County Road Maintenance	<u>1,514,709</u>
Total assigned fund balance	<u>4,209,449</u>

Unassigned

Major Fund - General Fund	<u>12,037,171</u>
Total fund balance	<u>\$ 110,255,939</u>

IV. OTHER INFORMATION

A. Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental 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.

The County has active construction projects as of December 31, 2018. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenses.

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, management and the County's corporate counsel has determined an amount for estimated liabilities resulting from existing claims and judgments which has been recorded in the government-wide statement of net position.

B. Intergovernmental Grants

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.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

C. Risk Management

The County is exposed to various risks of loss including torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation; health care and injuries to employees; and natural disasters. The cost of providing these risk management services is allocated by charging a "premium" to each fund based on historical estimates of the amounts needed to pay prior and current year claims and administration costs. The charge considers recent trends in actual claims experience of the County as a whole and makes provision for losses relating to catastrophes. "Premiums" are allocated by fund based on estimated current-year payroll, property values and other appropriate factors.

Workers' Compensation and Public Liability Self Insurance

Racine County is self-funded for workers' compensation. As part of this comprehensive plan, resources are being accumulated in the General Fund to meet potential losses. In addition, various control techniques, including employee accident prevention training, have been implemented during the year to minimize accident-related losses. Third-party coverage is currently maintained for individual workers' compensation claims in excess of \$300,000 for regular claims and \$750,000 for claims that involve federal benefits (USL & H and Jones Act). The excess policy provides coverage up to \$1 million in additional available payments per occurrence after the \$300,000 retention has been met by the County. The most this policy will pay out is \$1,000,000 per policy term.

The County self-funds for public liability and automobile coverage. There is an excess liability policy also in place that provides coverage for claims over \$1,000,000. The excess policy provides for payments up to \$5,000,000 after the \$1,000,000 retention has been met by the County.

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 estimable. The liability for claims and judgments other than health insurance is reported in the government-wide statement of net position as part of noncurrent liabilities. Changes in the claims liabilities for the year are as follows:

	<u>2018</u>	<u>2017</u>
Unpaid claims - beginning	\$ 2,527,393	\$ 2,222,450
Incurred claims	724,591	1,332,290
Claims paid	<u>(1,013,156)</u>	<u>(1,027,347)</u>
Unpaid claims - ending	<u>\$ 2,238,828</u>	<u>\$ 2,527,393</u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

C. Risk Management (continued)

Medical Self Insurance

The County is self-funded for medical expenses of employees and eligible retirees. Third-party coverage is currently maintained for all other individual claims in excess of \$250,000 up to a maximum of \$1,750,000. The claims incurred but not reported liability is recorded in the General Fund. The liability for medical insurance is reported in the financial statements as part of accrued liabilities. Changes in the claims liabilities for the year are as follows:

	<u>2018</u>	<u>2017</u>
Unpaid claims - beginning	\$ 1,938,504	\$ 1,997,807
Incurred claims	13,660,811	12,563,050
Claims paid	<u>(13,564,622)</u>	<u>(12,622,353)</u>
Unpaid claims - ending	<u>\$ 2,034,693</u>	<u>\$ 1,938,504</u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Defined Benefit Pension Plans

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.

EFT 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.

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.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Defined Benefit Pension Plans (continued)

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
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)
2017	2.0	4

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 and 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, the WRS recognized \$3,210,669 in contributions from the County.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Defined Benefit Pension Plans (continued)

Contribution rates for the plan year reported as of December 31, 2018 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2018, the County reported an asset of \$9,589,801 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 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, 2017, the County's proportion was .32298480%, which was a decrease of .00203749% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the County recognized pension expense of \$4,190,651. At December 31, 2018, 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
Summary of deferred outflows and inflows		
Differences between projected and actual experiences	\$ 12,184,082	\$ 5,699,309
Changes of actuarial assumptions	1,894,757	-
Net differences between projected and actual investment earnings on pension plan investment	-	13,180,290
Changes in proportion and differences between employer contributions and proportionate share of contributions	70,121	26,639
Employer contributions subsequent to the measurement date	3,174,373	-
Totals	\$ 17,323,333	\$ 18,906,238

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Defined Benefit Pension Plans (continued)

\$3,174,373 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 in the year ended December 31, 2019. 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 End December 31st	
2019	\$ 1,080,624
2020	(71,345)
2021	(3,295,463)
2022	(2,494,058)
2023	22,964

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 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, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Defined Benefit Pension Plans (continued)

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:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

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.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

D. Defined Benefit Pension Plans (continued)

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 3.31%. 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 asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the County's proportionate share of the net pension asset (liability) 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 asset (liability)	\$(24,812,091)	\$9,589,801	\$35,736,305

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://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2018, the County reported a payable to the pension plan which represents contractually required contributions outstanding as of year-end.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

E. Other Post Employment Benefits

1. General Information About the OPEB Plan

Plan Description

The County administers a single-employer defined benefit retiree healthcare plan. The plan provides medical insurance benefits to eligible retirees and their families through the County's self-insured group medical insurance plan, which covers both active and retired members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Eligibility and Benefits Provided

County employees are eligible for retiree health benefits provided they:

1. Are enrolled in the County's health insurance at the time of retirement
2. Meet the age and other requirements for retirement under Wisconsin Retirement System
3. Have at least 15 years of service with the County for those retiring on or after January 1, 2013
4. Make the necessary premium contributions as specified by the County

Certain employees are eligible to receive lifetime retiree health benefits depending upon hire date. Employees hired after the following dates are eligible to receive retiree health benefits until they become Medicare eligible.

<u>Employee Group</u>	<u>Hire Date Cut-Off</u>
Non-Represented	September 1, 1998
Deputies and Command Staff	June 1, 1998
Teamsters	September 1, 2000
IAMAW-HSD	March 1, 2000
IAMAW-Courthouse	January 1, 2001
Attorneys Association	January 1, 1999

The County provides fully-paid life insurance benefits that vary from \$3,000 to \$5,000 for retirees who retired prior to January 1, 2012. Life insurance benefits are no longer available to all employee groups except for Deputies and Command Staff who are still eligible for a fully-paid \$5,000 life insurance benefit.

Eligible employees who are required to retire due to disability are eligible for lifetime coverage and are required to contribute 15% of the premium. Retiree contributions for general employees who retired prior to January 1, 2013 vary from 5% to 50%. Retiree contributions for general employees hired prior to January 1, 2012 and retire on or after January 1, 2013 vary from 15% to 100%. Retiree contributions for general employees hired on or after January 1, 2012 and retire on or after January 1, 2013 is 100%. Retiree contributions for Deputies and Command Staff vary from 5% to 20%.

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

E. Other Post Employment Benefits

1. General Information About the OPEB Plan

Employees Covered by the Benefit Terms

As of December 31, 2018, the following employees were covered by the benefit terms:

Active plan members	587
Retired plan members	799
	<u>1,386</u>

2. Total OPEB Liability

The County's total OPEB liability of \$176,863,475 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2018 rolled forward to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Annual inflation	2.70%
Discount rate	3.56%
Healthcare cost trend rates	9.0% for first year, then decreasing 0.5% per year to 5.0% and level thereafter
Payroll growth	General wage inflation of 3.20% plus merit/productivity increases ranging from 3.50% to 0.40% for 0 years to 30 plus years, respectively
Cost method	Entry age normal level % of salary
Mortality	RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

E. Other Post Employment Benefits (continued)

3. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/17	<u>\$ 199,281,329</u>
Changes for the year:	
Service cost	2,738,854
Interest	7,056,535
Changes in benefit terms	-
Changes in assumptions	(11,243,287)
Differences between expected and actual experience	(13,297,058)
Benefit payments	<u>(7,672,898)</u>
Net changes	<u>(22,417,854)</u>
Balance at 12/31/18	<u>\$ 176,863,475</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

	1% Decrease (2.56%)	Current (3.56%)	1% Increase (4.56%)
Total OPEB Liability	<u>\$202,234,033</u>	<u>\$176,863,475</u>	<u>\$156,154,341</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8% decreasing 0.5% annually to 4%) or 1-percentage-point higher (10% decreasing by 0.5% annually to 6%) than the current discount rate:

	1% Decrease (8% decreasing 0.5% annually to 4%)	Current (9% decreasing 0.5% annually to 5%)	1% Increase (10% decreasing 0.5% annually to 6%)
Total OPEB Liability	<u>\$154,206,103</u>	<u>\$176,863,475</u>	<u>\$204,654,916</u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

E. Other Post Employment Benefits (continued)

4. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources to OPEB

For the year ended December 31, 2018, the County recognized OPEB expense of \$758,873. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Summary of deferred outflows and inflows		
Differences between projected and actual experiences	\$ -	\$ 19,727,984
Changes of actuarial assumptions	<u>5,492,663</u>	<u>9,972,793</u>
Totals	<u>\$ 5,492,663</u>	<u>\$ 29,700,777</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year End December 31st</u>	
2019	\$ (9,036,516)
2020	(9,036,514)
<u>2021</u>	<u>(6,135,084)</u>

COUNTY OF RACINE, WISCONSIN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

IV. OTHER INFORMATION (CONTINUED)

F. Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

G. Economic Development

On December 20, 2017, the County issued \$79,205,000 of Taxable Bond Anticipation Notes, Series 2017 (Notes) in cooperation with the Village of Mount Pleasant to fund certain regional economic development projects. The projects include land acquisition, public infrastructure improvements and related projects to support and incentivize the development of a liquid crystal display panel fabrication facility. The facility will consist of approximately 20 million square feet of manufacturing space within an industrial tax incremental district (TID No. 5) created by the Village of Mount Pleasant. The facility to be constructed is estimated to require \$10 billion of private investment, \$2.85 billion of refundable tax credit incentives from the State of Wisconsin and \$764 million of local expenditures from the County and Village of Mount Pleasant. Permanent financing of the Notes is anticipated to occur in 2019 when the Notes mature. A portion of the proceeds was deposited in the County's Debt Service Fund to provide for interest payments on the Notes through 2019. In connection with an Intergovernmental Cooperation Agreement, the Village of Mount Pleasant will reimburse the County for the debt service on the Notes and permanent financing of the Notes through the collection of special assessments and tax increment revenue. On May 22, 2018, the County issued an additional \$68,000,000 of Taxable Bond Anticipation Notes in connection with this project.

REQUIRED SUPPLEMENTARY INFORMATION

**COUNTY OF RACINE, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
For the Year Ended December 31, 2018**

	<u>2017</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 2,116,911	\$ 2,738,854
Interest	7,485,907	7,056,535
Changes in benefit terms	11,297,604	-
Changes in assumptions	10,985,325	(13,297,058)
Difference between expected and actual experience	(22,591,039)	(11,243,287)
Benefit payments	<u>(8,672,887)</u>	<u>(7,672,898)</u>
Net change in total OPEB liability	621,821	(22,417,854)
 Total OPEB Liability - Beginning	 <u>198,659,508</u>	 <u>199,281,329</u>
 Total OPEB Liability - Ending	 <u>\$ 199,281,329</u>	 <u>\$ 176,863,475</u>

See independent auditors' report and accompanying notes to the required supplementary information.

**COUNTY OF RACINE, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2018**

WRS Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.32576060%	\$ (7,999,372)	\$ 40,818,992	19.60%	102.74%
12/31/15	0.32687824%	5,311,708	42,828,022	12.40%	98.20%
12/31/16	0.32502229%	2,678,960	41,598,120	6.44%	99.12%
12/31/17	0.32298480%	(9,589,801)	41,002,825	23.39%	102.93%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2018**

County Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 3,101,022	\$ 3,101,022	\$ -	\$ 42,828,022	7.24%
12/31/16	3,058,711	3,058,711	-	41,598,120	7.35%
12/31/17	3,014,108	3,014,108	-	41,002,826	7.35%
12/31/18	3,174,373	3,174,373	-	40,332,164	7.87%

See independent auditors' report and accompanying notes to the required supplementary information.

COUNTY OF RACINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

NOTE 1 – PRESENTATION

The County is required to present the last ten years of data on each schedule; however, the standards allow the County to present as many years as are available until ten years are presented.

NOTE 2 – WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The County is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

NOTE 3 – OPEB PLAN

The data presented in the Schedule of Changes in Total OPEB Liability was taken from the reports issued by the actuary.

Contributions to the OPEB plan are not based on covered-employee payroll; therefore covered-employee payroll and the related ratio of total OPEB liability as a percentage of covered-employee payroll is not presented.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. There were no changes in assumptions.

The County is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The County Road Maintenance Fund accounts for the revenue sources that are legally restricted to expenditures for the maintenance of highways and local roads.

The County Handicapped Education Fund accounts for the activities of providing educational services for special education students in western Racine County

The County Bridge Aids Fund accounts for the revenue sources that are legally restricted to expenditures for bridge construction.

Debt Service Fund

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on the County's general obligation long-term debt.

Permanent Fund

The Permanent Fund is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the reporting government's programs for the benefit of the government or its citizenry.

COUNTY OF RACINE, WISCONSIN
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2018

	<u>Special Revenue</u>				<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>County Road Maintenance</u>	<u>County Handicapped Education</u>	<u>County Bridge Aids</u>	<u>Debt Service</u>		
ASSETS						
Receivables:						
Property taxes	\$ -	\$ 746,424	\$ 5,000	\$ 7,064,700	\$ -	\$ 7,816,124
Due from other governments	176,570	-	-	-	-	176,570
Accounts	1,750	-	-	-	-	1,750
Due from other funds	3,361,736	517,394	97,887	140,137	52,309	4,169,463
Restricted cash and investments	-	-	-	4,283,105	374,805	4,657,910
Total assets	<u>\$ 3,540,056</u>	<u>\$ 1,263,818</u>	<u>\$ 102,887</u>	<u>\$ 11,487,942</u>	<u>\$ 427,114</u>	<u>\$ 16,821,817</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 257,452	\$ -	\$ -	\$ -	\$ -	\$ 257,452
Total liabilities	<u>257,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,452</u>
Deferred Inflows of Resources						
Unavailable revenues	90,000	-	-	-	-	90,000
Property taxes levied for future periods	-	746,424	5,000	7,064,700	-	7,816,124
Total deferred inflows of resources	<u>90,000</u>	<u>746,424</u>	<u>5,000</u>	<u>7,064,700</u>	<u>-</u>	<u>7,906,124</u>
Fund Balances						
Nonspendable	-	-	-	-	264,246	264,246
Restricted for						
Debt service	-	-	-	4,423,242	-	4,423,242
Endowments	-	-	-	-	162,868	162,868
Committed	1,677,895	517,394	97,887	-	-	2,293,176
Assigned	1,514,709	-	-	-	-	1,514,709
Total fund balances	<u>3,192,604</u>	<u>517,394</u>	<u>97,887</u>	<u>4,423,242</u>	<u>427,114</u>	<u>8,658,241</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 3,540,056</u>	<u>\$ 1,263,818</u>	<u>\$ 102,887</u>	<u>\$ 11,487,942</u>	<u>\$ 427,114</u>	<u>\$ 16,821,817</u>

COUNTY OF RACINE, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	<u>Special Revenue</u>				<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>County Road Maintenance</u>	<u>County Handicapped Education</u>	<u>County Bridge Aids</u>	<u>Debt Service</u>		
REVENUES						
Taxes	\$ -	\$ 804,306	\$ 33,839	\$ 7,009,988	\$ -	\$ 7,848,133
Intergovernmental	2,891,145	-	-	825,856	-	3,717,001
Investment income (loss)	-	-	-	9,432	(3,816)	5,616
Miscellaneous	54	-	-	-	32,286	32,340
	<u>2,891,199</u>	<u>804,306</u>	<u>33,839</u>	<u>7,845,276</u>	<u>28,470</u>	<u>11,603,090</u>
EXPENDITURES						
Current:						
Education and recreation	-	652,102	-	-	1,199	653,301
Highways and streets	4,214,413	-	-	-	-	4,214,413
Capital outlay	1,823,390	-	-	-	-	1,823,390
Debt service:						
Principal retirement	-	-	-	6,870,358	-	6,870,358
Interest and fiscal charges	-	-	-	4,274,868	-	4,274,868
	<u>6,037,803</u>	<u>652,102</u>	<u>-</u>	<u>11,145,226</u>	<u>1,199</u>	<u>17,836,330</u>
Excess (deficiency) of revenues over expenditures	<u>(3,146,604)</u>	<u>152,204</u>	<u>33,839</u>	<u>(3,299,950)</u>	<u>27,271</u>	<u>(6,233,240)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,903,815	-	-	127,978	-	4,031,793
Transfers out	-	-	-	(11,005)	(69)	(11,074)
Issuance of general obligation debt	-	-	-	3,116,761	-	3,116,761
	<u>3,903,815</u>	<u>-</u>	<u>-</u>	<u>3,233,734</u>	<u>(69)</u>	<u>7,137,480</u>
Net change in fund balances	757,211	152,204	33,839	(66,216)	27,202	904,240
FUND BALANCES						
Beginning of year	<u>2,435,393</u>	<u>365,190</u>	<u>64,048</u>	<u>4,489,458</u>	<u>399,912</u>	<u>7,754,001</u>
End of year	<u>\$ 3,192,604</u>	<u>\$ 517,394</u>	<u>\$ 97,887</u>	<u>\$ 4,423,242</u>	<u>\$ 427,114</u>	<u>\$ 8,658,241</u>

**COUNTY OF RACINE, WISCONSIN
COUNTY ROAD MAINTENANCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 2,468,415	\$ 2,647,985	\$ 2,891,145	\$ 243,160
Miscellaneous	-	-	54	54
Total revenues	<u>2,468,415</u>	<u>2,647,985</u>	<u>2,891,199</u>	<u>243,214</u>
EXPENDITURES				
Current:				
Highways and streets	4,087,230	4,087,230	4,214,413	(127,183)
Capital outlay	<u>2,285,000</u>	<u>3,636,229</u>	<u>1,823,390</u>	<u>1,812,839</u>
Total expenditures	<u>6,372,230</u>	<u>7,723,459</u>	<u>6,037,803</u>	<u>1,685,656</u>
Deficiency of revenues over expenditures	<u>(3,903,815)</u>	<u>(5,075,474)</u>	<u>(3,146,604)</u>	<u>1,928,870</u>
OTHER FINANCING SOURCES				
Transfers in	<u>3,903,815</u>	<u>3,903,815</u>	<u>3,903,815</u>	-
Net change in fund balances	<u>\$ -</u>	<u>\$ (1,171,659)</u>	757,211	<u>\$ 1,928,870</u>
FUND BALANCES				
Beginning of year			<u>2,435,393</u>	
End of year			<u>\$ 3,192,604</u>	

**COUNTY OF RACINE, WISCONSIN
COUNTY HANDICAPPED EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes	<u>\$ 804,306</u>	<u>\$ 804,306</u>	<u>\$ 804,306</u>	<u>\$ -</u>
EXPENDITURES				
Current:				
Education and recreation	<u>804,306</u>	<u>804,306</u>	<u>652,102</u>	<u>152,204</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>152,204</u>	<u>\$ 152,204</u>
FUND BALANCES				
Beginning of year			<u>365,190</u>	
End of year			<u>\$ 517,394</u>	

**COUNTY OF RACINE, WISCONSIN
COUNTY BRIDGE AIDS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES				
Taxes	<u>\$ 33,839</u>	<u>\$ 33,839</u>	<u>\$ 33,839</u>	<u>\$ -</u>
EXPENDITURES				
Current:				
Highways and streets	<u>33,839</u>	<u>97,888</u>	<u>-</u>	<u>97,888</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (64,049)</u>	<u>33,839</u>	<u>\$ 97,888</u>
FUND BALANCES				
Beginning of year			<u>64,048</u>	
End of year			<u>\$ 97,887</u>	

**COUNTY OF RACINE, WISCONSIN
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes	\$ 7,009,988	\$ 7,009,988	\$ 7,009,988	\$ -
Intergovernmental	783,444	783,444	825,856	42,412
Investment income	-	-	9,432	9,432
Total revenues	<u>7,793,432</u>	<u>7,793,432</u>	<u>7,845,276</u>	<u>51,844</u>
EXPENDITURES				
Debt Service:				
Principal retirement	6,870,358	6,998,336	6,870,358	127,978
Interest and fiscal charges	<u>1,592,970</u>	<u>1,592,970</u>	<u>4,274,868</u>	<u>(2,681,898)</u>
Total expenditures	<u>8,463,328</u>	<u>8,591,306</u>	<u>11,145,226</u>	<u>(2,553,920)</u>
Excess (deficiency) of revenues over expenditures	<u>(669,896)</u>	<u>(797,874)</u>	<u>(3,299,950)</u>	<u>(2,502,076)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	127,978	127,978	-
Transfers out	(10,998)	(10,998)	(11,005)	(7)
Issuance of general obligation debt	-	-	3,116,761	3,116,761
Total other financing sources (uses)	<u>(10,998)</u>	<u>116,980</u>	<u>3,233,734</u>	<u>3,116,754</u>
Net change in fund balances	<u>\$ (680,894)</u>	<u>\$ (680,894)</u>	(66,216)	<u>\$ 614,678</u>
FUND BALANCES				
Beginning of year			<u>4,489,458</u>	
End of year			<u>\$ 4,423,242</u>	

**COUNTY OF RACINE, WISCONSIN
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 300,000	\$ -	\$ (300,000)
Investment income	-	649,524	649,524	-
Miscellaneous	47,500	4,499,536	4,452,036	(47,500)
Total revenues	<u>47,500</u>	<u>5,449,060</u>	<u>5,101,560</u>	<u>(347,500)</u>
EXPENDITURES				
Capital outlay	5,474,555	154,202,294	105,050,919	49,151,375
Debt Service:				
Interest and fiscal charges	-	49,550	49,550	-
Total Expenditures	<u>5,474,555</u>	<u>154,251,844</u>	<u>105,100,469</u>	<u>49,151,375</u>
Deficiency of revenues over expenditures	<u>(5,427,055)</u>	<u>(148,802,784)</u>	<u>(99,998,909)</u>	<u>48,803,875</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,926,409	2,016,775	2,016,775	-
Transfers out	(3,125,000)	(3,796,579)	(3,796,579)	-
Net premium (discount) on issuance of debt	-	(195,160)	(195,160)	-
Issuance of general obligation debt	6,625,646	71,608,239	71,608,239	-
Total other financing sources (uses)	<u>5,427,055</u>	<u>69,633,275</u>	<u>69,633,275</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (79,169,509)</u>	<u>(30,365,634)</u>	<u>\$ 48,803,875</u>
FUND BALANCES				
Beginning of year			<u>78,767,549</u>	
End of year			<u>\$ 48,401,915</u>	

INTERNAL SERVICE FUNDS

Internal service funds 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 governments on a cost-reimbursement basis. The County's internal service funds account for fringe benefits, highway operations and fleet management services. The County has the following internal service funds:

- Billable
- Fringe Benefits
- Fleet

COUNTY OF RACINE, WISCONSIN
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
As of December 31, 2018

	<u>Billable</u>	<u>Fringe Benefits</u>	<u>Fleet</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 700	\$ -	\$ -	\$ 700
Receivables (net of allowance for uncollectibles)	31,734	-	38,545	70,279
Due from other governments	836,918	-	-	836,918
Due from other funds	-	429,321	2,917,023	3,346,344
Inventories	677,380	-	396,463	1,073,843
Prepaid items	210	-	10,288	10,498
Total current assets	<u>1,546,942</u>	<u>429,321</u>	<u>3,362,319</u>	<u>5,338,582</u>
Noncurrent assets				
Restricted assets:				
Net pension asset	77,562	652,435	-	729,997
Capital assets not being depreciated:				
Construction in progress	-	-	227,740	227,740
Capital assets being depreciated:				
Buildings	-	-	6,778,439	6,778,439
Improvements other than buildings	-	-	1,935,226	1,935,226
Machinery and equipment	43,831	-	12,777,834	12,821,665
Less: accumulated depreciation	<u>(37,257)</u>	<u>-</u>	<u>(12,542,184)</u>	<u>(12,579,441)</u>
Total noncurrent assets	<u>84,136</u>	<u>652,435</u>	<u>9,177,055</u>	<u>9,913,626</u>
Total assets	<u>1,631,078</u>	<u>1,081,756</u>	<u>12,539,374</u>	<u>15,252,208</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related amounts	<u>327,620</u>	<u>964,919</u>	<u>-</u>	<u>1,292,539</u>
LIABILITIES				
Current liabilities				
Accounts payable	58,328	-	185,394	243,722
Accrued liabilities	23,099	386,277	-	409,376
Due to other funds	1,460,629	-	-	1,460,629
Unearned revenue	3,418	89,617	-	93,035
Current maturities on long-term debt	<u>-</u>	<u>-</u>	<u>9,815</u>	<u>9,815</u>
Total current liabilities	<u>1,545,474</u>	<u>475,894</u>	<u>195,209</u>	<u>2,216,577</u>
Noncurrent liabilities				
Long term debt	<u>-</u>	<u>-</u>	<u>38,168</u>	<u>38,168</u>
Total liabilities	<u>1,545,474</u>	<u>475,894</u>	<u>233,377</u>	<u>2,254,745</u>
DEFERRED INFLOWS OF RESOURCES				
Pension-related amounts	<u>167,035</u>	<u>1,305,984</u>	<u>-</u>	<u>1,473,019</u>
NET POSITION				
Net investment in capital assets	6,574	-	9,129,072	9,135,646
Restricted for pensions	77,562	652,435	-	729,997
Unrestricted (deficit)	<u>162,053</u>	<u>(387,638)</u>	<u>3,176,925</u>	<u>2,951,340</u>
Total net position	<u>\$ 246,189</u>	<u>\$ 264,797</u>	<u>\$ 12,305,997</u>	<u>\$ 12,816,983</u>

COUNTY OF RACINE, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2018

	<u>Billable</u>	<u>Fringe Benefits</u>	<u>Fleet</u>	<u>Total</u>
OPERATING REVENUES				
Highway charges and fees	\$ 8,796,336	\$ 2,163,552	\$ 3,983,886	\$ 14,943,774
Other	42,884	-	17,426	60,310
Total operating revenues	<u>8,839,220</u>	<u>2,163,552</u>	<u>4,001,312</u>	<u>15,004,084</u>
OPERATING EXPENSES				
Current				
Highway maintenance	8,816,088	2,478,002	3,190,207	14,484,297
Depreciation	-	-	791,952	791,952
Total operating expenses	<u>8,816,088</u>	<u>2,478,002</u>	<u>3,982,159</u>	<u>15,276,249</u>
Operating income (loss)	<u>23,132</u>	<u>(314,450)</u>	<u>19,153</u>	<u>(272,165)</u>
NONOPERATING EXPENSE				
Interest expense	-	-	(1,356)	(1,356)
Loss on disposal of capital assets	-	-	(30,082)	(30,082)
Total nonoperating expense	<u>-</u>	<u>-</u>	<u>(31,438)</u>	<u>(31,438)</u>
Income (loss) before transfers	<u>23,132</u>	<u>(314,450)</u>	<u>(12,285)</u>	<u>(303,603)</u>
TRANSFERS				
Transfers in	14,664	-	1,213,782	1,228,446
Transfers out	<u>(186,777)</u>	<u>-</u>	<u>(587,808)</u>	<u>(774,585)</u>
Total net transfers	<u>(172,113)</u>	<u>-</u>	<u>625,974</u>	<u>453,861</u>
Change in net position	(148,981)	(314,450)	613,689	150,258
NET POSITION				
Beginning of year	<u>395,170</u>	<u>579,247</u>	<u>11,692,308</u>	<u>12,666,725</u>
End of year	<u>\$ 246,189</u>	<u>\$ 264,797</u>	<u>\$ 12,305,997</u>	<u>\$ 12,816,983</u>

COUNTY OF RACINE, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2018

	<u>Billable</u>	<u>Fringe Benefits</u>	<u>Fleet</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers and users	\$ 4,472,867	\$ 894,150	\$ 2,185,179	\$ 7,552,196
Received from interfund services provided	4,301,215	1,323,777	1,448,464	7,073,456
Paid to suppliers	(6,214,064)	(1,783,708)	(2,728,520)	(10,726,292)
Paid to employees	(2,387,905)	(434,219)	(449,405)	(3,271,529)
Net cash from operating activities	<u>172,113</u>	<u>-</u>	<u>455,718</u>	<u>627,831</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	14,664	-	1,213,782	1,228,446
Transfers out	(186,777)	-	(587,808)	(774,585)
Net cash from noncapital financing activities	<u>(172,113)</u>	<u>-</u>	<u>625,974</u>	<u>453,861</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	(1,070,694)	(1,070,694)
Principal paid on capital debt	-	-	(9,642)	(9,642)
Interest paid on capital debt	-	-	(1,356)	(1,356)
Net cash from capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,081,692)</u>	<u>(1,081,692)</u>
Net increase (decrease) in cash and cash equivalents	-	-	-	-
CASH AND CASH EQUIVALENTS				
Beginning of year	<u>700</u>	<u>-</u>	<u>-</u>	<u>700</u>
End of year	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 23,132	\$ (314,450)	\$ 19,153	\$ (272,165)
Adjustments to reconcile to net cash from operating activities:				
Depreciation	-	-	791,952	791,952
Changes in assets, deferred outflows, liabilities and deferred inflows:				
Receivables	12,526	-	(37,122)	(24,596)
Due from other governments	(81,082)	-	-	(81,082)
Due from other funds	-	42,755	(330,547)	(287,792)
Inventories	(22,246)	-	(26,479)	(48,725)
Prepaid items	(12)	-	17,634	17,622
Accounts payable	8,349	-	21,127	29,476
Due to other funds	420,529	-	-	420,529
Unearned revenue	3,418	11,620	-	15,038
Pension related assets and deferrals	(184,263)	289,546	-	105,283
Other liabilities	(8,238)	(29,471)	-	(37,709)
Net cash from operating activities	<u>\$ 172,113</u>	<u>\$ -</u>	<u>\$ 455,718</u>	<u>\$ 627,831</u>

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

None

AGENCY FUNDS

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations. The County's agency funds are used to account for assets that are held by the County in a trustee capacity or as an agent for individuals, private organizations, and all other governmental units. The County has the following agency funds:

- Clerk of Courts – To account for the receipt and disbursement of court-ordered payments to third parties.
- Unclaimed Funds – funds held by the County that are unclaimed per Wisconsin state statutes.
- Other – receipt and disbursement of funds for small items such as the County's United Way employee donation campaign, Sheriff trust funds for Huber and other inmates, and the employee activity committee.
- Property Taxes – receipt and disbursement of property tax payments by the County Treasurer to local municipalities.

COUNTY OF RACINE, WISCONSIN
COMBINING STATEMENT OF ASSETS AND LIABILITIES - AGENCY FUNDS
As of December 31, 2018

	<u>Agency Funds</u>				Total Agency Funds
	<u>Court</u>	<u>Unclaimed Funds</u>	<u>Other</u>	<u>Taxes</u>	
ASSETS					
Cash and investments	\$ 3,875,379	\$ 490,496	\$ 722,807	\$ -	\$ 5,088,682
Receivables:					
Delinquent property taxes	-	-	-	1,105,420	1,105,420
 Total assets	<u>\$ 3,875,379</u>	<u>\$ 490,496</u>	<u>\$ 722,807</u>	<u>\$ 1,105,420</u>	<u>\$ 6,194,102</u>
 LIABILITIES					
Accounts payable	\$ -	\$ 20	\$ 108,630	\$ -	\$ 108,650
Agency deposits	<u>3,875,379</u>	<u>490,476</u>	<u>614,177</u>	<u>1,105,420</u>	<u>6,085,452</u>
 Total liabilities	<u>\$ 3,875,379</u>	<u>\$ 490,496</u>	<u>\$ 722,807</u>	<u>\$ 1,105,420</u>	<u>\$ 6,194,102</u>

COUNTY OF RACINE, WISCONSIN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<u>COURT</u>				
ASSETS				
Cash and investments	\$ 3,234,565	\$ 3,875,379	\$ 3,234,565	\$ 3,875,379
LIABILITIES				
Agency deposits	\$ 3,234,565	\$ 3,875,379	\$ 3,234,565	\$ 3,875,379
<u>UNCLAIMED FUNDS</u>				
ASSETS				
Cash and investments	\$ 476,709	\$ 490,496	\$ 476,709	\$ 490,496
LIABILITIES				
Agency deposits	\$ 476,709	\$ 490,496	\$ 476,709	\$ 490,496
<u>OTHER</u>				
ASSETS				
Cash and investments	\$ 664,381	\$ 722,807	\$ 664,381	\$ 722,807
LIABILITIES				
Accounts payable	\$ 8,581	\$ 108,630	\$ 8,581	\$ 108,630
Agency deposits	655,800	614,177	655,800	614,177
Total liabilities	<u>\$ 664,381</u>	<u>\$ 722,807</u>	<u>\$ 664,381</u>	<u>\$ 722,807</u>
	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<u>TAXES</u>				
ASSETS				
Cash and investments	\$ 73,441	\$ -	\$ 73,441	\$ -
Receivables:				
Delinquent property taxes	1,387,872	1,105,420	1,387,872	1,105,420
Total assets	<u>\$ 1,461,313</u>	<u>\$ 1,105,420</u>	<u>\$ 1,461,313</u>	<u>\$ 1,105,420</u>
LIABILITIES				
Agency deposits	\$ 1,461,313	\$ 1,105,420	\$ 1,461,313	\$ 1,105,420
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 4,449,096	\$ 5,088,682	\$ 4,449,096	\$ 5,088,682
Receivables:				
Delinquent property taxes	1,387,872	1,105,420	1,387,872	1,105,420
Total assets	<u>\$ 5,836,968</u>	<u>\$ 6,194,102</u>	<u>\$ 5,836,968</u>	<u>\$ 6,194,102</u>
LIABILITIES				
Accounts payable	\$ 8,581	\$ 108,630	\$ 8,581	\$ 108,630
Agency deposits	5,828,387	6,085,472	5,828,387	6,085,472
Total liabilities	<u>\$ 5,836,968</u>	<u>\$ 6,194,102</u>	<u>\$ 5,836,968</u>	<u>\$ 6,194,102</u>

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STATISTICAL SECTION

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**Statistical Section
(Unaudited)**

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

FINANCIAL TRENDS - TABLES 1 - 4

These schedules contain trend information to help the reader understand how the County's financial performance and well being have changed over time.

REVENUE CAPACITY - TABLES 5 - 8

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

DEBT CAPACITY - TABLES 9 - 11

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION - TABLES 12 -13

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

OPERATING INFORMATION - TABLES 14 - 16

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The County implemented GASB 34 in 2002.

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COUNTY OF RACINE, WISCONSIN
TABLE 1 - NET POSITION BY COMPONENT
For the fiscal years ended December 31, 2009 through 2018

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 (b)</u>
<u>Governmental Activities</u>									
Net investment in capital assets	\$ 64,602,042	\$ 66,620,814	\$ 66,531,523	\$ 70,301,141	\$ 70,793,526	\$ 71,576,675	\$ 73,461,275	\$ 72,608,754	\$ 75,699,354
Restricted (a)	789,986	479,523	1,192,375	864,347	1,894,330	957,661	7,546,353	1,450,695	79,470,192
Unrestricted (deficit)	<u>1,307,970</u>	<u>(10,959,241)</u>	<u>(19,530,314)</u>	<u>(30,922,432)</u>	<u>(29,577,819)</u>	<u>(27,242,637)</u>	<u>(16,162,176)</u>	<u>(14,244,416)</u>	<u>(227,113,750)</u>
Total Governmental Activities Net position	<u>\$ 66,699,998</u>	<u>\$ 56,141,096</u>	<u>\$ 48,193,584</u>	<u>\$ 40,243,056</u>	<u>\$ 43,110,037</u>	<u>\$ 45,291,699</u>	<u>\$ 64,845,452</u>	<u>\$ 59,815,033</u>	<u>\$ (71,944,204)</u>
<u>Business-type Activities</u>									
Net investment in capital assets	\$ 5,160,995	\$ 5,547,951	\$ 5,652,137	\$ 6,454,139	\$ 6,416,321	\$ 6,141,920	\$ 6,064,650	\$ 6,515,782	\$ 3,554,511
Restricted (a)	-	-	-	-	-	-	1,388,268	-	-
Unrestricted (deficit)	<u>(150,409)</u>	<u>1,078,704</u>	<u>3,191,955</u>	<u>2,829,498</u>	<u>2,176,791</u>	<u>2,487,622</u>	<u>4,017,906</u>	<u>4,433,369</u>	<u>11,086,943</u>
Total Business-type Activities Net Position	<u>\$ 5,010,586</u>	<u>\$ 6,626,655</u>	<u>\$ 8,844,092</u>	<u>\$ 9,283,637</u>	<u>\$ 8,593,112</u>	<u>\$ 8,629,542</u>	<u>\$ 11,470,824</u>	<u>\$ 10,949,151</u>	<u>\$ 14,641,454</u>
<u>Primary Government</u>									
Net investment in capital assets	\$ 69,763,037	\$ 72,168,765	\$ 72,183,660	\$ 76,755,280	\$ 77,209,847	\$ 77,718,595	\$ 79,525,925	\$ 79,124,536	\$ 79,253,865
Restricted (a)	789,986	479,523	1,192,375	864,347	1,894,330	957,661	8,934,621	1,450,695	79,470,192
Unrestricted (deficit)	<u>1,157,561</u>	<u>(9,880,537)</u>	<u>(16,338,359)</u>	<u>(28,092,934)</u>	<u>(27,401,028)</u>	<u>(24,755,015)</u>	<u>(12,144,270)</u>	<u>(9,811,047)</u>	<u>(216,026,807)</u>
Total Primary Government Net Position	<u>\$ 71,710,584</u>	<u>\$ 62,767,751</u>	<u>\$ 57,037,676</u>	<u>\$ 49,526,693</u>	<u>\$ 51,703,149</u>	<u>\$ 53,921,241</u>	<u>\$ 76,316,276</u>	<u>\$ 70,764,184</u>	<u>\$ (57,302,750)</u>

Notes:

(a) Change in 2015 is the result of the implementation of GASB Statement No. 68 and implementation of GASB Statement No. 71.

(b) GASB Statement No. 75 was implemented.

COUNTY OF RACINE, WISCONSIN
TABLE 2 - CHANGES IN NET POSITION
For the fiscal years ended December 31, 2009 through 2018
(accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses:									
Governmental activities:									
General government	\$ 23,739,108	\$ 18,930,580	\$ 18,794,913	\$ 21,188,097	\$ 13,569,972	\$ 12,976,425	\$ 11,456,557	\$ 18,377,521	\$ 12,630,557
Public safety	34,024,144	36,686,794	34,917,243	36,176,316	37,877,728	38,393,851	38,893,997	38,598,464	53,852,754
Health and social services	52,062,294	53,773,095	50,582,992	46,463,188	37,250,748	38,694,931	37,726,141	38,049,206	37,682,223
Education and recreation	5,609,494	6,821,539	6,271,197	5,841,238	5,581,326	5,855,624	5,709,148	5,808,509	5,607,830
Development	2,634,043	2,599,970	4,286,674	4,522,382	2,353,909	2,440,431	2,267,218	1,470,265	6,734,196
Highways and streets	5,482,591	7,478,321	6,845,619	6,270,486	5,221,320	5,477,378	4,930,298	8,669,253	6,392,210
Interest and fiscal charges	1,869,319	1,809,819	1,815,230	1,656,893	1,673,271	1,445,188	1,252,408	1,401,967	1,227,355
Total governmental activities expenses	<u>125,420,993</u>	<u>128,100,118</u>	<u>123,513,868</u>	<u>122,118,600</u>	<u>103,528,274</u>	<u>105,283,828</u>	<u>102,235,767</u>	<u>112,375,185</u>	<u>124,127,125</u>
Business-type activities:									
Healthcare Center	15,894,918	16,203,632	16,497,328	17,150,754	16,355,002	16,574,797	16,541,370	16,783,931	12,859,681
Reefpoint Marina	-	-	-	1,181,067	1,249,377	1,406,869	1,515,244	1,603,243	1,728,352
Behavioral Health Services	-	-	-	-	8,674,917	9,117,500	9,947,591	10,608,056	15,948,355
Pritchard Park	-	-	-	-	-	-	-	-	-
Golf Courses	206,099	232,445	236,165	262,551	287,433	307,278	245,428	207,159	219,694
Total Business-type activities expenses	<u>16,101,017</u>	<u>16,436,077</u>	<u>16,733,493</u>	<u>18,594,372</u>	<u>26,566,729</u>	<u>27,406,444</u>	<u>28,249,633</u>	<u>29,202,389</u>	<u>30,756,082</u>
Total expenses	<u>\$ 141,522,010</u>	<u>\$ 144,536,195</u>	<u>\$ 140,247,361</u>	<u>\$ 140,712,972</u>	<u>\$ 130,095,003</u>	<u>\$ 132,690,272</u>	<u>\$ 130,485,400</u>	<u>\$ 141,577,574</u>	<u>\$ 154,883,207</u>
Program Revenues:									
Governmental activities:									
Charges for services									
General government	\$ 4,073,569	\$ 4,548,389	\$ 4,689,931	\$ 4,747,056	\$ 4,573,756	\$ 4,396,263	\$ 4,456,234	\$ 4,551,088	\$ 4,559,549
Public safety	2,595,433	2,781,480	2,882,137	2,941,499	2,921,337	2,937,753	2,609,591	2,730,593	2,965,139
Health and social services	3,311,152	2,548,689	2,222,133	3,058,583	1,857,573	1,879,599	2,609,429	2,955,446	1,493,784
Education and recreation	276,205	261,235	244,946	259,031	266,987	272,202	294,905	357,310	374,359
Development	398,080	430,785	428,282	205,898	229,684	225,470	241,907	239,947	321,928
Highways and streets	-	-	-	-	-	-	-	-	-
Operating grants and contributions	44,027,768	44,230,307	45,995,983	43,786,043	36,635,567	37,989,509	37,528,198	36,311,183	34,862,866
Capital grants and contributions	105,723	3,724,789	494,122	1,088,365	1,636,688	1,034,054	1,342,028	180,000	2,210,000
Total governmental activities program revenues	<u>54,787,930</u>	<u>58,525,674</u>	<u>56,957,534</u>	<u>56,086,475</u>	<u>48,121,592</u>	<u>48,734,850</u>	<u>49,082,292</u>	<u>47,325,567</u>	<u>46,787,625</u>
Business-type activities:									
Charges for services									
Healthcare Center	16,344,857	16,638,538	17,102,754	16,153,936	15,148,338	15,819,653	15,713,085	16,059,689	10,166,822
Reefpoint Marina	-	-	-	1,431,574	1,286,692	1,447,015	1,648,292	1,704,959	1,744,044
Behavioral Health Services	-	-	-	-	8,982,852	9,143,200	9,914,986	9,920,277	16,383,120
Pritchard Park	-	-	-	-	-	-	-	-	-
Golf Courses	408,822	409,461	289,804	314,984	294,076	298,911	304,450	274,383	266,348
Total business-type activities program revenues	<u>16,753,679</u>	<u>17,047,999</u>	<u>17,392,558</u>	<u>17,900,494</u>	<u>25,711,958</u>	<u>26,708,779</u>	<u>27,580,813</u>	<u>27,959,308</u>	<u>28,560,334</u>
Total program revenues	<u>\$ 71,541,609</u>	<u>\$ 75,573,673</u>	<u>\$ 74,350,092</u>	<u>\$ 73,986,969</u>	<u>\$ 73,833,550</u>	<u>\$ 75,443,629</u>	<u>\$ 76,663,105</u>	<u>\$ 75,284,875</u>	<u>\$ 75,347,959</u>
Net (Expense)/Revenue:									
Governmental activities	\$ (70,633,063)	\$ (69,574,444)	\$ (66,556,334)	\$ (66,032,125)	\$ (55,406,682)	\$ (56,548,978)	\$ (53,153,475)	\$ (65,049,618)	\$ (77,339,500)
Business-type activities	652,662	611,922	659,065	(693,878)	(854,771)	(697,665)	(668,820)	(1,243,081)	(2,195,748)
Total net expense	<u>\$ (69,980,401)</u>	<u>\$ (68,962,522)</u>	<u>\$ (65,897,269)</u>	<u>\$ (66,726,003)</u>	<u>\$ (56,261,453)</u>	<u>\$ (57,246,643)</u>	<u>\$ (53,822,295)</u>	<u>\$ (66,292,699)</u>	<u>\$ (79,535,248)</u>

General Revenues and Other Changes in Net**Position:**

Governmental activities:

Property taxes	\$ 51,397,357	\$ 45,887,633	\$ 45,035,318	\$ 51,540,458	\$ 51,378,111	\$ 51,962,329	\$ 52,178,043	\$ 51,382,533	\$ 51,919,376
Other taxes	-	-	-	92,821	323	123	145	457	467
Grants and contributions not restricted to specific programs	4,050,922	5,739,176	5,761,091	2,711,964	2,757,895	2,745,176	2,771,696	3,004,169	2,900,458
Unrestricted investment earnings	3,288,586	3,879,971	3,840,094	3,754,217	3,487,113	3,243,584	2,841,700	3,155,601	2,949,947
Gain (loss) on sale of capital assets	-	3,322,839	4,128,649	-	-	-	-	-	-
Other	1,341,935	1,190,070	1,401,946	1,115,493	1,206,511	1,513,197	2,108,633	3,201,478	3,364,758
Transfers	697,353	(1,004,147)	(1,558,276)	(1,133,356)	(216,779)	(733,769)	(679,048)	(697,574)	(147,372)
Total governmental activities	<u>60,776,153</u>	<u>59,015,542</u>	<u>58,608,822</u>	<u>58,081,597</u>	<u>58,613,174</u>	<u>58,730,640</u>	<u>59,221,169</u>	<u>60,046,664</u>	<u>60,987,634</u>

Business-type activities:

Unrestricted investment earnings	-	-	-	67	47	326	54	30	19,533
Other	-	-	96	-	-	-	-	-	-
Special item	-	-	-	-	-	-	-	-	5,744,950
Transfers	(697,353)	1,004,147	1,558,276	1,133,356	216,779	733,769	679,048	697,574	147,372
Total business-type activities	<u>(697,353)</u>	<u>1,004,147</u>	<u>1,558,372</u>	<u>1,133,423</u>	<u>216,826</u>	<u>734,095</u>	<u>679,102</u>	<u>697,604</u>	<u>5,911,855</u>
Total	<u>\$ 60,078,800</u>	<u>\$ 60,019,689</u>	<u>\$ 60,167,194</u>	<u>\$ 59,215,020</u>	<u>\$ 58,830,000</u>	<u>\$ 59,464,735</u>	<u>\$ 59,900,271</u>	<u>\$ 60,744,268</u>	<u>\$ 66,899,489</u>

Change in Net Position:

Governmental activities	\$ (9,856,910)	\$ (10,558,902)	\$ (7,947,512)	\$ (7,950,528)	\$ 3,206,492	\$ 2,181,662	\$ 6,067,694	\$ (5,002,954)	\$ (16,351,866)
Business-type activities	(44,691)	1,616,069	2,217,437	439,545	(637,945)	36,430	10,282	(545,477)	3,716,107
Total	<u>\$ (9,901,601)</u>	<u>\$ (8,942,833)</u>	<u>\$ (5,730,075)</u>	<u>\$ (7,510,983)</u>	<u>\$ 2,568,547</u>	<u>\$ 2,218,092</u>	<u>\$ 6,077,976</u>	<u>\$ (5,548,431)</u>	<u>\$ (12,635,759)</u>

COUNTY OF RACINE, WISCONSIN
TABLE 3 - FUND BALANCES, GOVERNMENTAL FUNDS
For the fiscal years ended December 31, 2009 through 2018
(modified accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011 *</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund:									
Reserved	\$ 11,952,172	\$ 13,866,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	33,518,452	31,102,669	-	-	-	-	-	-	-
Nonspendable	-	-	12,857,104	15,904,149	15,800,363	16,277,554	16,921,458	17,462,751	18,842,899
Restricted	-	-	712,400	311,936	312,246	308,297	308,705	309,990	309,990
Committed	-	-	16,956,084	14,307,806	16,293,451	17,589,978	18,209,733	20,751,961	15,493,453
Unassigned	-	-	17,942,581	15,193,056	15,704,799	14,128,108	15,827,299	9,628,976	12,121,115
Total General Fund	<u>45,470,624</u>	<u>44,968,695</u>	<u>48,468,169</u>	<u>45,716,947</u>	<u>48,110,859</u>	<u>48,303,937</u>	<u>51,267,195</u>	<u>48,153,678</u>	<u>46,767,457</u>
Other governmental funds:									
Reserved	1,168,148	846,239	-	-	-	-	-	-	-
Unreserved - reported in:									
Special Revenue Funds	3,502,467	5,546,339	-	-	-	-	-	-	-
Capital Projects Fund	2,288,885	2,411,224	-	-	-	-	-	-	-
Nonspendable	-	-	298,773	276,631	271,627	282,631	273,801	270,714	265,427
Restricted	-	-	409,299	622,723	1,851,244	942,562	779,499	1,311,491	81,896,421
Committed	-	-	8,188,351	7,679,370	7,331,450	8,782,738	5,126,316	4,091,264	3,252,957
Assigned	-	-	2,275,724	2,794,177	2,500,134	1,897,768	6,740,705	7,053,290	5,968,059
Unassigned (deficit)	-	-	-	-	(46,588)	(7,460)	-	-	-
Total other governmental funds	<u>6,959,500</u>	<u>8,803,802</u>	<u>11,172,147</u>	<u>11,372,901</u>	<u>11,907,867</u>	<u>11,898,239</u>	<u>12,920,321</u>	<u>12,726,759</u>	<u>91,382,864</u>
TOTAL FUND BALANCES	<u>\$ 52,430,124</u>	<u>\$ 53,772,497</u>	<u>\$ 59,640,316</u>	<u>\$ 57,089,848</u>	<u>\$ 60,018,726</u>	<u>\$ 60,202,176</u>	<u>\$ 64,187,516</u>	<u>\$ 60,880,437</u>	<u>\$ 138,150,321</u>

Notes:

See the notes to financial statements for complete details of the fund balances.

* - The County implemented GASB Standard 54 effective 1/1/11. Prior years have not been restated to reflect this change in reporting.

COUNTY OF RACINE, WISCONSIN
TABLE 4 - CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
For the fiscal years ended December 31, 2009 through 2018
(modified accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:									
Property taxes	\$ 50,512,920	\$ 50,809,305	\$ 50,987,609	\$ 50,909,907	\$ 51,109,127	\$ 51,293,780	\$ 51,137,678	\$ 51,382,990	\$ 51,919,843
Intergovernmental	48,168,013	51,525,420	50,287,457	47,599,909	40,536,437	41,598,070	41,893,689	39,082,111	38,488,666
Fines and fees	7,086,991	7,716,658	7,749,642	8,427,429	8,655,700	8,590,341	9,396,850	9,336,139	9,714,759
Interest income	3,288,586	3,322,839	4,128,649	3,754,217	3,487,113	3,243,584	2,841,717	3,155,603	2,949,947
Miscellaneous	4,902,184	4,237,942	3,714,587	3,708,088	2,413,387	2,805,693	3,089,377	3,609,470	3,886,422
Total revenues	<u>113,958,694</u>	<u>117,612,164</u>	<u>116,867,944</u>	<u>114,399,550</u>	<u>106,201,764</u>	<u>107,531,468</u>	<u>108,359,311</u>	<u>106,566,313</u>	<u>106,959,637</u>
Expenditures:									
Current:									
General government	19,873,265	14,054,302	15,726,460	17,862,727	12,566,127	12,787,706	11,205,047	16,640,626	16,066,315
Public safety	26,553,273	29,558,926	32,962,956	33,147,567	33,667,840	35,090,055	35,589,333	35,515,704	37,682,554
Health and social services	47,089,952	48,174,139	47,021,339	43,808,518	37,012,809	37,967,539	37,417,651	36,564,821	32,893,728
Education and recreation	4,853,010	4,841,796	4,860,902	4,511,189	4,995,648	5,097,913	5,050,077	4,949,891	4,983,886
Development	1,715,127	1,647,439	2,725,818	3,051,344	1,357,363	1,455,472	1,426,918	1,440,230	5,719,263
Highways and streets	6,527,834	8,679,234	6,114,854	7,266,428	7,777,129	9,577,062	8,327,803	6,579,153	4,710,587
Capital outlay	1,971,496	3,180,033	4,426,458	6,148,346	5,765,958	3,733,621	4,110,646	4,528,999	8,422,003
Debt service principal	3,953,246	4,383,769	4,309,329	12,667,058	5,511,131	5,575,762	5,526,177	8,030,605	8,874,129
Debt service interest and fiscal charges	1,891,891	1,835,396	1,744,994	1,717,804	1,619,324	1,467,319	1,447,931	1,456,049	1,858,140
Total Expenditures	<u>114,429,094</u>	<u>116,355,034</u>	<u>119,893,110</u>	<u>130,180,981</u>	<u>110,273,329</u>	<u>112,752,449</u>	<u>110,101,583</u>	<u>115,706,078</u>	<u>121,210,605</u>
Excess (deficiency) of revenues over expenditures	<u>(470,400)</u>	<u>1,257,130</u>	<u>(3,025,166)</u>	<u>(15,781,431)</u>	<u>(4,071,565)</u>	<u>(5,220,981)</u>	<u>(1,742,272)</u>	<u>(9,139,765)</u>	<u>(14,250,968)</u>
Other Financing Sources (Uses):									
Transfers in	19,960,104	15,805,719	13,579,254	13,122,729	15,049,544	12,314,105	15,103,686	12,945,950	16,518,509
Transfers out	(19,601,539)	(16,640,476)	(15,249,969)	(14,423,362)	(16,243,668)	(13,220,204)	(16,089,775)	(13,261,597)	(16,793,702)
Issuance of general obligation debt	4,335,000	4,920,000	6,560,000	14,447,412	7,020,000	6,135,000	6,565,000	6,010,000	91,870,000
Issuance of refunding bonds	-	-	-	-	14,880,000	-	-	-	-
Net premium (discount) on issuance of debt	6,720	-	-	73,784	1,902,105	143,463	129,061	134,196	(102,412)
Payment to refunding bond escrow agent	-	-	-	-	(15,607,538)	-	-	-	-
Sale of property	-	-	3,700	10,400	-	32,067	19,640	4,137	8,965
Total other financing sources (uses)	<u>4,700,285</u>	<u>4,085,243</u>	<u>4,892,985</u>	<u>13,230,963</u>	<u>7,000,443</u>	<u>5,404,431</u>	<u>5,727,612</u>	<u>5,832,686</u>	<u>91,501,360</u>
Net change in fund balances	<u>\$ 4,229,885</u>	<u>\$ 5,342,373</u>	<u>\$ 1,867,819</u>	<u>\$ (2,550,468)</u>	<u>\$ 2,928,878</u>	<u>\$ 183,450</u>	<u>\$ 3,985,340</u>	<u>\$ (3,307,079)</u>	<u>\$ 77,250,392</u>
Capitalized expenditures	<u>\$ 6,269,347</u>	<u>\$ 7,112,732</u>	<u>\$ 5,762,786</u>	<u>\$ 7,892,151</u>	<u>\$ 8,756,298</u>	<u>\$ 7,000,061</u>	<u>\$ 7,158,889</u>	<u>\$ 4,031,966</u>	<u>\$ 6,637,035</u>
Debt Service as a percent of noncapital expenditures (a)	5.40%	5.69%	5.30%	11.76%	7.02%	6.66%	6.77%	8.49%	9.37%

Notes:

(a) Calculation excludes refunding debt payments.

COUNTY OF RACINE, WISCONSIN
TABLE 5 - EQUALIZED VALUE OF TAXABLE PROPERTY
For the fiscal years ended December 31, 2009 through 2018

Fiscal Year Ended	Real Estate				Personal Property	Total Taxable Equalized Value (EV) (a)	Total Tax Increment District (TID) (e)	EV less TID (b)	County General Tax Levy (c)	Tax Rate (d)
	Residential	Commercial	Manufacturing	Other						
2009	12,188,406,100	2,640,032,600	432,763,300	323,520,400	327,325,300	15,912,047,700	695,535,250	15,216,512,450	47,592,924	3.13
2010	11,538,790,000	2,632,552,300	421,179,200	309,215,900	326,895,200	15,228,632,600	630,778,050	14,597,854,550	48,013,591	3.29
2011	11,400,424,500	2,608,668,400	418,792,500	307,351,400	306,179,600	15,041,416,400	623,167,550	14,418,248,850	48,013,591	3.33
2012	10,554,091,100	2,538,531,400	430,052,000	284,344,700	309,975,700	14,116,994,900	653,365,750	13,463,629,150	48,010,525	3.57
2013	10,095,309,600	2,299,275,100	460,183,100	289,807,700	294,273,900	13,438,849,400	595,397,150	12,843,452,250	48,010,526	3.74
2014	10,229,559,200	2,375,666,900	433,287,900	263,734,400	321,570,400	13,623,818,800	520,259,950	13,103,558,850	48,010,526	3.66
2015	10,330,610,000	2,512,370,100	443,322,500	277,371,900	332,354,300	13,896,028,800	584,524,350	13,311,504,450	48,010,526	3.61
2016	10,562,801,300	2,539,509,300	461,915,200	284,286,800	325,179,500	14,173,692,100	398,510,750	13,775,181,350	49,012,924	3.56
2017	11,086,586,900	2,539,655,900	434,652,900	294,950,500	339,633,600	14,695,479,800	471,197,750	14,224,282,050	49,753,906	3.50
2018	11,734,205,200	2,608,271,200	484,943,600	305,641,300	240,728,100	15,373,789,400	322,299,050	15,051,490,350	51,241,578	3.40

Source: State of Wisconsin Department of Revenue Equalization Division

Notes:

- (a) Due to varying assessment ratios to full market value used in municipalities, all underlying tax districts such as counties are required to use equalized value for levying property taxes. Equalized value, defined by State Statute, is the legal market value determined by the Wisconsin Department of Revenue Bureau of Property Tax. The equalized value determined as of January 1st is used to apportion the tax levied in November and collected in the subsequent year. This table reports the equalized value with the corresponding fiscal year in which the tax is collected.
- (b) Equalized Values are reduced by Tax Increment District value increments for apportioning the County levy.
- (c) Levy shown is the general countywide levy and excludes levies for county schools, bridge aids, and the library system. These levies were excluded since they apply to select municipalities within the County and are not county wide.
- (d) Per \$1,000 of equalized value.
The total tax rate is included for analytical purposes only and does not represent a rate that is applicable to any one municipality.
- (e) The Village of Sturtevant had a \$222 million Total Tax Increment District (TID) decertify during 2016.

footnote County taxes are allocated based upon total Equalized assessed Value with Tax Incremental Districts removed.
The tax rate is an artificial rate determined by dividing the total of the four separate levies by the total EAV TID out.
The County levies four separate tax levies.
Three of the levies are apportioned to only a portion of the County.
The total tax rate is included for analytical purposes only and does not represent a rate that is applicable to any one municipality.

COUNTY OF RACINE, WISCONSIN
TABLE 6 - PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2018</u>			<u>2009</u>		
	<u>Taxable Assessed</u>		<u>Percentage of Total County Taxable Assessed</u>	<u>Taxable Assessed</u>		<u>Percentage of Total County Taxable Assessed</u>
	<u>Value</u>	<u>Rank</u>		<u>Value</u>	<u>Rank</u>	
S.C. Johnson & Son, Inc.	\$ 87,695,800	1	0.63%	\$ 125,379,265	1	0.84%
Centerpoint Properties Trust	39,468,900	2	0.28%	38,106,704	5	0.25%
All Saints Health Care	32,057,700	3	0.23%	43,665,758	3	0.29%
United Inc	28,291,200	4	0.20%			
Seda North America Inc	27,704,700	5	0.20%			
Johnson Financial Group	24,808,600	6	0.18%			
Case Equipment Corp	20,970,400	7	0.15%	31,889,468	6	0.21%
Rudd Lighting Inc	20,412,500	8	0.15%			
SNH Medical Office Properties	20,160,900	9	0.15%			
Village Center Station LLC	19,030,300	10	0.14%			
Regency Mall				112,256,808	2	0.75%
Continental 63 & 81 Fund LLC (Wal-Mart Stores)				60,252,761	4	0.40%
Aurora Medical Group				34,810,262	7	0.23%
Inland Southeast Mt Pleasant (Kohls & Jewel)				27,075,126	8	0.18%
Bombardier Motor Corp Of America				20,111,206	9	0.13%
High Ridge Improvements				18,450,185	10	0.12%
Totals	<u>\$ 320,601,000</u>		<u>2.31%</u>	<u>\$ 511,997,543</u>		<u>3.41%</u>
Total County Taxable Assessed Value	<u>\$ 13,884,648,450</u>			<u>\$ 15,008,476,350</u>		

Note:

Source: Racine County Treasurer's Office and City of Racine
County taxes are allocated based upon total equalized assessed value with tax incremental districts and personal property taxes removed.

COUNTY OF RACINE, WISCONSIN
TABLE 7 - PROPERTY TAX LEVIES AND COLLECTIONS,
For the fiscal years ended December 31, 2009 through 2018

Tax Levy Year	Collection Year Ended Dec 31,	Total Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	2009	305,393,464	298,193,484	97.64%	7,039,013	305,232,497	99.95%
2009	2010	318,063,935	310,315,192	97.56%	7,421,643	317,736,834	99.90%
2010	2011	322,502,719	315,464,185	97.82%	6,565,300	322,029,485	99.85%
2011	2012	329,272,692	321,913,844	97.77%	6,585,077	328,498,921	99.77%
2012	2013	338,189,017	331,065,682	97.89%	5,982,930	337,048,612	99.66%
2013	2014	333,245,988	326,674,634	98.03%	5,029,396	331,704,030	99.54%
2014	2015	319,199,884	313,396,709	98.18%	4,008,437	317,405,146	99.44%
2015	2016	334,261,456	328,377,726	98.24%	3,152,100	331,529,826	99.18%
2016	2017	332,487,927	326,481,760	98.19%	2,373,270	328,855,029	98.91%
2017	2018	337,586,793	332,572,353	98.51%	-	332,577,768	98.52%

Source: Racine County Treasurer's Office

Notes:

This table represents the total County-wide property tax collections as the County Treasurer is responsible for settling in full with the underlying taxing jurisdictions for all real estate and special taxes.

See Note I. D.2. for property tax collection and settlement process with the state and local governments.

COUNTY OF RACINE, WISCONSIN
TABLE 8 - PROPERTY TAX RATES
For the fiscal years ended December 31, 2009 through 2018
(rates per \$1,000 of equalized value)

	2018 Equalized Value (f)	Levy Year									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	
County direct rate											
General	\$ 15,051,490,350	\$ 3.13	\$ 3.29	\$ 3.33	\$ 3.57	\$ 3.74	\$ 3.66	\$ 3.61	\$ 3.56	\$ 3.50	
Overlapping rates (g)											
Racine County:											
County Schools (a)	\$ 5,420,394,611	\$ 0.15	\$ 0.14	\$ 0.14	\$ 0.15	\$ 0.25	\$ 0.24	\$ 0.17	\$ 0.17	\$ 0.16	
Bridge Aids (b)	3,847,104,700	0.01	-	0.01	0.03	-	-	-	0.04	0.01	
Lakeshore Library (c)	9,634,459,000	0.22	0.24	0.24	0.27	0.27	0.26	0.26	0.25	0.26	
Cities:											
Burlington (d)	\$ 937,827,400	\$ 20.58	\$ 20.95	\$ 21.77	\$ 21.80	\$ 24.09	\$ 22.97	\$ 23.38	\$ 22.75	\$ 23.36	
Racine	3,342,437,150	22.80	23.84	25.47	28.47	29.13	29.14	30.71	30.32	29.62	
Towns:											
Burlington	\$ 727,952,200	\$14.77-15.63	\$16.76-17.71	\$17.09-18.04	\$16.79-17.74	\$17.29-18.18	\$16.59-17.49	\$16.68-17.58	\$16.83-17.73	\$16.50-17.39	
Dover	366,776,900	14.21-17.36	15.91-19.64	16.48-18.90	16.89-19.71	16.96-20.06	16.00-18.03	16.27-18.60	16.01-17.78	15.60-17.65	
Norway	919,579,400	14.56-16.96	15.38-18.28	15.41-17.68	14.87-17.28	14.93-17.69	14.82-17.92	15.05-18.22	14.57-17.71	13.97-17.76	
Raymond	522,232,400	15.88-16.81	18.27-19.54	18.30-18.64	17.97-18.70	18.62-19.75	17.90-18.43	17.73-18.63	17.83-18.33	16.94-18.14	
Rochester (e)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Waterford	789,442,400	16.55-16.92	17.30-17.50	17.57-17.80	18.07-18.67	18.06-18.70	17.74-18.30	17.45-17.93	17.58-17.89	16.95-17.26	
Yorkville	521,121,400	16.26-17.14	18.24-19.47	17.56-18.55	18.21-20.19	18.41-19.41	17.56-18.69	17.46-19.09	16.74-17.48	15.75-16.49	
Villages:											
Caledonia	\$ 2,133,721,200	\$16.19-17.46	\$16.20-17.51	\$16.80-18.12	\$20.17-21.65	\$19.99-20.86	\$18.94-19.75	\$19.92-20.62	\$19.55-20.07	\$19.84-20.36	
Elmwood Park	40,532,200	15.74	16.08	16.11	17.29	19.54	18.60	19.80	19.48	19.82	
Mount Pleasant	2,779,454,000	16.82-17.12	18.49-18.81	20.61-20.96	21.98-22.33	21.16	20.23	21.43	21.43	20.19	
North Bay	36,484,500	17.43	21.83	22.04	23.38	20.99	19.83	20.59	20.40	20.37	
Rochester	388,133,800	14.14-16.56	15.14-17.61	15.40-17.79	15.97-18.67	17.15-19.52	16.52-18.89	15.82-18.84	15.99-19.05	16.17-19.34	
Sturtevant	546,554,400	18.82	20.82	21.08	23.16	22.74	21.82	23.36	21.68	21.57	
Union Grove	306,455,200	20.16	21.88	21.53	23.63	23.67	22.72	23.07	21.78	21.72	
Waterford	442,177,800	21.40	21.46	21.76	21.89	21.95	21.26	22.96	21.58	21.18	
Wind Point	250,608,000	15.24	16.32	16.98	17.05	16.38	15.62	16.29	17.48	17.30	

Notes:

Source: Racine County budgets and Racine County Real Property Lister

- (a) County Schools levy excludes the following taxing districts: Villages of Caledonia, Elmwood Park, Mt Pleasant, North Bay, Sturtevant, and Wind F
- (b) Bridge Aids levy is assessed only on the Town taxing districts.
- (c) Lakeshore Library levy excludes the following tax districts who have a separate library: Villages of Rochester, Union Grove, and Waterford and C
- (d) The City of Burlington is located in both Racine and Walworth Counties. The above rates are fo
- (e) In 2008, the Town and Village of Rochester merged into a single municipality as the Village of R
- (f) Due to varying assessment ratios to full market used by the municipalities, all underlying tax districts, such as counties, are required to use equalized value for levying property taxes. Equalized values are determined by the Wisconsin Department of Revenue Bureau of Property Tax and
- (g) All overlapping rates include applicable county direct rates. Ranges are due to differences in tax rates of school and sanitary districts within those

COUNTY OF RACINE, WISCONSIN
TABLE 9 - RATIOS OF OUTSTANDING DEBT BY TYPE
For the fiscal years ended December 31, 2009 through 2018

Fiscal Year	Equalized Valuation (a)	Governmental Activities					Business-type Activities		Total General Obligation Debt	Percent of Debt to Equalized Valuation	Percent of Debt to Personal Income (b)	Debt Per Capita (b)
		Tax Exempt General Obligation Notes	Tax Exempt General Obligation Bonds	State Trust Fund Loans	Taxable General Obligation Notes	Taxable General Obligation Bonds	Tax Exempt General Obligation Bonds	Tax Exempt General Obligation Notes				
2009	\$ 15,912,047,700	\$ 18,644,116	\$ 17,395,000	\$ 82,958	\$ -	\$ 9,355,000	\$ 3,285,000	\$ 1,285,885	\$ 50,047,959	0.31%	0.69%	\$ 254.85
2010	15,228,632,600	16,870,000	16,870,000	63,566	-	9,055,000	3,010,000	2,725,000	48,593,566	0.32%	0.66%	248.68
2011	15,041,416,400	23,324,198	16,115,000	43,301	-	8,705,000	1,082,697	870,800	50,140,996	0.33%	0.67%	256.84
2012	14,116,994,900	34,594,499	15,330,000	-	-	-	7,430,000	635,501	57,990,000	0.41%	0.73%	296.80 (c)
2013	13,438,849,400	34,732,986	17,530,000	-	-	-	6,905,000	552,014	59,720,000	0.44%	0.74%	305.98
2014	13,623,818,800	36,848,039	17,785,593	-	-	-	6,375,742	468,215	61,477,589	0.45%	0.76%	314.53
2015	13,896,028,800	39,374,231	16,231,971	-	-	-	4,350,088	1,860,792	61,817,082	0.44%	0.73%	316.23
2016	14,173,692,100	34,354,715	19,158,349	-	-	-	4,119,433	1,470,638	59,103,135	0.42%	0.68%	302.64
2017	14,695,479,800	33,139,675	18,108,217	-	78,947,646	7,096,647	3,883,778	-	141,175,963	0.96%	1.56%	723.44 (d)
2018	15,373,789,400	29,137,357	21,734,531	-	146,899,924	7,092,517	3,648,124	-	208,512,453	1.36%	*	1,062.75 (d)

Notes:

- (a) Value as reduced by tax incremental financing districts
- (b) Calculated using population and personal income data found in table 12.
- (c) Increases due to issuance of debt for marina acquisition in 2012.
- (d) Increases due to issuance of economic development (Foxconn) projects.

* Information not yet available

Details of the County's outstanding debt can be found in the notes to the financial statements.

COUNTY OF RACINE, WISCONSIN
TABLE 10 - RATIOS OF GENERAL BONDED DEBT
For the fiscal years ended December 31, 2009 through 2018

Fiscal Year	Total General Bonded Debt (Table 9)	Reserved Funds for Debt Service (a)	Net General Bonded Debt	Total Taxable Equalized Value (Table 5)	Net General Bonded Debt to Equalized Property Value	Population (Table 12)	Net General Bonded Debt Per Capita
2009	50,047,959	682,567	49,365,392	15,912,047,700	0.31%	196,380	251.38
2010	48,593,566	361,848	48,231,718	15,228,632,600	0.32%	195,408	246.83
2011	50,140,996	193,570	49,947,426	15,041,416,400	0.33%	195,225	255.85
2012	57,990,000	66,024	57,923,976	14,116,994,900	0.41%	195,386	296.46
2013	59,720,000	1,125,099	58,594,901	13,438,849,400	0.44%	195,174	300.22
2014	61,477,589	209,568	61,268,021	13,623,818,800	0.45%	195,461	313.45
2015	61,817,082	216,084	61,600,998	13,896,028,800	0.44%	195,484	315.12
2016	59,103,135	743,802	58,359,333	14,173,692,100	0.41%	195,294	298.83
2017	141,175,963	4,489,458	136,686,505	14,695,479,800	0.93%	195,146	700.43 (b)
2018	208,512,453	4,423,242	204,089,211	15,373,789,400	1.33%	196,200	1,040.21 (b)

(a) This amount is from the Statement of Net Position and is reserved/restricted fund balance net of accrued interest payable.

(b) Increases due to issuance of economic development (Foxconn) projects.

Details of the County's outstanding debt can be found in the notes to the financial statements.

COUNTY OF RACINE, WISCONSIN
TABLE 11 - LEGAL DEBT MARGIN INFORMATION,
For the fiscal years ended December 31, 2009 through 2018
(dollars in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Equalized Value of Taxable Property (a)	<u>\$ 15,912,048</u>	<u>\$ 15,228,633</u>	<u>\$ 15,041,416</u>	<u>\$ 14,116,995</u>	<u>\$ 13,438,849</u>	<u>\$ 13,623,819</u>	<u>\$ 13,896,029</u>	<u>\$ 14,173,692</u>	<u>\$ 14,224,282</u>
Wisconsin Statutory Debt Limit (b)	<u>\$ 795,602</u>	<u>\$ 761,432</u>	<u>\$ 752,071</u>	<u>\$ 705,850</u>	<u>\$ 671,942</u>	<u>\$ 681,191</u>	<u>\$ 694,801</u>	<u>\$ 708,685</u>	<u>\$ 711,214</u>
Debt Applicable to Limit:									
General Obligation Debt (c)	\$ 50,048	\$ 48,594	\$ 50,141	\$ 57,990	\$ 59,720	\$ 61,478	\$ 61,817	\$ 59,103	\$ 141,176
Less Debt Service Funds (d)	<u>(683)</u>	<u>(362)</u>	<u>(194)</u>	<u>(66)</u>	<u>(1,125)</u>	<u>(210)</u>	<u>(216)</u>	<u>(744)</u>	<u>(4,489)</u>
Total net debt applicable to limit	<u>\$ 49,365</u>	<u>\$ 48,232</u>	<u>\$ 49,947</u>	<u>\$ 57,924</u>	<u>\$ 58,595</u>	<u>\$ 61,268</u>	<u>\$ 61,601</u>	<u>\$ 58,359</u>	<u>\$ 136,687</u>
Legal Debt Margin	<u>\$ 746,237</u>	<u>\$ 713,200</u>	<u>\$ 702,124</u>	<u>\$ 647,926</u>	<u>\$ 613,347</u>	<u>\$ 619,923</u>	<u>\$ 633,200</u>	<u>\$ 650,326</u>	<u>\$ 574,527</u>
Debt Capacity Used	6.2%	6.3%	6.6%	8.2%	8.7%	9.0%	8.9%	8.2%	19.2%

Notes:

- (a) The Equalized value shown on this table is as of January 1 of each year.
- (b) State statutes limit the County's general obligation debt to 5% of its total equalized valuation.
- (c) The County annually issues debt for budgeted capital projects. In 2003, the County issued an additional \$10.47 million to pay the County's unfunded pension liability to the Wisconsin Retirement System (debt was issued at a rate lower than the 8% rate being paid to WRS). In 2006, the County
- (d) Fund Balances restricted for debt service per Balance Sheet - Governmental Funds

COUNTY OF RACINE
TABLE 12 - DEMOGRAPHIC AND ECONOMIC STATISTICS
For the fiscal years ended December 31, 2009 through 2018

Year	Population (a)	Per Capita Personal Income (b)	Personal Income (a) x (b)	School Enrollment (c)		Unemployment Rates (d)	
				Public Schools	Private Schools	Racine County	State of Wisconsin
2009	196,380	36,708	7,208,717,040	21,172	4,058	10.1%	8.5%
2010	195,408	37,530	7,333,662,240	21,276	3,617	10.0%	8.3%
2011	195,225	38,425	7,501,520,625	21,100	4,829	8.9%	7.5%
2012	195,386	40,510	7,915,086,860	30,524	4,866	8.4%	6.6%
2013	195,174	41,458	8,091,523,692	30,105	5,241	7.6%	5.8%
2014	195,461	41,398	8,091,694,478	29,698	5,437	6.3%	5.0%
2015	195,484	43,486	8,500,817,224	29,034	5,524	5.1%	4.2%
2016	195,294	44,813	8,751,710,022	27,525	5,804	4.4%	3.7%
2017	195,146	46,412	9,057,116,152	27,495	5,805	3.2%	2.7%
2018	196,200	*	*	27,249	*	3.1%	2.6%

* Information not available

Sources:

- (a) Wisconsin Department of Administration Population & Housing Estimates (2001-2009) and U.S. Census Bureau (2010-2011)
- (b) Wisconsin Department of Workforce Development, Office of Economic Advisors
- (c) Wisconsin Department of Public Instruction- Prior to 2012, only Racine Unified listed (due to report sorting options)
- (d) Wisconsin Department of Workforce Development, Office of Economic Advisors - Estimates

**COUNTY OF RACINE, WISCONSIN
TABLE 13 - PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Rank</u>
CNH America LLC (formerly Case Corp.)	1,650	1.7%	4	1000+	*	4
All Saints Medical Center, Inc. (formerly St. Luke's Hospital, Inc.)	2,600	2.7%	1	1000+	*	1
S C Johnson & Son Inc.	2,500	2.6%	2	1000+	*	3
Racine Unified School District	2,000	2.1%	3	1000+	*	2
InSinkErator Div, Emerson Electric Co	920	1.0%	6	1000+		
Aurora Burlington Memorial Hospital	500	0.5%	10	500-999	*	
County of Racine	900	0.9%	7	500-999	*	8
Wal-Mart		0.0%		500-999	*	6
City of Racine	1000	1.0%	5	1000+	*	5
Cree, Inc	850	0.9%	8			
Emerson Electric Co				500-999	*	7
Department of Corrections				500-999	*	9
Johnson Diversey Inc				500-999	*	10
Andis Co	600	0.6%	9	500-999		
Racine County Total Employment:		95,970				

Source: Wisconsin Department of Workforce Development, Office of Economic Advisors
Year 2015, new source: Racinecountyedc.org
Year 2016, new source: Quarles & Brady, LLP, Bond Counsel - Official Debt Issuance document
* Information not available
Year 2018, new source: Racine County Economic Development Corporation

COUNTY OF RACINE, WISCONSIN
TABLE 14 - COUNTY GOVERNMENT FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
For the fiscal years ended December 31, 2009 through 2018

Function / Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
Building & Facilities Management Division	12.32	12.38	12.38	13.00	13.00	13.00	13.00	13.00	15.00	15.00
Clerk of Circuit Court Office	40.00	40.00	38.63	33.50	30.75	29.75	29.40	30.40	30.40	37.40
Corporation Counsel	5.30	5.20	5.10	5.10	5.10	5.10	5.10	5.15	5.15	4.65
County Board	23.50	23.50	23.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
County Clerk	3.50	3.50	4.00	4.25	4.25	4.25	4.25	4.25	4.25	4.25
County Executive	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.40	2.90
County Treasurer	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00
District Attorney's Office	10.90	10.05	10.05	9.65	9.65	8.80	8.80	9.40	9.40	12.00
Finance Department (d)	10.03	9.38	11.83	11.90	12.90	12.90	13.00	13.00	13.90	14.10
Human Resources Department	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00
Information Systems Department	6.00	6.00	7.00	7.00	6.00	6.00	6.00	7.00	8.00	9.00
Land Information Office	0.25	0.25	0.32	0.25	0.25	0.25	0.25	0.25	0.75	0.25
Medical Examiner Office	1.83	1.83	1.83	1.08	1.08	1.08	1.08	1.08	1.00	1.00
Print & Mail Division	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Real Property Lister Division (f)	2.44	2.44	2.44	2.44	-	-	-	-	-	-
Register of Deeds	6.44	5.44	5.44	5.44	7.00	7.00	7.00	7.00	7.00	7.00
UW - Extension	-	-	-	-	-	-	-	-	-	-
Veterans Service Office	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.50	2.00
Victim Witness Office	6.45	6.45	7.33	7.33	6.00	6.00	6.00	6.70	6.70	6.70
Public Safety:										
Communications / Dispatch (c)	19.00	19.00	51.00	51.00	51.00	51.00	51.00	51.00	51.00	52.00
Emergency Management Office	1.38	1.38	1.38	1.18	1.18	1.18	1.08	1.08	1.00	1.00
Jail and Jail Alternatives	116.08	106.08	106.08	102.08	96.08	96.08	96.08	96.08	113.00	113.00
Sheriff's Office	121.43	117.15	120.70	119.00	120.00	122.00	122.00	123.00	129.00	137.00
Health and Social Services:										
Child Support Division	28.30	28.28	28.25	28.25	23.50	21.50	23.60	23.55	23.55	24.55
Family Court Commissioner (e)	5.00	5.00	-	-	-	-	-	-	-	-
Human Services Division	196.50	182.00	182.00	168.50	160.30	160.10	157.80	159.15	164.85	203.20
Ridgewood Care Center	149.08	148.08	148.08	144.68	158.28	162.48	161.60	158.50	-	-
Education and Recreation:										
County Schools Office (b)	-	-	-	-	-	-	-	-	-	-
Parks Division (a)	27.57	14.65	14.65	8.92	10.17	10.31	9.81	9.83	9.08	8.03
Development:										
Land Conservation Division	3.50	3.50	3.50	2.70	2.25	2.00	2.00	2.00	2.00	3.00
Planning and Development	6.25	6.25	6.18	5.60	5.99	5.59	5.59	7.50	6.00	6.45
Highways and Streets (a)	72.54	66.48	66.48	60.73	57.54	54.39	57.61	58.67	60.53	62.70
	891.74	840.41	873.78	830.72	819.42	817.91	817.21	822.75	696.46	757.18

Notes:

Source - County's annual budget report

(a) Includes Seasonal FTE's

(b) The County discontinued County School operations as of June 30, 2006.

(c) Communications department was created in 2011 to manage the County's joint dispatch operations.

(d) Finance Department includes Purchasing which was a separate department through 2008.

(e) In 2011, Family Court Commissioner ceased to exist as a separate unit and was combined into the Clerk of Courts.

(f) In 2013, Register of Deeds and Real Property Lister Division combined.

COUNTY OF RACINE, WISCONSIN
TABLE 15 - OPERATING INDICATORS BY FUNCTION/PROGRAM
For the fiscal years ended December 31, 2009 through 2018

<u>Function / Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public Safety - Sheriff										
Calls for Service (a)	49,116	55,999	55,220	72,156	75,442	78,417	81,808	80,820	74,238	73,927
Arrests (d)	22,145	29,118	31,085	37,233	32,067	29,100	33,531	36,831	34,138	28,732
Sworn Personnel	141	134	136	136	136	137	137	141	143	149
Average Daily Jail Population	790	702	688	675	684	674	673	730	717	767
Jail Bookings	10,642	9,710	9,676	9,285	9,154	9,047	9,090	8,706	8,140	9,153
Health and Social services - Human Service										
Economic Support Services										
Unduplicated Caseload (b)	16,027	15,308	17,942	22,157	24,716	26,284	23,342	26,989	26,261	28,038
Youth Apprehended (c)	630	1,224	1,350	1,230	1,134	1,031	926	1,326	891	846
Mental Health Inpatient Days	4,135	4,239	3,527	3,366	3,769	2,904	2,015	2,088	1,548	1,515
WDC Job Center of Wisconsin listings	1,527	4,107	4,089	4,602	5,747	6,685	8,620	9,035	15,084	11,788
Ridgewood Healthcare Center										
Admissions	425	474	449	473	483	396	396	451	366	0
Discharges	420	485	448	447	484	349	324	378	311	0
Education and Recreation - Parks (estimated)										
Daily Cliffside Park Camping Nights	5,880	4,533	4,930	4,941	5,585	5,887	7,030	9,593	9,021	8,920
Daily Fischer & Quarry Lake Entrance	17,842	23,444	22,563	24,805	24,628	20,663	26,324	25,541	17,831	15,824
Daily Fischer & Eagle Boat Launches	4,598	5,055	4,562	4,981	4,851	5,454	5,006	6,538	5,615	3,795
Highways and Streets - Lane Miles Maintained										
County	340	340	340	340	338	338	338	338	338	332
State	677	677	677	677	684	698	698	698	698	698

Sources: Racine County Sheriff's Office, Racine County Human Services, Ridgewood Healthcare Center, and Racine County Department of Public Works and Development Services.

Notes:

(a) Calls for service fluctuate based on the number of available sworn personnel. In 2012, conveyance counts increased due to a change in procedure in which now each individual being transported is assigned a separate complaint number.

(b) Unduplicated counts are based on the December 1st CARES reports.

(c) Beginning in 2010, counts include juveniles which were previously paid for by the State

(d) 2010 arrests increased significantly primarily due to the following factors: 1) the I-94 COP workgroup was fully staffed all year and had a record year of arrests and 2) the County assigned two deputies to a new traffic

(e) Ridgewood Care Center sold in 2017.

COUNTY OF RACINE, WISCONSIN
TABLE 16 - CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
For the fiscal years ended December 31, 2009 through 2018

<u>Function / Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public safety										
Sheriff Patrol Units	27	27	28	28	28	28	29	29	30	28
Sheriff Stations	2	2	2	2	2	2	2	2	2	2
Jail Beds	876	876	876	876	876	876	876	876	876	876 (a)
Health and social services										
Licensed Beds at Ridgewood Healthcare Center	210	210	210	200	200	200	200	200	200	0
Education and recreation										
										(b)
Park Acreage:										
Harbor / Marina	127	127	127	127	127	127	127	131	131	131 (d) & (e)
Fox River Parkway	117	117	117	117	117	117	117	94	94	94 (d)
Root River Parkway	655	655	676	676	676	694	694	655	655	655 (d)
All Other Park Land	1,405	1,408	1,408	1,484	1,484	1,484	1,484	1,485	1,485	1,485
Bike Trail Miles	37	37	37	37	37	37	37	37	37	37
Golf Acreage	427	427	427	427	427	427	427	446	446	446
Highways and streets										
Vehicles and Pieces of Equipment	620	576	578	549	548	548	548	530	541	633
Centerline Miles of County Roads	170	170	170	170	164	164	164	164	167	164
Bridges	16	16	16	16	17	17	17	17	17	16 (c)
Dams	6	6	6	6	6	6	6	6	6	6
Car Pool Fleet (Administered by PW)	12	11	10	12	13	13	13	13	13	13

Sources: Racine County Sheriff's Office, Ridgewood Healthcare Center, and Racine County Department of Public Works and Development Services.

Notes:

- (a) Increase of jail beds in 2007 is due to the jail expansion project that was completed during 2007.
- (b) In 2013, all year's recorded amounts have been updated due to change of format and source
- (c) According to PWDS counts, 2013 through present bridge counts are 17. This is an amendment to 2013 and 2014 reported counts.
- (d) In 2016, realized the source document GIS was misinterpreted in prior years
- (e) Restated 2016 as well as updated 2017. Confirmed w/staff that this is made up of parcel #276-00-00-00-034-001 (Belle Harbor) and #276-00-00-00-154-001 (Reefpoint Marina)
- (f) Ridgewood Care Center sold in 2017.