



**COUNTY OF RACINE**

---

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**For the year ended December 31, 2007**

**COUNTY OF RACINE, WISCONSIN**  
Racine, Wisconsin

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the year ended December 31, 2007

Prepared by:  
Racine County Finance Department

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## INTRODUCTORY SECTION

# COUNTY OF RACINE



RACINE COUNTY COURTHOUSE  
1931  
730 Wisconsin Avenue  
RACINE, WISCONSIN  
53403

FINANCE DEPARTMENT  
DOUGLAS STANSIL

PHONE 262-636-3706  
Racine County Courthouse  
Toll Free 1-800-242-4202

June 30, 2008

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

State law requires that all general-purpose local governments publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual financial report of Racine County for the fiscal year ended December 31, 2007.

This report consists of management's representations concerning the finances of Racine County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Racine County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Racine County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Racine County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Racine County's financial statements have been audited by Clifton Gunderson LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Racine County for the fiscal year ended December 31, 2007, are free of material misstatement. 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 auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Racine County's financial statements for the fiscal year ended December 31, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Racine County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Racine County's separately issued Single Audit Report. 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, created in 1853, 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 337 square miles and consists of two cities, nine villages and seven towns. Racine County serves a population of 195,113.

Racine County operates under the County Executive who is in charge of day to day operation of the County. The County Executive serves for a four year term and is elected on a non-partisan basis. The current term ends in April 2011. Policy-making and legislative authority are vested in the County Board of Supervisors composed of 23 members. All Supervisors are elected to a two-year term on a non-partisan basis. The current term ends April 2010. The County Board is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The County Executive is responsible for carrying out the policies and ordinances of the County Board, for overseeing the day-to-day operations of the government, and for 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 sheriff and jail; the construction and maintenance of highways, streets, and other infrastructure; health and human services activities; recreational activities and cultural events, as well as conservation and development activities, and nursing home services.

The County is required by State law to annually formulate a budget and to hold public hearings thereon prior to the determination of the amounts to be financed, in whole or in part, by general property taxes, funds on hand or estimated revenues from other sources. 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.

As part of the budgeting process, public hearings are held on the proposed budget, at which time any resident or taxpayer in the County may be heard. At an annual budget meeting in November of each year the County Board adopts the final budget for the succeeding year and levies taxes based on equalized valuations of property less any increment attributable to Tax Increment Districts. The amounts of taxes so levied and the amounts of the various applications in the final budget (after any alterations made pursuant to public hearings) may not be changed unless authorized by a vote of two-thirds of the entire membership of the County Board. Failure to publish notice of any such alteration within ten days thereafter shall preclude any change in the budget.

## 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.** While higher than the State and National unemployment rate, the Racine County rate as of May 2008 was 5.1% which decreased from the May 2007 of 5.7%. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate over the past year. Major industries with headquarters or divisions located within the government's boundaries or in close proximity include manufacturer of commercial and institutional cleaning products, health care services, manufacturer of agricultural and construction equipment, and the manufacturer of household and commercial disposer systems. Supporting our industrial base is a network of local, county and state roads.

As of May 2008, Racine County has an employed labor force of approximately 92,112. Manufacturing accounts for approximately 19% of Employment.

**Long-term financial planning.** Racine County has adopted The Strategic Economic Development Plan for Racine County. Throughout 2001, the Racine County Economic Development Corporation (RCEDC) and its partners, together with over 100 individuals throughout Racine County, engaged in a comprehensive strategic planning process. The goal was to develop a 5-year economic development plan that responds to changing national economic conditions, including the impact of technology on business and the loss of jobs in our community. The result is a series of strategies and action items for the RCEDC and its partners which are specific to the future economic vitality of Racine County. The most recent version of the plan was adopted in May of 2005. The County is currently in the process of updating the plan.

The County has received a declining amount of shared revenue from the state over the past several years. This trend stabilized in 2006 and 2007.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, the State of Wisconsin Local Government Investment Pool, Wells Fargo Short Term Investments, and M&I Trust Company.

**Risk management.** 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 \$425,000 up to a maximum of \$1,000,000 and aggregate claims in excess of \$1,850,000 up to a maximum of \$5,000,000.

The County is self funded for medical expenses of employees and eligible retirees. Third party coverage is currently maintained for the full cost of transplants and for all other individual claims in excess of \$250,000 up to a maximum of \$1,750,000.

The County self funds for public liability and automobile coverage.

Additional information on Racine County's risk management activity can be found in Note V.C of the notes to the financial statements.

**Pension and other postemployment benefits.** The County provides pension benefits for all eligible employees through the State of Wisconsin Retirement System. The County fully funds the required contribution to the pension plan as determined by the State of Wisconsin Retirement Systems Actuary. An actuarially determined prior service liability does exist and is more fully described in note V of the notes to the basic financial statements.



Racine County also provides postemployment health benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 605 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. The net OPEB obligation as of December 31, 2007 is \$13,0780,107.

Additional information on Racine County's pension arrangements and postemployment benefits can be found in Notes IV of the notes to the financial statements.

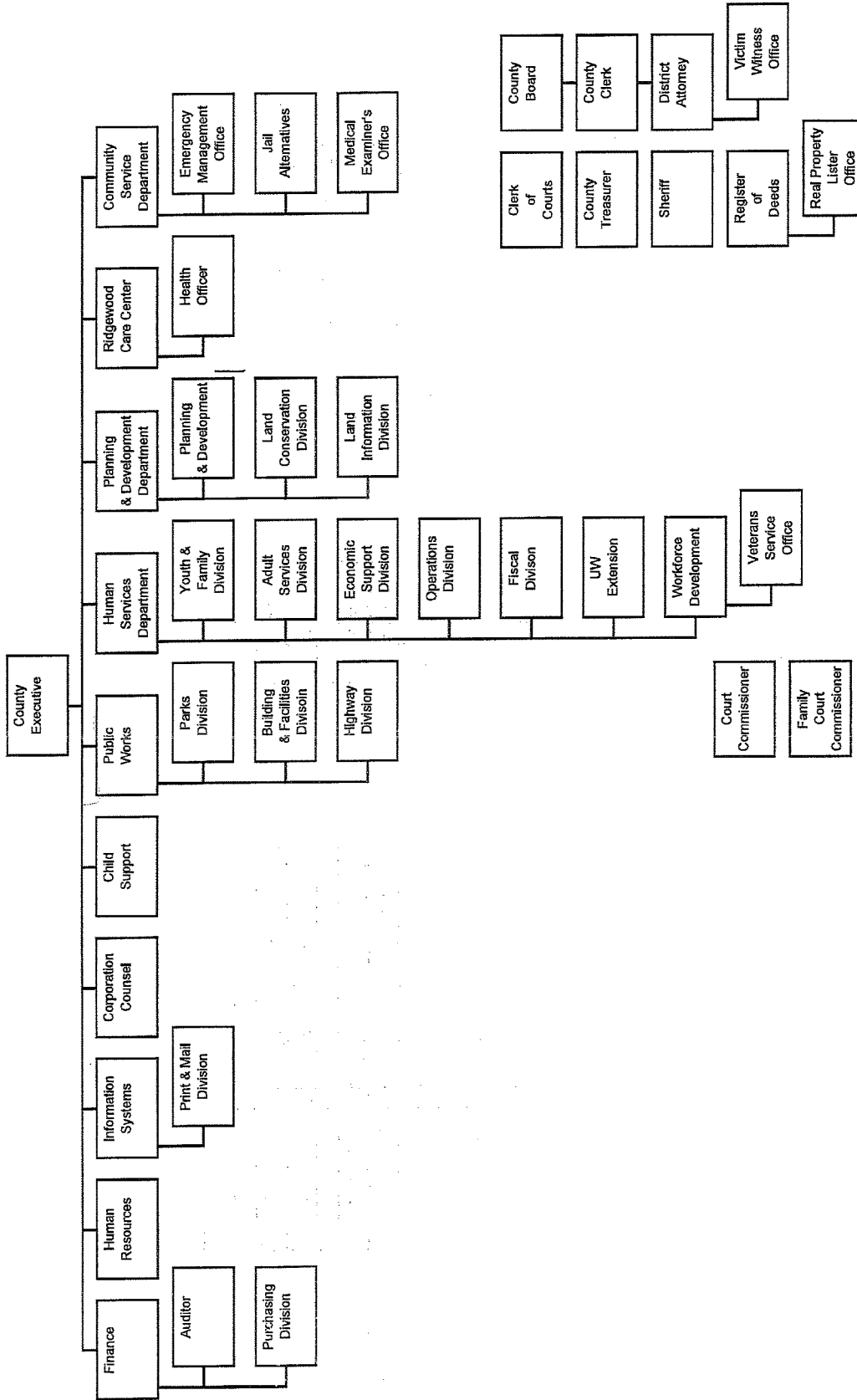
### **Acknowledgements**

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. We would like to express our 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's finances.

Respectfully submitted,

Douglas Stansil  
Finance Director

# Racine County Wide Organizational Chart



## RACINE COUNTY PRINCIPAL OFFICIALS

### County Elected Officials \*

County Executive, William L. McReynolds  
County Clerk, Joan C. Rennert  
County Treasurer, Elizabeth A. Majeski  
Register of Deeds, James A. Ladwig  
Clerk of Circuit Court, Rose Lee  
Sheriff, Robert Carlson

### County Board of Supervisors

Peter L. Hansen, Chairman  
Robert N. Miller, Vice-Chairman

Members: Donnie Show  
Gaynell Dyess  
Diane M. Lange  
Mike Dawson  
Karen A. Nelson  
Pamela Zenner-Richards  
Van H. Wanggaard  
Q.A. Shakoor, II  
Daniel F. Sharkozy  
Russell A. Clark  
Katherine Buske

Mark M. Gleason  
Michael J. Mikloasvich  
Kenneth Hall  
Jim Kaplan  
Robert D. Grove  
John Wisch  
Joseph F. Bellante, Jr  
Jeff Halbach  
Gilbert Bakke  
Thomas Pringle

### Appointed Officials

Finance Director, Douglas B. Stansil  
Corporation Counsel, Jonathan F. Lehman  
Human Resources Director, Karen Galbraith  
Information System Director, Rob. N. Richardson  
Human Service Director, Debra Jossart  
Child Support Operations Director, Pat Birchell-Sielaff  
Planning & Development Dept. Director, Julie A. Anderson  
Public Works Dept. Director, David Prott  
Ridgewood Health Care Center Administrator, Frances Petrick

\* In office at the time the report is issued.

## **FINANCIAL SECTION**



## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparison information for the General Fund and County Handicapped Education fund of the County of Racine, Wisconsin, as of and for the year ended December 31, 2007, which collectively comprise the County of Racine, Wisconsin's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Racine, Wisconsin's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note I, the district implemented the Governmental Accounting Standards Board (GASB) issued Statement No. 43 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* effective January 1, 2007.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the County of Racine, Wisconsin, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the County Handicapped Education Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2008 on our consideration of the County of Racine, Wisconsin'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* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 9 through 17 and the required supplementary information on page 68 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Gundersen LLP*

Racine, Wisconsin  
June 28, 2008

**MANAGEMENT DISCUSSION  
AND ANALYSIS**

**County of Racine  
Management's Discussion and Analysis  
December 31, 2007**

As management of Racine County, we offer readers of Racine County's financial statements this narrative overview and analysis of the financial activities of Racine County for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- The assets of Racine County exceeded its liabilities, at the close of the most recent fiscal year by 88,752 (*net assets*). Of this amount, \$18,525 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$12,572.
- As of the close of the current fiscal year, Racine County's governmental funds reported combined ending fund balances of \$47,062, a decreased \$12,594 in comparison with the prior year. Approximately 65% of this total amount, \$30,392, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$16,135, or 16 percent of total general fund expenditures.
- Racine County's total general obligation debt decreased by \$1,497 during the current fiscal year. Factors in this decrease were the issuance of \$2,155 in general obligation notes and the payment of \$3,652 of debt principal.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Racine County's basic financial statements. Racine 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.** The *government-wide financial statements* are designed to provide readers with a broad overview of Racine County's finances in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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).

Both of the government-wide financial statements distinguish functions of Racine 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



**County of Racine  
Management's Discussion and Analysis  
December 31, 2007**

general government, public safety, highways and streets, health and social services, development, and education and recreation. The business-type activities of Racine County include Ridgewood Health Care Facility and Golf Course Operations.

The government-wide financial statements include not only Racine County itself (known as the *primary government*), but also a legally separate Housing Authority. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 18 - 19 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Racine 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 Racine County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental 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 fund financial statements focus on near-term inflows 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 between *governmental funds* and *governmental activities*.

Racine 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, which is considered to be a major fund. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Racine County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20 - 25 of this report.

**Proprietary funds.** Racine County maintains two different types of proprietary funds. *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 Health Care Center and for its golf course. An *Internal service fund* is an accounting device used to accumulate and allocate costs internally among Racine County's various functions. Racine County uses an internal service fund to account for its highway department. Because this service predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

**County of Racine  
Management's Discussion and Analysis  
December 31, 2007**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Ridgewood Health Care Facility and Golf Courses, both of which are considered to be major funds of Racine County.

The basic proprietary fund financial statements can be found on pages 26 - 28 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds 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 basic fiduciary fund financial statements can be found on page 29 of this report.

**Notes to the financial statements.** The notes 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 30 - 67 of this report.

**Other information.** Required supplemental information related to the County's other postemployment benefits can be found on page 68 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes. Combining and individual fund statements and schedules can be found on pages 69 – 82 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Racine County, assets exceeded liabilities by \$88,752 at the close of the most recent fiscal year.

The largest portion of Racine County's net assets (78 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Racine 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.

**RACINE COUNTY NET ASSETS**

	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities	2007	2006
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 117,898	\$ 126,167	\$ 899	\$ 612	\$ 118,796	\$ 126,779
Capital assets	94,404	84,037	10,385	10,346	104,789	94,383
Total assets	212,302	210,204	11,284	10,958	223,585	221,162
Long-term liabilities outstanding	63,765	51,886	5,765	5,794	69,530	57,681
Other liabilities	64,439	61,096	864	1,061	65,303	62,158
Total liabilities	128,204	112,982	6,629	6,855	134,833	119,839
Net assets:						
Invested in capital assets, net of related debt	64,472	65,979	4,908	4,439	69,380	70,417
Restricted	848	638	-	-	847	637
Unrestricted	18,778	30,605	(253)	(336)	18,525	30,269
Total net assets	\$ 84,098	\$ 97,222	\$ 4,655	\$ 4,103	\$ 88,752	\$ 101,323

**County of Racine  
Management's Discussion and Analysis  
December 31, 2007**

An additional portion of Racine County's net assets (1 percent) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets, \$18,525 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Racine County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net assets decreased by \$12,572 during the current fiscal year. The decrease is attributable to the recording of the other post employment benefits liability of \$13,069. The County did not report a liability until 2007. The liability will be amortized over a 30 year period beginning in 2007.

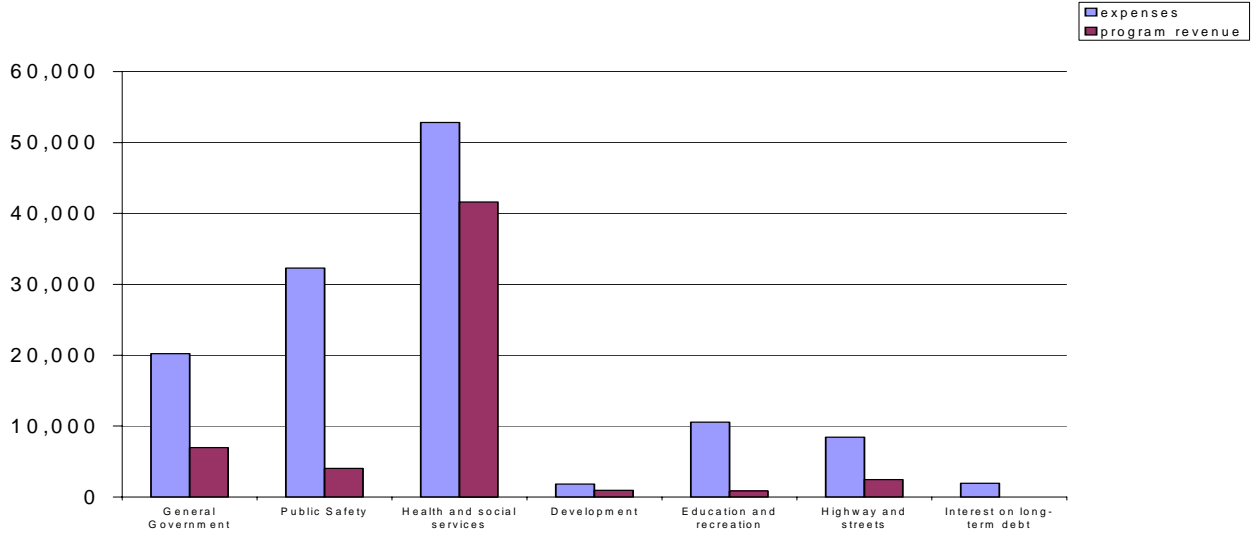
**RACINE COUNTY CHANGE IN NET ASSETS**

	Governmental Activities 2007	Governmental Activities 2006	Business-type Activities 2007	Business-type Activities 2006	Total 2007	Total 2006
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 11,744	\$ 11,764	\$ 14,756	\$ 14,017	\$ 26,500	\$ 25,781
Operating grants and contributions	44,543	58,715	-	-	44,543	58,715
Capital grants and contributions	566	240	-	-	566	240
<b>General revenues:</b>						
Property taxes	48,168	52,097	-	-	48,168	52,097
Grants and contributions not restricted to specific programs	4,067	4,557	-	-	4,067	4,557
Other	7,069	6,321	-	-	7,069	6,321
<b>Total revenues</b>	<b>116,157</b>	<b>133,694</b>	<b>14,756</b>	<b>14,017</b>	<b>130,913</b>	<b>147,711</b>
<b>Expenses:</b>						
General Government	20,203	12,835			20,203	12,835
Public Safety	32,275	28,361			32,275	28,361
Highways and streets	52,824	58,034			52,824	58,034
Health and social services	1,829	17,167			1,829	17,167
Development	10,556	1,797			10,556	1,797
Education and recreation	8,446	4,185			8,446	4,185
Interest on long-term debt	1,932	1,729			1,932	1,729
Golf			204	223	204	223
Nursing Home			15,217	15,549	15,217	15,549
<b>Total expenses</b>	<b>128,065</b>	<b>124,108</b>	<b>15,421</b>	<b>15,772</b>	<b>143,486</b>	<b>139,880</b>
Increase in net assets before transfers	(11,908)	9,586	(665)	(1,755)	(12,573)	7,831
Transfers	(1,217)	(1,755)	1,217	1,755	-	-
<b>Increase (decrease) in net assets</b>	<b>(13,125)</b>	<b>7,831</b>	<b>552</b>	<b>-</b>	<b>(12,573)</b>	<b>7,831</b>
Net assets - beginning -revised	97,221	89,390	4,103	4,103	101,324	93,493
Net assets - ending	\$ 84,097	\$ 97,221	\$ 4,655	\$ 4,103	\$ 88,752	\$ 101,324

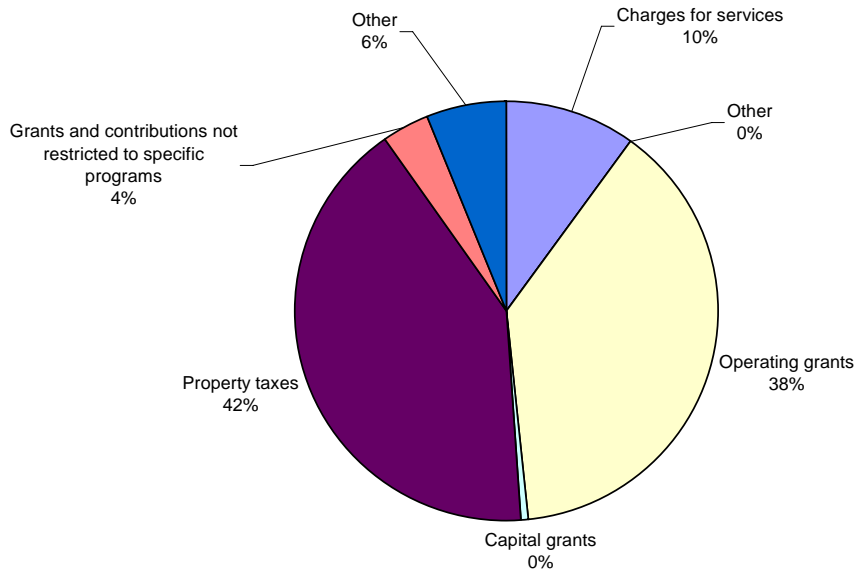
**County of Racine  
Management's Discussion and Analysis  
December 31, 2007**

**Governmental activities.** Governmental activities decreased Racine County's net assets by \$12,572

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

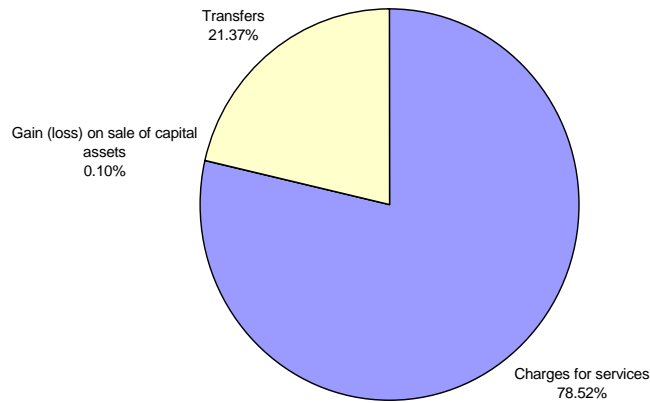


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

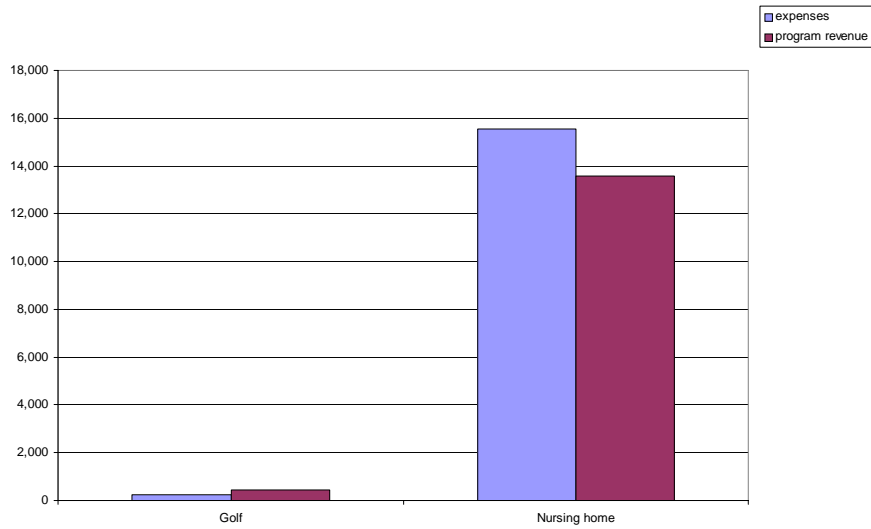
**County of Racine  
Management's Discussion and Analysis  
December 31, 2007**

**Business-type activities.** Business-type activities increased Racine County's net assets by \$88.

**Revenues by Source - Business Type Activities**



**Expenses and Program Revenues - Business-type Activities**



**County of Racine  
Management's Discussion and Analysis  
December 31, 2007**

**Financial Analysis of Racine County's Funds**

As noted earlier, Racine 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 Racine County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Racine County's governmental funds reported combined ending fund balances of \$47,062, a decrease of \$12,594 in comparison with the prior year. Approximately half of this total amount \$30,392 constitutes *unreserved fund balance*, which is available for spending at the governments' discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) delinquent property taxes, 2) encumbrances, 3) inventories and prepaid items, 4) noncurrent receivables, 5) jail improvement, 6) debt service, and 6) endowments.

The general fund is the chief operating fund of Racine County. At the end of the current fiscal year, unreserved undesignated fund balance of the general fund was \$16,135, while total fund balance reached \$39,057. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16 percent of total general fund expenditures, while total fund balance represents 40 percent of that same amount.

The fund balance of Racine County's general fund, increased by \$4.207 during the current fiscal year. Key factors in this decrease are as follows:

- less than anticipated health care net costs
- Employee and retiree medical costs less than projected amounts
- higher interest earnings
- Better than expected workers compensation costs.

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

Unrestricted net assets of the Ridgewood Health Care Center at the end of the year amounted to a deficit of \$(538) and those for golf course operations amounted to \$285. Ridgewood Net Assets increased by \$212 while Golf Course net assets decreased by \$130.

**General Fund Budgetary Highlights**

Significant differences between the original budget and the final amended budget (\$8,240 increase in appropriations) can be briefly summarized as follows:

- \$2,310 Carryovers and encumbrances from prior year
- \$1,889 Human Services Grant increases
- \$ 459 Revenue transfers for unbudgeted planned expenses
- \$1,632 Carryforward State Community Development Block Grant Authorization (Case \$994, Poclairn \$400, and RCEDC \$12)
- \$1,047 Additional Grants awarded for various county programs

**County of Racine  
Management's Discussion and Analysis  
December 31, 2007**

**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, 2007 amounts to \$104,789 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- Construction of CTH K \$1,131
- Construction in progress of the county jail \$11,563

**RACINE COUNTY CAPITAL ASSETS**  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 20,719	\$ 20,719	\$ 1,132	\$ 1,132	\$ 21,851	\$ 21,851
Construction in progress	17,622	6,423	7	1,712	17,629	8,135
Capital assets being depreciated	56,063	56,895	9,246	7,502	65,309	64,397
Total	\$ 94,404	\$ 84,037	\$ 10,385	\$ 10,346	\$ 104,789	\$ 94,383

Additional information on Racine County's capital assets can be found in note IV.C of this report.

**Long-term debt.** At the end of the current fiscal year, Racine County had total general obligation debt outstanding of \$50,349. All of this comprises debt backed by the full faith and credit of the government.

**RACINE COUNTY OUTSTANDING DEBT**  
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation notes & bonds	\$44,872	\$45,939	\$ 5,477	\$ 5,908	\$ 50,349	\$ 51,847
Total	\$ 44,872	\$ 45,939	\$ 5,477	\$ 5,908	\$ 50,349	\$ 51,847

Racine County's total general obligation debt decreased by \$ \$1,498 (2 percent) during the current fiscal year. The key factor in this increase was a \$2,155 note issuance for various capital projects,.

Racine County maintained an "Aa2" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total assessed valuation. The current debt limitation for Racine County is \$783 million which is significantly in excess of Racine County's outstanding general obligation debt.

Additional information on Racine County's long-term debt can be found in note IV.E of this report.

**County of Racine  
Management's Discussion and Analysis  
December 31, 2007**

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Racine County as of May 2008 is 5.1 percent, which is less than the 5.7% rate a year ago. This compares unfavorably to the state's average unemployment rate of 4.2 %.
- The economic condition and outlook of the County has remained fairly stable over the last year.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing Racine County's budget for the 2008 fiscal year. The State of Wisconsin imposed tax levy limits at the 1992 tax rate for debt service and operations. The tax rate cannot exceed the limit unless the County meets one of the exceptions under statute. Racine County was \$16,881 under the operating rate limit and \$635 under the debt service rate limit for the 2008 budget.

A tax levy limit was imposed by the State of Wisconsin for the 2008 budget year. The levy limit limits the growth of the tax levy for the sum of the General Countywide, Library, and Bridge Aids levies to the percentage change in the County's equalized property value attributable to new construction (but not less than 2%) plus the increase in debt service for general obligation debt. The County levy for Handicapped education is exempt from the levy limit. Racine County was \$2,783 under the tax levy limit.

**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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 730 Wisconsin Ave, Racine, WI 53403.



## **BASIC FINANCIAL STATEMENTS**

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF NET ASSETS**  
December 31, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 27,904,370	\$ 641,835	\$ 28,546,205	\$ 2,198,224
Investments	15,974,515	-	15,974,515	-
Receivables (net of allowance for uncollectibles)	68,882,768	2,600,108	71,482,876	348,630
Internal balances	2,719,882	(2,719,882)	-	-
Due from housing authority	5,012	-	5,012	-
Inventories	558,136	53,425	611,561	-
Prepaid items	1,171,871	8,289	1,180,160	135,921
Deferred charges	322,290	164,548	486,838	-
Restricted assets:				
Cash and cash equivalents	-	150,347	150,347	-
Investments	358,683	-	358,683	-
Capital assets not being depreciated:				
Land	20,718,554	1,131,761	21,850,315	96,000
Construction in progress	17,622,186	6,871	17,629,057	-
Capital assets being depreciated	56,063,073	9,246,295	65,309,368	830,921
Total assets	212,301,340	11,283,597	223,584,937	3,609,696
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	14,181,417	759,893	14,941,310	311,185
Accrued interest payable	350,660	16,825	367,485	-
Due to other governments	169,741	-	169,741	-
Unearned revenues	49,737,250	7,602	49,744,852	-
Deposits	-	79,039	79,039	24,167
Noncurrent liabilities:				
Due within one year	12,786,251	832,216	13,618,467	-
Due in more than one year	50,978,589	4,933,240	55,911,829	-
Total liabilities	128,203,908	6,628,815	134,832,723	335,352
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	64,472,210	4,907,956	69,380,166	926,921
Restricted for:				
Debt service	351,439	-	351,439	-
Endowments	495,746	-	495,746	-
Unrestricted (deficit)	18,778,037	(253,174)	18,524,863	2,347,423
Total net assets	\$ 84,097,432	\$ 4,654,782	\$ 88,752,214	\$ 3,274,344

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2007

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 20,202,595	\$ 5,074,518	\$ 1,877,404	\$ -	\$ (13,250,673)	\$ -	\$ (13,250,673)
Public safety	32,274,541	2,722,314	1,027,092	290,461	(28,234,674)	-	(28,234,674)
Health and social services	52,824,076	3,170,594	38,454,686	-	(11,198,796)	-	(11,198,796)
Development	1,829,023	510,589	416,508	-	(901,926)	-	(901,926)
Education and recreation	10,556,142	265,734	588,220	-	(9,702,188)	-	(9,702,188)
Highways and streets	8,446,110	-	2,179,087	275,619	(5,991,404)	-	(5,991,404)
Interest and fiscal charges	1,932,145	-	-	-	(1,932,145)	-	(1,932,145)
Total governmental activities	128,064,632	11,743,749	44,542,997	566,080	(71,211,806)	-	(71,211,806)
<b>Business-type activities:</b>							
Healthcare Center	15,216,728	14,310,480	-	-	(906,248)	-	(906,248)
Golf Courses	204,218	445,247	-	-	241,029	-	241,029
Total business-type activities	15,420,946	14,755,727	-	-	(665,219)	-	(665,219)
Total primary government	\$ 143,485,578	\$ 26,499,476	\$ 44,542,997	\$ 566,080	(71,211,806)	(665,219)	(71,877,025)
<b>Component unit:</b>							
Housing Authority	\$ 8,210,873	\$ 175,742	\$ 8,130,135	\$ 28,824	-	-	123,828
<b>General Revenues:</b>							
Property taxes for general purposes					44,305,761	-	44,305,761
Property taxes for debt service					3,861,869	-	3,861,869
Grants not restricted to specific programs					4,067,151	-	4,067,151
Unrestricted investment earnings					5,716,429	-	5,716,429
Gain on sale of assets					365,033	-	365,033
Other					989,139	-	989,139
Transfers					(1,216,994)	1,216,994	-
Total general revenues and transfers					58,088,388	1,216,994	59,305,382
Change in net assets					(13,123,418)	551,775	(12,571,643)
<b>NET ASSETS</b>							
Beginning of year					97,220,850	4,103,007	101,323,857
End of Year					\$ 84,097,432	\$ 4,654,782	\$ 88,752,214

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2007**

	<u>General</u>	<u>County Handicapped Education</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 27,189,296	\$ -	\$ -	\$ 714,374	\$ 27,903,670
Investments	15,974,515	-	-	-	15,974,515
Receivables:					
Property taxes:					
Current year levy	44,045,201	980,611	-	4,575,382	49,601,194
Delinquent	7,589,353	-	-	-	7,589,353
Due from other governments	5,335,709	38,771	-	-	5,374,480
Interest and penalties	2,483,451	-	-	-	2,483,451
Other	1,851,147	-	413,671	275,619	2,540,437
Due from other funds	4,029,186	-	5,540,145	1,564,547	11,133,878
Due from housing authority	5,012	-	-	-	5,012
Inventories	21,217	-	-	-	21,217
Prepaid items	1,171,871	-	-	-	1,171,871
Restricted assets - investments	-	-	-	358,683	358,683
Total assets	<u>\$ 109,695,958</u>	<u>\$ 1,019,382</u>	<u>\$ 5,953,816</u>	<u>\$ 7,488,605</u>	<u>\$ 124,157,761</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 9,484,802	\$ -	\$ 828,100	\$ 20,969	\$ 10,333,871
Accrued liabilities	3,071,284	-	-	8,456	3,079,740
Due to other governments	169,741	-	-	-	169,741
Due to other funds	10,384,684	23,302	-	20,000	10,427,986
Deferred revenues	<u>47,528,408</u>	<u>980,611</u>	<u>-</u>	<u>4,575,382</u>	<u>53,084,401</u>
Total liabilities	<u>70,638,919</u>	<u>1,003,913</u>	<u>828,100</u>	<u>4,624,807</u>	<u>77,095,739</u>
<b>FUND BALANCES</b>					
Reserved for:					
Delinquent property taxes	6,529,592	-	-	-	6,529,592
Inventories and prepaid items	1,193,073	-	-	-	1,193,073
Noncurrent receivables	-	-	400,000	-	400,000
Encumbrances	2,394,760	-	2,896,265	-	5,291,025
Jail improvement	11,459	-	2,047,303	-	2,058,762
Debt service	-	-	-	702,099	702,099
Endowments	-	-	-	495,746	495,746
Unreserved - designated for:					
Non-lapsing accounts	12,192,364	-	-	-	12,192,364
Tax stabilization	600,000	-	-	-	600,000
Unreserved - reported in:					
General Fund	16,135,791	-	-	-	16,135,791
Special Revenue Funds	-	15,469	-	1,665,953	1,681,422
Capital Projects Fund (deficit)	-	-	(217,852)	-	(217,852)
Total fund balances	<u>39,057,039</u>	<u>15,469</u>	<u>5,125,716</u>	<u>2,863,798</u>	<u>47,062,022</u>
Total liabilities and fund balances	<u>\$ 109,695,958</u>	<u>\$ 1,019,382</u>	<u>\$ 5,953,816</u>	<u>\$ 7,488,605</u>	<u>\$ 124,157,761</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET ASSETS  
December 31, 2007**

**Amounts reported for governmental activities in the statement of net assets  
are different because:**

<b>Fund balances of governmental funds</b>	\$	47,062,022
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land		20,718,554
Construction in progress		17,622,186
Capital assets being depreciated		56,063,073
Less: Internal service fund capital assets, net of depreciation		(5,362,675)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
		3,347,151
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation debt		(44,564,275)
Premium on long-term debt		(164,798)
Unamortized loss on refunding		190,317
Compensated absences		(3,867,798)
Claims and judgments		(1,980,756)
Net OPEB obligation		(13,069,484)
Accrued interest on long-term debt		(350,660)
Deferred charges		322,290
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service activities to individual funds. The assets and liabilities of the internal services funds are in governmental activities.		
		8,132,285
<b>Net assets of governmental activities</b>	<b>\$</b>	<b><u>84,097,432</u></b>

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**  
**Year Ended December 31, 2007**

	<u>General</u>	<u>County Handicapped Education</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 43,160,559	\$ 792,456	\$ -	\$ 3,861,869	\$ 47,814,884
Intergovernmental	45,941,090	472,974	-	2,454,706	48,868,770
Fines and fees	8,425,546	-	-	-	8,425,546
Investment income	5,118,462	-	474,158	123,809	5,716,429
Miscellaneous	3,378,712	30	291,218	928,045	4,598,005
Total revenues	<u>106,024,369</u>	<u>1,265,460</u>	<u>765,376</u>	<u>7,368,429</u>	<u>115,423,634</u>
<b>EXPENDITURES</b>					
Current:					
General government	16,589,496	-	-	5,500	16,594,996
Public safety	26,661,328	-	-	-	26,661,328
Health and social services	49,332,379	-	-	-	49,332,379
Education and recreation	4,238,261	5,844,514	-	21,596	10,104,371
Development	1,792,841	-	-	-	1,792,841
Highways and streets	-	-	-	6,186,109	6,186,109
Capital outlay	378,643	-	13,016,696	-	13,395,339
Debt service:					
Principal retirement	-	-	-	3,186,996	3,186,996
Interest and fiscal charges	-	-	27,348	1,923,326	1,950,674
Total expenditures	<u>98,992,948</u>	<u>5,844,514</u>	<u>13,044,044</u>	<u>11,323,527</u>	<u>129,205,033</u>
Revenues over (under) expenditures	<u>7,031,421</u>	<u>(4,579,054)</u>	<u>(12,278,668)</u>	<u>(3,955,098)</u>	<u>(13,781,399)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	595,141	-	889,230	4,567,186	6,051,557
Transfers out	(3,740,029)	-	(2,547,320)	(1,109,254)	(7,396,603)
Debt issued	-	-	2,155,000	-	2,155,000
Premium	-	-	12,578	-	12,578
Sale of capital assets	320,586	-	40,904	3,543	365,033
Total other financing sources (uses)	<u>(2,824,302)</u>	<u>-</u>	<u>550,392</u>	<u>3,461,475</u>	<u>1,187,565</u>
Revenues and other financing sources over (under) expenditures and other financing uses	4,207,119	(4,579,054)	(11,728,276)	(493,623)	(12,593,834)
<b>FUND BALANCES</b>					
Beginning of year	<u>34,849,920</u>	<u>4,594,523</u>	<u>16,853,992</u>	<u>3,357,421</u>	<u>59,655,856</u>
End of year	<u>\$ 39,057,039</u>	<u>\$ 15,469</u>	<u>\$ 5,125,716</u>	<u>\$ 2,863,798</u>	<u>\$ 47,062,022</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  
Year Ended December 31, 2007**

**Amounts reported for governmental activities in the statement of activities are different because:**

**Net changes in fund balances - total governmental funds** **\$ (12,593,834)**

Governmental funds report capital outlays as expenditures. However, in the statement of net assets 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 net assets.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	13,395,339
Some items reported as current expenditures were capitalized	669,778
Depreciation is reported in the government-wide financial statements	(3,618,306)
Net book value of assets retired	(78,894)

The net revenue of the internal service funds is reported with governmental activities.	639,696
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements.	352,747
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds.	
Debt issued	(2,155,000)
Principal repaid	3,186,996

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or adjustments to long-term debt. They are amortized over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt premium	(12,578)
Debt issuance costs	27,348
Amortization of debt premium	22,149
Amortization of debt issuance costs	(32,000)
Amortization of loss on refunding	(15,860)

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	27,666
Compensated absences	(28,229)
Claims and judgments	159,048
Net OPEB Obligation	<u>(13,069,484)</u>

**Changes in net assets of the governmental activities** **\$ (13,123,418)**

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  
Year Ended December 31, 2007**

	<u>Budgeted Amount</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 43,376,771	\$ 43,376,771	\$ 43,160,559	\$ (216,212)
Intergovernmental	53,564,868	59,184,319	45,941,090	(13,243,229)
Fines and fees	8,724,759	8,969,997	8,425,546	(544,451)
Investment income	4,113,835	4,114,163	5,118,462	1,004,299
Miscellaneous	3,312,583	3,504,269	3,378,712	(125,557)
Total revenues	<u>113,092,816</u>	<u>119,149,519</u>	<u>106,024,369</u>	<u>(13,125,150)</u>
<b>EXPENDITURES</b>				
Current:				
General government	25,955,470	27,767,024	16,589,496	11,177,528
Public safety	26,504,575	27,926,723	26,661,328	1,265,395
Health and social services	58,002,209	60,314,148	49,332,379	10,981,769
Education and recreation	4,253,572	4,307,859	4,238,261	69,598
Development	1,588,369	3,898,992	1,792,841	2,106,151
Capital outlay	120,000	449,540	378,643	70,897
Total expenditures	<u>116,424,195</u>	<u>124,664,286</u>	<u>98,992,948</u>	<u>25,671,338</u>
Excess (deficiency) of revenues over expenditures	<u>(3,331,379)</u>	<u>(5,514,767)</u>	<u>7,031,421</u>	<u>12,546,188</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	8,616,951	595,141	(8,021,810)
Transfers out	-	(11,644,130)	(3,740,029)	7,904,101
Sale of capital assets	-	-	320,586	320,586
Total other financing sources (uses)	<u>-</u>	<u>(3,027,179)</u>	<u>(2,824,302)</u>	<u>202,877</u>
Net change in fund balances	(3,331,379)	(8,541,946)	4,207,119	12,749,065
<b>FUND BALANCES</b>				
Beginning of year	<u>34,849,920</u>	<u>34,849,920</u>	<u>34,849,920</u>	<u>-</u>
End of year	<u>\$ 31,518,541</u>	<u>\$ 26,307,974</u>	<u>\$ 39,057,039</u>	<u>\$ 12,749,065</u>

The accompanying notes are an integral part of this statement.



**COUNTY OF RACINE, WISCONSIN  
COUNTY HANDICAPPED EDUCATION SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2007**

	<u>Budgeted Amount</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 792,456	\$ 792,456	\$ 792,456	\$ -
Intergovernmental	-	-	472,974	472,974
Miscellaneous	-	-	30	30
Total revenues	<u>792,456</u>	<u>792,456</u>	<u>1,265,460</u>	<u>473,004</u>
<b>EXPENDITURES</b>				
Current:				
Education and recreation	<u>792,456</u>	<u>792,456</u>	<u>5,844,514</u>	<u>(5,052,058)</u>
Net change in fund balances	-	-	(4,579,054)	5,525,062
<b>FUND BALANCES</b>				
Beginning of year	<u>4,594,523</u>	<u>4,594,523</u>	<u>4,594,523</u>	<u>-</u>
End of year	<u>\$ 4,594,523</u>	<u>\$ 4,594,523</u>	<u>\$ 15,469</u>	<u>\$ 5,525,062</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
December 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Ridgewood Healthcare Center</u>	<u>Golf Courses</u>	<u>Totals</u>	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 1,000	\$ 640,835	\$ 641,835	\$ 700
Receivables (net of allowance for uncollectibles)	2,599,592	516	2,600,108	19,058
Due from other governments	-	-	-	1,274,797
Due from other funds	-	-	-	3,279,992
Inventories	53,425	-	53,425	536,919
Prepaid items	8,289	-	8,289	-
Deferred charges	164,548	-	164,548	-
<b>Noncurrent assets</b>				
Restricted assets:				
Cash and cash equivalents	150,347	-	150,347	-
Capital assets not being depreciated:				
Land	-	1,131,761	1,131,761	-
Construction in progress	6,871	-	6,871	-
Capital assets being depreciated				
Buildings	9,882,228	1,565,650	11,447,878	3,180,110
Improvements other than buildings	176,048	3,124,452	3,300,500	1,797,079
Machinery and equipment	3,164,286	-	3,164,286	9,150,473
Less: accumulated depreciation	<u>(6,972,160)</u>	<u>(1,694,209)</u>	<u>(8,666,369)</u>	<u>(8,764,987)</u>
Total assets	<u>9,234,474</u>	<u>4,769,005</u>	<u>14,003,479</u>	<u>10,474,141</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and other current liabilities	749,801	10,092	759,893	767,809
Accrued interest payable	16,825	-	16,825	-
Due to other funds	2,373,641	346,241	2,719,882	1,266,002
Deferred revenue	7,602	-	7,602	-
Deposits	79,039	-	79,039	-
<b>Noncurrent liabilities</b>				
Due within one year	832,216	-	832,216	35,297
Due in more than one year	<u>4,933,240</u>	<u>-</u>	<u>4,933,240</u>	<u>272,748</u>
Total liabilities	<u>8,992,364</u>	<u>356,333</u>	<u>9,348,697</u>	<u>2,341,856</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	780,302	4,127,654	4,907,956	5,054,630
Unrestricted	<u>(538,192)</u>	<u>285,018</u>	<u>(253,174)</u>	<u>3,077,655</u>
Total net assets	<u>\$ 242,110</u>	<u>\$ 4,412,672</u>	<u>\$ 4,654,782</u>	<u>\$ 8,132,285</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS - PROPRIETARY FUNDS**  
**For Year Ended December 31, 2007**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Ridgewood Healthcare Center</b>	<b>Golf Courses</b>	<b>Totals</b>	
<b>OPERATING REVENUES</b>				
Resident charges for services, net	\$ 14,295,847	\$ -	\$ 14,295,847	\$ -
Highway charges and fees	-	-	-	8,370,385
Other	14,633	445,247	459,880	16,797
Total operating revenues	<u>14,310,480</u>	<u>445,247</u>	<u>14,755,727</u>	<u>8,387,182</u>
<b>OPERATING EXPENSES</b>				
Resident services	6,180,486	-	6,180,486	-
Operations and maintenance	3,630,161	204,218	3,834,379	-
Administration	4,301,830	-	4,301,830	-
Highway maintenance	-	-	-	7,845,637
Other	856,681	-	856,681	-
Total operating expenses	<u>14,969,158</u>	<u>204,218</u>	<u>15,173,376</u>	<u>7,845,637</u>
Operating income (loss)	<u>(658,678)</u>	<u>241,029</u>	<u>(417,649)</u>	<u>541,545</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Interest expense	(214,931)	-	(214,931)	(10,775)
Amortization expense	(21,115)	-	(21,115)	-
Loss on disposal of capital assets	(11,524)	-	(11,524)	(19,126)
Total non-operating revenue (expense)	<u>(247,570)</u>	<u>-</u>	<u>(247,570)</u>	<u>(29,901)</u>
Income (loss) before transfers	<u>(906,248)</u>	<u>241,029</u>	<u>(665,219)</u>	<u>511,644</u>
<b>TRANSFERS</b>				
Transfers in	1,678,635	-	1,678,635	286,602
Transfers out	(166,641)	(295,000)	(461,641)	(158,550)
Total net transfers	<u>1,511,994</u>	<u>(295,000)</u>	<u>1,216,994</u>	<u>128,052</u>
Change in net assets	605,746	(53,971)	551,775	639,696
<b>NET ASSETS</b>				
Beginning of year	<u>(363,636)</u>	<u>4,466,643</u>	<u>4,103,007</u>	<u>7,492,589</u>
End of year	<u>\$ 242,110</u>	<u>\$ 4,412,672</u>	<u>\$ 4,654,782</u>	<u>\$ 8,132,285</u>

The accompanying notes are an integral part of the statement.

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2007**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Ridgewood Healthcare Center</b>	<b>Golf Courses</b>	<b>Totals</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers and users	\$ 14,367,549	\$ 454,290	\$ 14,821,839	\$ 7,891,845
Received (paid) from interfund services provided	(554,115)	(51,245)	(605,360)	4,636,177
Paid to suppliers	(4,251,561)	(15,270)	(4,266,831)	(7,364,396)
Paid to employees	(9,857,303)	-	(9,857,303)	(4,714,175)
Net cash provided (used) by operating activities	<u>(295,430)</u>	<u>387,775</u>	<u>92,345</u>	<u>449,451</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	1,678,635	-	1,678,635	286,602
Transfers out	(166,641)	(295,000)	(461,641)	(158,550)
Net cash provided (used) by noncapital financing activities	<u>1,511,994</u>	<u>(295,000)</u>	<u>1,216,994</u>	<u>128,052</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(533,365)	(265,305)	(798,670)	(532,500)
Proceeds from sale of capital assets	(32,640)	-	(32,640)	-
Debt retired	(430,771)	-	(430,771)	(34,228)
Interest paid	(218,349)	-	(218,349)	(10,775)
Net cash used in capital and related financing activities	<u>(1,215,125)</u>	<u>(265,305)</u>	<u>(1,480,430)</u>	<u>(577,503)</u>
Net increase in cash and cash equivalents	1,439	(172,530)	(171,091)	-
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of year	<u>149,908</u>	<u>813,365</u>	<u>963,273</u>	<u>700</u>
End of year	<u>\$ 151,347</u>	<u>\$ 640,835</u>	<u>\$ 792,182</u>	<u>\$ 700</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (658,678)	\$ 241,029	\$ (417,649)	\$ 541,545
Adjustments to reconcile to net cash provided (used) in operating activities:				
Depreciation	526,529	189,453	715,982	533,222
Bad debt expense	120,000	-	120,000	-
Loss on disposal of capital assets	44,162	-	44,162	(19,126)
Amortization	21,115	-	21,115	-
Changes in assets and liabilities:				
Receivables	(62,931)	9,043	(53,888)	(495,337)
Due from other funds	-	-	-	(672,139)
Inventories	(2,789)	-	(2,789)	77,891
Prepaid items	71,366	-	71,366	2,346
Due to other funds	(554,115)	(51,245)	(605,360)	401,084
Accounts payable	37,981	(505)	37,476	16,361
Deferred revenues	7,602	-	7,602	-
Other liabilities	154,328	-	154,328	63,604
Net cash provided (used) by operating activities	<u>\$ (295,430)</u>	<u>\$ 387,775</u>	<u>\$ 92,345</u>	<u>\$ 449,451</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
December 31, 2007

	<u>Agency Funds</u>				<u>Total Agency Funds</u>
	<u>Court</u>	<u>Unclaimed Funds</u>	<u>Other</u>	<u>Taxes</u>	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,577,768	\$ -	\$ 83,432	\$ -	\$ 2,661,200
Receivables					
Delinquent property taxes	-	-	-	129,188	129,188
Other	<u>124</u>	<u>168,771</u>	<u>199,357</u>	<u>7,941</u>	<u>376,193</u>
 Total assets	 <u>\$ 2,577,892</u>	 <u>\$ 168,771</u>	 <u>\$ 282,789</u>	 <u>\$ 137,129</u>	 <u>\$ 3,166,581</u>
 <b>LIABILITIES</b>					
Accounts payable	\$ 124	\$ -	\$ 578	\$ -	\$ 702
Agency deposits	<u>2,577,768</u>	<u>168,771</u>	<u>282,211</u>	<u>137,129</u>	<u>3,165,879</u>
 Total liabilities	 <u>\$ 2,577,892</u>	 <u>\$ 168,771</u>	 <u>\$ 282,789</u>	 <u>\$ 137,129</u>	 <u>\$ 3,166,581</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies utilized by the County.

**A. Reporting Entity**

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

**Discretely presented component unit**

The Racine County Housing Authority is responsible for providing affordable housing to low to moderate-income families in Racine County. The members of its governing board are appointed by and are responsible to the County Executive.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide and Fund Financial Statements**

In April 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 43 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes uniform standards of financial reporting by state and local governmental entities for other postemployment benefit plans.

Also, in June 2004, the GASB issued Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports for state and local governmental employers. The County was required to implement these standards effective January 1, 2007.

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. *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. Likewise, the *primary government* is reported separately from the legally separate component unit for which the primary government is financially accountable.

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*.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Fund Financial Statements**

Each of the funds of the reporting entity are considered to be a separate accounting entity. Each fund is accounted for by providing a set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, 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, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise funds that the County believes are particularly important to financial statement users may be reported as a major fund.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *County Handicapped Education Special Revenue Fund* accounts for activities of providing educational services for special education students in western Racine County.

The *Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.



**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The government reports the following major proprietary funds:

The *Ridgewood Healthcare Center Fund* accounts for the activities of the government's nursing home operations.

The *Golf Operations Fund* accounts for the activities of the two County owned golf courses.

The government reports the following nonmajor funds:

*Special Revenue Funds* - The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects). The Road Maintenance Special Revenue Fund accounts for County highway and road maintenance. The County Bridge Aids Special Revenue Fund accounts for bridge construction.

*Debt service fund* - The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on the long-term general obligation debt of governmental funds.

*Permanent Fund* - The Permanent Fund is used to report 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, that is, for the benefit of the government or its citizenry.

Additionally, the government reports the following fund types:

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

*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.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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

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 government's functions. 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 60 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**  
**December 31, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

The County reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues also arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the County has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary 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 enterprise funds follow all pronouncements of the Governmental Accounting Standards Board and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. 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 funds and of the County's internal service funds are charges to customers for services. Operating expenses for enterprise funds and the internal service fund 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.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**All Financial Statements**

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

**D. Assets, Liabilities, and Net Assets 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.

State statutes authorize the County to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the state Treasurer's investment pool. 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.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December, 31, 2007, the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Assets or Fund Equity (continued)**

*2. Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and 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.

Taxes on real estate and personal property are levied in November (for the County the levy date is the second Tuesday of November) of each year in amounts that, when collected in the ensuing year, are sufficient to cover operating expenses, debt service, and other expenditures.

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. 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.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Assets or Fund Equity (continued)**

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

*4. Restricted assets*

Certain investments of the Ridgewood Health Care 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 patients. Restricted assets of the permanent fund include the Bushnell endowment and related income which is restricted for use in Bushnell Park.

*5. Capital assets*

**Government-wide financial statements**

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks 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. The government 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.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Assets or Fund Equity (continued)**

*5. Capital assets (continued)*

Major outlays for capital assets and improvements are capitalized as projects are 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.

Property, buildings, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

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

**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.

*6. Compensated absences*

It is the government's policy to permit employees to accumulate earned but unused vacation, casual time and sick pay benefits. There is a liability for unpaid accumulated sick leave and casual time since the government does have a policy to pay partial amounts when employees separate from service with the government. 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.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Assets or Fund Equity (continued)**

*7. 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 are recorded as a liability in the statement of net assets and in the governmental fund financial statements.

*8. Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line method basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources or uses. Issuance costs are reported as debt service expenditures.

*9. Equity Classifications*

**Government-wide Financial Statements**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets less any unspent debt proceeds.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either 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.



**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Assets or Fund Equity (continued)**

*9. Equity Classifications (continued)*

**Government-wide Financial Statements (continued)**

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

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

**Fund Financial Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance includes fund balance which is legally restricted or unavailable to finance current expenditures. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated” which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide financials statements.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**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. The Board of Supervisors completes their review and adopts the budget on or before December 1. Annual budgets are legally adopted by the Board of Supervisors for all governmental funds except capital projects funds, for which multi-year budgets are adopted.

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. The County's 2007 adopted General Fund budget was increased \$19,884,221. The 2007 adopted budget for the Debt Service Fund was increased \$289,254. The 2007 adopted budget for the County Road Maintenance Fund was increased \$41,600. The 2007 adopted budget for the Capital Projects Fund was increased \$14,719,381.

**B. Excess of Expenditures over Appropriations**

The funds that had excess expenditures over appropriations are as follows:

<u>Fund</u>	<u>Amount</u>
County handicapped education	\$5,052,058
County road maintenance	1,832,640
Capital projects fund	27,346

**C. Limitations on the County's Tax Levy Rate and its Ability to Issue New Debt**

Wisconsin legislation was passed that limits the County's future tax levy rates. Generally, the County is limited to prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the County's equalized value due to new construction, or 2%. Changes in debt service from one year to the next are generally exempt from this limit. The County is in compliance with the limitation.

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

The State also imposes restrictions on the County's ability to issue new debt. Generally, referendum approval is required to issue unlimited general obligation debt, with the following exceptions: (1) refunding debt issues, (2) 75% approval by the County Board, (3) a reasonable expectation that the new debt can be accommodated within the existing tax rate and (4) other exceptions as listed in State Statutes Section 67.045. The County is in compliance with the limitation.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The County had the following deposits and investments as of December 31, 2007.

Petty cash	\$ 5,665
Demand deposits	9,627,390
U.S. Government Agency Securities	4,569,677
U.S. Treasury Notes	8,599,476
Commerical paper	3,164,045
Local Government Investment Pool	<u>21,724,697</u>
 Total	 <u>\$ 47,690,950</u>

Reconciliation to the financial statements

Per statement of net assets

Unrestricted cash and cash equivalents	\$ 28,546,205
Unrestricted investments	15,974,515
Restricted cash and cash equivalents	150,347
Restricted investments	358,683

Per statement of fiduciary net assets -

Agency Funds	<u>2,661,200</u>
Total Cash and Investments	<u>\$ 47,690,950</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, although the fund had resources available at December 31, 2007, the future availability of resources to cover any losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provide that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished. Due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual entities. This coverage has not been considered for custodial credit risk below.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (continued)**

**Custodial Credit Risk for Deposits**

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. 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, 2007, all of the County's total deposits were insured or fully collateralized.

**Custodial Credit Risk for Investments**

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. As of December 31, 2007, the County's investments were held in the County's name either by the counterparty or the counterparty's trust department. The Local Government Investment Pool is 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. The following is a summary of investments by maturity:

	<u>Fair Value</u>	<u>12 months or less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>
U.S. Government Agency Securities	\$ 4,569,677	\$ 772,235	\$ 1,091,063	\$ 2,706,379
U.S. Treasury Notes	8,599,476	4,615,596	2,725,988	1,257,892
Commerical paper	3,164,045	14,716	88,908	3,060,421
Local Government Investment Pool	<u>21,724,697</u>	<u>21,724,697</u>	-	-
Total	<u>\$ 38,057,895</u>	<u>\$ 27,127,244</u>	<u>\$ 3,905,959</u>	<u>\$ 7,024,692</u>

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (continued)**

**Credit Risk**

Credit risk is the risk that an issuer or other counterpart 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 policy to limit its investments in these investment types to the top rating issued by NRSROs. As of December 31, 2007, the County's investments were rated by Moody's Investors Service. The following summary describes the ratings by Moody's Investors Service.

	<u>Fair Value</u>	<u>Average Moody's Rating</u>
U.S. Government Agency Securities	\$ 4,569,677	AAA
U.S. Treasury Notes	8,599,476	Exempt from disclosure
Commerical paper	3,164,045	Aaa or Aa2
Local Government Investment Pool	<u>21,724,697</u>	Not rated
 Total	 <u>\$ 38,057,895</u>	

The County's investments in U.S. Government Agency Securities all carry the explicit guarantee of the U.S. Government.

**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 does not hold investments in any one issuer that represents 5% or more of total investments.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Receivables**

Receivables as of year-end for the government's fund financial statements, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>County Handicapped Education</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>
Taxes - current year levy	\$ 44,045,201	\$ 980,611	\$ -	\$ 4,575,382
Taxes - delinquent	7,890,626	-	-	-
Interest and penalties	2,483,451	-	-	-
Patient accounts	-	-	-	-
Intergovernmental	5,335,709	38,771	-	-
Other	1,851,147	-	413,671	275,619
Total receivables	<u>61,606,134</u>	<u>1,019,382</u>	<u>413,671</u>	<u>4,851,001</u>
Less allowance for uncollectibles	301,273	-	-	-
Net total receivables	<u>\$ 61,304,861</u>	<u>\$ 1,019,382</u>	<u>\$ 413,671</u>	<u>\$ 4,851,001</u>

	<u>Ridgewood Healthcare Center</u>	<u>Golf Courses</u>	<u>Internal Service Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Taxes - current year levy	\$ -	\$ -	\$ -	\$ -	\$45,025,812
Taxes - delinquent	-	-	-	129,188	8,019,814
Interest and penalties	-	-	-	-	2,483,451
Patient accounts	2,663,702	-	-	-	2,663,702
Intergovernmental	-	-	1,274,797	-	6,649,277
Other	-	516	19,058	376,193	2,660,585
Total receivables	<u>2,663,702</u>	<u>516</u>	<u>1,293,855</u>	<u>505,381</u>	<u>67,502,641</u>
Less allowance for uncollectibles	64,110	-	-	-	365,383
Net total receivables	<u>\$ 2,599,592</u>	<u>\$ 516</u>	<u>\$ 1,293,855</u>	<u>\$ 505,381</u>	<u>\$67,137,258</u>

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Receivables (continued)**

*Delinquent Taxes*

Delinquent property taxes purchased from other taxing districts are reflected as reservations of fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available for current expenditures and are therefore excluded from the reservation of fund balances. Delinquent property taxes levied by the County are reflected as deferred revenue and are excluded from the fund balance until collected. At December 31, 2007, delinquent property taxes by year levied consists of the following:

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax certificates			
2006	\$ 4,461,082	\$ 713,773	\$ 3,747,309
2005	1,372,399	219,584	1,152,815
2004	426,370	68,219	358,151
2003	195,728	33,274	162,454
2002 and prior	263,376	44,209	219,167
Tax deeds	<u>1,293,158</u>	<u>17,253</u>	<u>1,275,905</u>
 Total Delinquent Property Taxes Receivable	 <u>\$ 8,012,113</u>	 <u>\$ 1,096,312</u>	 <u>\$ 6,915,801</u>

In addition to tax certificates and tax deeds, delinquent taxes receivable includes \$7,701 of tax charge backs to municipalities.

*Patient Accounts*

Receivables from patients are shown net of an allowance for uncollectible accounts of \$64,110 at December 31, 2007. Patient services revenues are recorded as services are rendered. Private pay patient rates are determined by management. Medicaid and Medicare rates are determined by the Wisconsin Department of Health and Family Services.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Receivables (continued)**

*Loan to the Town of Yorkville*

In February 1995, the County loaned the Water Utility District #1 Town of Yorkville \$400,000 for water utility construction at the Wispark Business Park site. The note is for a 15-year term at 0% interest, or becomes payable upon the sale by Wispark of 75% of the lots in the Business Park. The note is renewable for a second term of 15 years. As of December 31, 2007 Wispark had sold 65% of the lots.

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Current year property tax levy	\$ -	\$ 49,601,148	\$ 49,601,148
Delinquent property taxes receivable	3,347,151	-	3,347,151
Other deferred revenue	-	136,102	136,102
Total deferred/unearned revenue for governmental funds	<u>\$ 3,347,151</u>	<u>\$ 49,737,250</u>	<u>\$ 53,084,401</u>



**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 20,718,554	\$ -	\$ -	\$ 20,718,554
Construction in progress	6,422,857	11,885,961	(686,632)	17,622,186
Total capital assets, not being depreciated	<u>27,141,411</u>	<u>11,885,961</u>	<u>(686,632)</u>	<u>38,340,740</u>
Capital assets, being depreciated:				
Buildings	45,260,372	408,705	(47,228)	45,621,849
Improvements other than buildings	8,611,464	133,274	-	8,744,738
Machinery and equipment	23,236,680	854,371	(703,341)	23,387,710
Infrastructure	23,341,060	2,044,703	-	25,385,763
Total capital assets, being depreciated	<u>100,449,576</u>	<u>3,441,053</u>	<u>(750,569)</u>	<u>103,140,060</u>
Less accumulated depreciation for:				
Buildings	(19,087,288)	(1,204,494)	35,500	(20,256,282)
Improvements other than buildings	(3,316,424)	(369,837)	-	(3,686,261)
Machinery and equipment	(14,682,003)	(1,669,734)	593,414	(15,758,323)
Infrastructure	(6,468,657)	(907,463)	-	(7,376,120)
Total accumulated depreciation	<u>(43,554,372)</u>	<u>(4,151,528)</u>	<u>628,914</u>	<u>(47,076,986)</u>
Total capital assets, being depreciated, net	<u>56,895,204</u>	<u>(710,475)</u>	<u>(121,655)</u>	<u>56,063,074</u>
Total capital assets, net	<u>\$ 84,036,615</u>	<u>\$ 11,175,486</u>	<u>\$(808,287)</u>	<u>\$ 94,403,814</u>

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,131,761	\$ -	\$ -	\$ 1,131,761
Construction in progress	<u>1,712,126</u>	<u>6,871</u>	<u>(1,712,126)</u>	<u>6,871</u>
Total capital assets, not being depreciated	<u>2,843,887</u>	<u>6,871</u>	<u>(1,712,126)</u>	<u>1,138,632</u>
Capital assets, being depreciated:				
Buildings	9,330,854	2,117,024		11,447,878
Improvements other than buildings	3,248,761	51,739	-	3,300,500
Machinery and equipmer	<u>2,891,758</u>	<u>343,470</u>	<u>(70,942)</u>	<u>3,164,286</u>
Total capital assets, being depreciated	<u>15,471,373</u>	<u>2,512,233</u>	<u>(70,942)</u>	<u>17,912,664</u>
Less accumulated depreciation for:				
Buildings	(4,795,123)	(408,588)	-	(5,203,711)
Improvements other than buildings	(1,279,693)	(169,115)	-	(1,448,808)
Machinery and equipmer	<u>(1,894,043)</u>	<u>(138,279)</u>	<u>18,472</u>	<u>(2,013,850)</u>
Total accumulated depreciation	<u>(7,968,859)</u>	<u>(715,982)</u>	<u>18,472</u>	<u>(8,666,369)</u>
Total capital assets, being depreciated, net	<u>7,502,514</u>	<u>1,796,251</u>	<u>(52,470)</u>	<u>9,246,295</u>
Total capital assets, net	<u>\$ 10,346,401</u>	<u>\$1,803,122</u>	<u>\$ (1,764,596)</u>	<u>\$ 10,384,927</u>

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets** (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General government	\$ 470,380
Public safety	1,592,055
Health and social services	398,014
Education and recreation	325,648
Development	796,027
Highways and streets	<u>569,404</u>

Total depreciation expenses - governmental activities \$ 4,151,528

**Business-type Activities:**

Healthcare Center	\$ 526,529
Golf Courses	<u>189,453</u>

Total depreciation expenses - business-type activities \$ 715,982

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of December 31, 2007, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	County Handicapped Education	\$ 23,302
	Ridgewood Healthcare Center	2,373,641
	Golf Courses	346,241
	Billable Internal Service Fund	1,266,002
	Permanent Funds	<u>20,000</u>
		<u>4,029,186</u>
Capital Projects Fund	General Fund	<u>5,540,145</u>
Nonmajor Governmental Funds		
Debt Service Fund	General Fund	65,953
Road Maintenance	General Fund	1,104,203
County Bridge Aid	General Fund	315,556
Permanent Fund	General Fund	<u>78,835</u>
		<u>1,564,547</u>
Internal Service Funds		
Fringe Benefits Internal Service	General Fund	351,227
Fleet Internal Service Fund	General Fund	<u>2,928,765</u>
		<u>3,279,992</u>
Total due from other funds		14,413,870
Less fund eliminations		<u>(11,693,988)</u>
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ 2,719,882</u>

The 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. For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund Receivables, Payables, and Transfers**

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 113,500
	Ridgewood Healthcare Center	166,641
	Golf Courses	295,000
	Permanent Fund	<u>20,000</u>
		<u>595,141</u>
Capital Projects Fund	General Fund	424,343
	Road Maintenance Fund	<u>464,887</u>
		<u>889,230</u>
Nonmajor Governmental Funds	Capital Projects Fund	715,217
	General Fund	2,068,419
	Fleet Internal Service Fund	158,550
	Capital Projects Fund	<u>1,625,000</u>
		<u>4,567,186</u>
Ridgewood Healthcare Center	General Fund	1,247,267
	Debt Service Fund	244,252
	Capital Projects Fund	93,603
	Road Maintenance Fund	<u>93,513</u>
		<u>1,678,635</u>
Fringe Benefits Internal Service Fund	Road Maintenance Fund	200,000
	Debt Service Fund	45,002
	Road Maintenance Fund	<u>41,600</u>
		<u>286,602</u>
Total transfers from other funds		8,016,794
Less fund eliminations		<u>(6,799,800)</u>
Total Interfund Transfers - Government-Wide Statement of Net Assets		<u>\$ 1,216,994</u>

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.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term Debt**

Long-term liability activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Governmental activities</b>					
General obligation debt					
Notes payable	\$ 16,847,288	\$ 2,155,000	\$ 2,509,228	\$ 16,493,060	\$ 2,783,423
Bonds payable	18,970,000	-	525,000	18,445,000	525,000
State trust fund loan payable	136,255	-	16,994	119,261	17,744
Taxable bonds payable	<u>9,985,000</u>	<u>-</u>	<u>170,000</u>	<u>9,815,000</u>	<u>210,000</u>
Total general obligation debt	45,938,543	2,155,000	3,221,222	44,872,321	3,536,167
Bond premium (discount)	174,369	12,578	(22,149)	164,798	22,644
Unamortized loss on refunding	<u>(206,177)</u>	<u>-</u>	<u>15,860</u>	<u>(190,317)</u>	<u>(15,860)</u>
Net general obligation debt	45,906,735	2,167,578	3,214,933	44,846,802	3,542,951
Compensated absences	3,839,569	28,229	-	3,867,798	3,734,223
Net OPEB liability	-	20,133,635	7,064,151	13,069,484	5,225,917
Claims and judgments	<u>2,139,804</u>	<u>413,428</u>	<u>572,476</u>	<u>1,980,756</u>	<u>283,160</u>
Governmental activities Long-term liabilities	<u>\$ 51,886,108</u>	<u>\$ 22,742,870</u>	<u>\$ 10,851,560</u>	<u>\$ 63,764,840</u>	<u>\$ 12,786,251</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Business-type activities</b>					
General obligation debt					
Bonds payable	\$ 4,050,000	\$ -	\$ 245,000	\$ 3,805,000	\$ 255,000
Notes payable	<u>1,857,712</u>	<u>-</u>	<u>185,771</u>	<u>1,671,941</u>	<u>191,577</u>
Total general obligation debt	5,907,712	-	430,771	5,476,941	446,577
Unamortized loss on refunding	<u>(113,311)</u>	<u>-</u>	<u>8,094</u>	<u>(105,217)</u>	<u>(8,094)</u>
Net general obligation debt	5,794,401	-	438,865	5,371,724	438,483
Compensated absences	<u>373,383</u>	<u>20,349</u>	<u>-</u>	<u>393,732</u>	<u>393,733</u>
Business-type activities Long-term liabilities	<u>\$ 6,167,784</u>	<u>\$ 20,349</u>	<u>\$ 438,865</u>	<u>\$ 5,765,456</u>	<u>\$ 832,216</u>

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term Debt (continued)**

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

<b>Year Ending December 31,</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2008	\$ 3,536,167	\$ 1,849,195	\$ 446,577	\$ 201,062
2009	3,889,080	1,705,294	459,480	182,857
2010	4,061,206	1,551,415	478,187	165,030
2011	3,803,370	1,401,330	496,895	147,576
2012	2,723,152	1,275,684	533,019	128,868
2013-2017	10,654,346	4,968,463	2,302,783	347,621
2018-2022	10,790,000	2,635,819	760,000	31,478
2023-2026	5,415,000	501,638	-	-
<b>Total</b>	<b><u>\$44,872,321</u></b>	<b><u>\$15,888,838</u></b>	<b><u>\$5,476,941</u></b>	<b><u>\$1,204,492</u></b>

The detail of the general obligation debt is as follows:

	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Balance 12/31/2007</b>
General Obligation Notes				
Series 1999A	7/8/1999	6/1/2009	3.80%-5.20%	\$ 480,000
Series 1999B	7/8/1999	6/1/2009	4.10%-4.80%	95,001
Series 2001	4/1/2001	6/1/2010	3.40%-4.20%	1,730,000
Series 2002A	4/1/2002	6/1/2011	3.00%-5.00%	2,175,000
Series 2003A	4/15/2003	6/1/2012	2.75%-3.55%	3,160,000
Series 2004	9/15/2004	6/1/2014	3.00%-3.45%	2,880,000
Series 2005	5/1/2005	6/1/2014	3.45%-3.75%	1,375,000
Series 2006	7/18/2006	3/1/2016	4.35%-5.00%	2,065,000
Series 2007	6/7/2007	6/1/2017	3.875%	2,155,000
Series 2005 General Obligation Refunding Notes	4/15/2005	6/1/2019	3.00%-4.10%	5,855,000
2003 Taxable General Obligation Refunding Bonds	4/15/2003	6/1/2022	4.00% - 5.70%	9,815,000
Board of Comm of Public Lands PL 2003	5/7/2003	3/15/2013	4.50%	119,261
Series 2006 General Obligation Bond	3/15/2006	6/1/2022	4.00%-4.50%	18,445,000
Total General Obligation debt				50,349,262
Less amount applicable to business-type activities				<u>(5,476,941)</u>
Governmental activities General Obligation debt				<u>\$ 44,872,321</u>

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. 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 2007, the County's debt margin and legal debt limit is calculated as follows:

Equalized Value of Real and Personal Property		\$ 15,659,760,100
		<u>5%</u>
Debt Limit, 5% of Equalized Valuation		<u>782,988,005</u>
Amount of Debt Applicable to Debt Limitation:		
General Obligation debt	\$ 50,349,262	
Less Debt Service Funds	<u>(702,099)</u>	
Total Amount of Debt Applicable to Debt Margin		<u>49,647,163</u>
Legal Debt Margin - (Debt Capacity)		<u><u>\$ 733,340,842</u></u>



**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Net Assets/Fund Balances**

**Net Assets**

The calculation of net assets as of December 31, 2007 is as follows:

**Governmental Activities**

Invested in capital assets, net of related debt	
Capital assets, net of accumulated depreciation	\$ 94,403,813
Less: outstanding long term debt	(44,872,321)
Plus: Noncapital related long term debt	9,815,000
Plus: Unspent bond proceeds	<u>5,125,718</u>
	<u>64,472,210</u>
Restricted:	
For debt service	351,439
For endowments	<u>495,746</u>
	<u>847,185</u>
Unrestricted	<u>18,778,037</u>
Total net assets	<u><u>\$ 84,097,432</u></u>

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Net Assets/Fund Balances**

**Fund Balances**

The detail of the fund balances as of December 31, 2007 is as follows:

Reserved

General Fund		
Reserved for delinquent property taxes	\$	6,529,592
Reserved for inventories and prepaids		1,193,073
Reserved for encumbrances		2,394,760
Reserved for jail improvements		11,459
		<u>10,128,884</u>
Capital Projects Funds		
Reserved for noncurrent receivables		400,000
Reserved for encumbrances		2,896,265
Reserved for jail improvements		2,047,303
		<u>5,343,568</u>
Nonmajor Governmental Funds		
Permanent Fund		
Reserved for endowments		495,746
Debt Service Funds		
Reserved for debt service		702,099
		<u>1,197,845</u>
Total reserved fund balance		<u>16,670,297</u>
Unreserved, designated - General Fund		
Designated for tax stabilization		600,000
Designated for nonlapsing accounts		12,192,364
		<u>12,792,364</u>
Unreserved, undesignated		
General Fund		16,135,791
County Handicapped Education Fund		15,469
Capital Projects Fund		(217,852)
Nonmajor Governmental Funds		
Road Maintenance Fund		1,350,397
County Bridge Aids Fund		315,556
		<u>17,599,361</u>
Total unreserved fund balance		<u>30,391,725</u>
Total fund balance	\$	<u>47,062,022</u>

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Discretely Presented Component Unit**

**Cash and Investments**

The Racine County Housing Authority (Housing Authority) had the following deposits and investments as of December 31, 2007.

Petty cash	\$ 100
Demand deposits	428,934
Money market mutual fund	<u>1,769,190</u>
 Total	 <u>\$2,198,224</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, although the fund had resources available at December 31, 2007, the future availability of resources to cover any losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provide that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished. Due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual entities. This coverage has not been considered for custodial credit risk below.

**Custodial Credit Risk for Deposits**

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Housing Authority's deposits may not be returned to the Housing Authority. As of December 31, 2007, \$200,000 of the Housing Authority's total deposits was collateralized and \$2,013,014 was uninsured and uncollateralized.

**Receivables**

Receivables as of year-end for the Housing Authority, a discretely presented component unit, including the applicable allowances for uncollectible accounts, is as follows:

Notes Receivable:	
Current	\$ 24,023
Non-current	310,162
Other	<u>16,920</u>
	351,105
Less allowance for uncollectibles	<u>(2,475)</u>
 Total net receivables	 <u>\$ 348,630</u>

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Discretely Presented Component Unit (continued)**

**Capital Assets**

Property, plant, and equipment of the Housing Authority, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	7-40 years
Improvements other than buildings	15 years
Machinery and equipment	3-7 years

Activity for the Housing Authority for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 96,000	\$ -	\$ -	\$ 96,000
Capital assets, being depreciated:				
Buildings	1,703,560	-	-	1,703,560
Improvements other than buildings	138,100	-	-	138,100
Machinery and equipment	102,934	-	-	102,934
Total capital assets, being depreciated	<u>1,944,594</u>	<u>-</u>	<u>-</u>	<u>1,944,594</u>
Less accumulated depreciation:				
Buildings	(864,969)	(63,272)	-	(928,241)
Improvements other than buildings	(73,987)	(8,701)	-	(82,688)
Machinery and equipment	(102,073)	(671)	-	(102,744)
Total accumulated depreciation	<u>(1,041,029)</u>	<u>(72,644)</u>	<u>-</u>	<u>(1,113,673)</u>
Total capital assets, being depreciated, net	<u>903,565</u>	<u>(72,644)</u>	<u>-</u>	<u>830,921</u>
Total capital assets, net	<u>\$ 999,565</u>	<u>\$ (72,644)</u>	<u>\$ -</u>	<u>\$ 926,921</u>

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**IV. OTHER INFORMATION**

**A. Claims and Other Legal Proceedings**

The County is routinely involved in litigation defending and prosecuting cases over a wide range of possible situations. An amount has been recorded in the government-wide statement of net assets for estimated liability resulting from existing claims and judgments.

**B. Intergovernmental Grants**

Federal and state grants in aid received by the County are subject to audit and adjustment by grantor agencies. If grant revenues are received for expenditures, which are subsequently disallowed, the County may be required to repay the revenues. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material.

**C. Risk Management**

**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 \$425,000 up to a maximum of \$1,000,000 and aggregate claims in excess of \$1,850,000 up to a maximum of \$5,000,000.

The County self funds for public liability and automobile coverage.

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

	<u>2007</u>	<u>2006</u>
Unpaid claims - beginning	\$ 2,139,804	\$2,429,178
Incurred claims	413,428	126,688
Claims paid	<u>(572,476)</u>	<u>(416,062)</u>
Unpaid claims - ending	<u>\$ 1,980,756</u>	<u>\$2,139,804</u>

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**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 the full cost of transplants and for all other individual claims in excess of \$250,000 up to a maximum of \$1,750,000.

The liability for medical insurance is reported in the financial statements as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims - beginning	\$ 1,341,181	\$ 1,124,266
Incurred claims	20,050,316	19,300,509
Claims paid	<u>(19,856,466)</u>	<u>(19,083,594)</u>
Unpaid claims - ending	<u>\$ 1,535,031</u>	<u>\$ 1,341,181</u>

**D. Defined Benefit Pension Plans**

All eligible County employees participate in the Wisconsin Retirement System (System); a cost-sharing multiple-employer defined public employee retirement system (PERS). All permanent employees expected to work at least 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% for Protective Occupations without Social Security), to the plan. Employers may take these contributions to the plan on behalf of the employees. Employees are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the System for the year ended December 31, 2007 was \$41,228,919; the employer's total payroll was \$42,794,998. The total required contribution for the year ended December 31, 2007 was \$4,647,835 or 11.3% which was entirely financed by the County. Total contributions for the years ending December 31, 2006 and 2005 were approximately \$4,737,214 and \$4,942,184, respectively, equal to the required contributions for each year.

**COUNTY OF RACINE, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007**

**IV. OTHER INFORMATION (CONTINUED)**

**D. Defined Benefit Pension Plans (continued)**

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees), and receive actuarially reduced benefits. The factors influencing the benefit are (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, are immediately vested.

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

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post Employment Benefits**

**Plan Description**

The County provides post-retirement health care and life insurance benefits, in accordance with union contracts and the County's personnel policy, to all retirees who are eligible to receive a monthly annuity from the System. Approximately 649 retirees meet these eligibility requirements at December 31, 2007. The Housing Authority, a component unit of the County, is included in the County's other post employment benefit plan.

All employees are eligible based on the following criteria: (1) any current retiree who has applied for WRS annuity; (2) retirees after ratification of the 2005-06 contract need 10 years of service; (3) Retirees after January 1, 2015 need 15 years of service; (4) Racine County School Office employees who were put on layoff status on June 30, 2006, will be eligible for benefits based on service on June 30, 2006. Retirees pay a percentage of the total premium based on years of service at retirement. The percentages range from five percent to fifty percent based on the number of years of service at the retirement date. Retirees also receive a postemployment life insurance benefit based on the group they were employed by. This benefit is \$3,000 for the Ridgewood RN group and the Teamsters Group. Attorneys retiring after January 1, 2002 receive \$750. All other groups receive \$5,000.

**Funding Policy**

The contribution requirements of plan members are established and may be amended by the County. The County's current policy provides for contributions to the plan based on a pay as you go method.

**Annual OPEB Cost and Net OPEB Obligation**

The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The remaining amortization period at December 31, 2007 was 29 years.



**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post Employment Benefits (continued)**

**Annual OPEB Cost and Net OPEB Obligation (continued)**

The following table shows the components of the County's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Annual required contribution	\$ 21,186,934
Contributions made	<u>(8,116,827)</u>
Increase in net OPEB obligation	13,070,107
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u>\$ 13,070,107</u>
Governmental Activities Net OPEB obligation	\$ 13,069,484
Component Unit - Housing Authority Net OPEB obligation	<u>623</u>
	<u>\$ 13,070,107</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for December 31, 2007 and the two preceding years were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2005	*	*	*
12/31/2006	*	*	*
12/31/2007	\$ 21,186,934	0.00%	\$ 13,070,107

\* information not available

**Funded Status and Funding Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post Employment Benefits (continued)**

**Funded Status and Funding Progress (continued)**

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

In the January 1, 2008 actuarial valuation, the unit credit actuarial cost method was used. The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in the plan and the experience by the actuarial assumptions.

The cost of the plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the plan.

The actuary used the following assumptions. The Wisconsin Retirement System (WRS) assumptions as reported in the December 31, 2006 actuarial valuation report were used for the mortality pre-retirement, post-retirement and post-disability, employee turnover and withdrawal, disablement, and retirement rates. Ninety-five percent (95%) of future retirees are expected to participate in the County's retiree medical coverage, as of their retirement date for all departments except for the Racine County School Office (RCSO) which used 100% of future retirees. Seventy percent (70%) of future retirees were assumed to elect family coverage at retirement. For current retirees, actual family retiree participation and coverage election was used. Medical trend rate assumptions were based on recent experience, the experience of medical insurers, and Milliman's future trend expectations, and judgment. Milliman developed estimates of annual medical costs per retiree by age based on the County's current premiums, adjusted for demographic differences between retirees and all participants (actives and retirees combined).

**COUNTY OF RACINE, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007**

**IV. OTHER INFORMATION (CONTINUED)**

**F. Subsequent Event**

On May 27, 2008, the County authorized the issuance and sale of general obligation promissory notes in the amount of \$3,795,000 with interest rates of 3.00% to 3.75% and a final maturity date of June 1, 2018. This promissory note will be used for capital improvements.

This information is an integral part of the accompanying basic financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**COUNTY OF RACINE, WISCONSIN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS - OPEB  
Year Ended December 31, 2007**

<u>Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a) / (b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) / c]</u>
Ridgewood Local 310							
12/31/2005	1/1/2005	*	*	*	*	*	*
12/31/2006	1/1/2006	*	*	*	*	*	*
12/31/2007	1/1/2007	\$ -	\$ 17,215,000	\$ 17,215,000	0.00%	3,121,712	551.46%
Racine County School Office							
12/31/2005	1/1/2005	*	*	*	*	*	*
12/31/2006	1/1/2006	*	*	*	*	*	*
12/31/2007	1/1/2007	\$ -	\$ 16,944,000	\$ 16,944,000	0.00%	-	0.00%
Other County Departments							
12/31/2005	1/1/2005	*	*	*	*	*	*
12/31/2006	1/1/2006	*	*	*	*	*	*
12/31/2007	1/1/2007	\$ -	\$ 218,782,413	\$ 218,782,413	0.00%	39,673,286	551.46%
Housing Authority							
12/31/2005	1/1/2005	*	*	*	*	*	*
12/31/2006	1/1/2006	*	*	*	*	*	*
12/31/2007	1/1/2007	\$ -	\$ 106,587	\$ 106,587	0.00%	392,308	27.17%
Total County							
12/31/2005	1/1/2005	*	*	*	*	*	*
12/31/2006	1/1/2006	*	*	*	*	*	*
12/31/2007	1/1/2007	\$ -	\$ 253,048,000	\$ 253,048,000	0.00%	\$ 43,187,306	585.93%

\* Information not available.

## **SUPPLEMENTAL INFORMATION**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Debt Service Fund**

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

### **Special Revenue Funds**

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

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

### **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**  
December 31, 2007

	<u>Special Revenue</u>				<u>Permanent Fund</u>	<u>Total Nonmajor Government Funds</u>
	<u>Debt Service</u>	<u>Road Maintenance</u>	<u>County Bridge Aids</u>	<u>Total</u>		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 636,146	\$ -	\$ -	\$ -	\$ 78,228	\$ 714,374
Receivables:						
Property taxes:						
Current year levy	4,575,382	-	-	-	-	4,575,382
Other	-	275,619	-	275,619	-	275,619
Due from other funds	65,953	1,104,203	315,556	1,419,759	78,835	1,564,547
Restricted assets - investments	-	-	-	-	358,683	358,683
<b>Total assets</b>	<b><u>\$ 5,277,481</u></b>	<b><u>\$ 1,379,822</u></b>	<b><u>\$ 315,556</u></b>	<b><u>\$ 1,695,378</u></b>	<b><u>515,746</u></b>	<b><u>\$ 7,488,605</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 20,969	\$ -	\$ 20,969	\$ -	\$ 20,969
Accrued liabilities	-	8,456	-	8,456	-	8,456
Due to other funds	-	-	-	-	20,000	20,000
Deferred revenue:						
Current year property tax levy	4,575,382	-	-	-	-	4,575,382
<b>Total liabilities</b>	<b><u>4,575,382</u></b>	<b><u>29,425</u></b>	<b><u>-</u></b>	<b><u>29,425</u></b>	<b><u>20,000</u></b>	<b><u>4,624,807</u></b>
<b>FUND BALANCES</b>						
Reserved for:						
Debt retirement	702,099	-	-	-	-	702,099
Endowments	-	-	-	-	495,746	495,746
Unreserved	-	1,350,397	315,556	1,665,953	-	1,665,953
<b>Total fund balances</b>	<b><u>702,099</u></b>	<b><u>1,350,397</u></b>	<b><u>315,556</u></b>	<b><u>1,665,953</u></b>	<b><u>495,746</u></b>	<b><u>2,863,798</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 5,277,481</u></b>	<b><u>\$ 1,379,822</u></b>	<b><u>\$ 315,556</u></b>	<b><u>\$ 1,695,378</u></b>	<b><u>\$ 515,746</u></b>	<b><u>\$ 7,488,605</u></b>



**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2007**

	<u>Special Revenue</u>				<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Service</u>	<u>Road Maintenance</u>	<u>County Bridge Aids</u>	<u>Total</u>		
<b>REVENUES</b>						
Taxes	\$ 3,861,869	\$ -	\$ -	\$ -	\$ -	\$ 3,861,869
Intergovernmental	-	2,454,706	-	2,454,706	-	2,454,706
Investment income	100,604	-	-	-	23,205	123,809
Miscellaneous	729,416	-	-	-	198,629	928,045
<b>Total revenues</b>	<u>4,691,889</u>	<u>2,454,706</u>	<u>-</u>	<u>2,454,706</u>	<u>221,834</u>	<u>7,368,429</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	5,500	5,500
Education and recreation	-	-	-	-	21,596	21,596
Highways and streets	-	6,186,109	-	6,186,109	-	6,186,109
Debt service						
Principal retirement	3,186,996	-	-	-	-	3,186,996
Interest and fiscal charges	1,923,326	-	-	-	-	1,923,326
<b>Total expenditures</b>	<u>5,110,322</u>	<u>6,186,109</u>	<u>-</u>	<u>6,186,109</u>	<u>27,096</u>	<u>11,323,527</u>
Excess (deficiency) of revenues over expenditures	<u>(418,433)</u>	<u>(3,731,403)</u>	<u>-</u>	<u>(3,731,403)</u>	<u>194,738</u>	<u>(3,955,098)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	715,217	3,851,969	-	3,851,969	-	4,567,186
Sale of capital assets	-	3,543	-	3,543	-	3,543
Transfers out	(289,254)	(800,000)	-	(800,000)	(20,000)	(1,109,254)
<b>Total other financing sources (uses)</b>	<u>425,963</u>	<u>3,055,512</u>	<u>-</u>	<u>3,055,512</u>	<u>(20,000)</u>	<u>3,461,475</u>
Net change in fund balances	7,530	(675,891)	-	(675,891)	174,738	(493,623)
<b>FUND BALANCES</b>						
Beginning of year	<u>694,569</u>	<u>2,026,288</u>	<u>315,556</u>	<u>2,341,844</u>	<u>321,008</u>	<u>3,357,421</u>
End of year	<u>\$ 702,099</u>	<u>\$ 1,350,397</u>	<u>\$ 315,556</u>	<u>\$ 1,665,953</u>	<u>\$ 495,746</u>	<u>\$ 2,863,798</u>

**COUNTY OF RACINE, WISCONSIN  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive</b>
	<u>Original</u>	<u>Final</u>		<b>(Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 3,861,869	\$ 3,861,869	\$ 3,861,869	\$ -
Investment income	-	-	100,604	100,604
Miscellaneous	682,130	682,130	729,416	47,286
Total revenues	<u>4,543,999</u>	<u>4,543,999</u>	<u>4,691,889</u>	<u>147,890</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	3,406,994	3,406,994	3,186,996	219,998
Interest and fiscal charges	1,952,222	1,952,222	1,923,326	28,896
Total expenditures	<u>5,359,216</u>	<u>5,359,216</u>	<u>5,110,322</u>	<u>248,894</u>
Excess (deficiency) of revenues over expenditures	<u>(815,217)</u>	<u>(815,217)</u>	<u>(418,433)</u>	<u>396,784</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	715,217	715,217	715,217	-
Transfers out	-	(289,254)	(289,254)	-
Net change in fund balances	(100,000)	(389,254)	7,530	396,784
<b>FUND BALANCES</b>				
Beginning of year	<u>694,569</u>	<u>694,569</u>	<u>694,569</u>	-
End of year	<u>\$ 594,569</u>	<u>\$ 305,315</u>	<u>\$ 702,099</u>	<u>\$ 396,784</u>

**COUNTY OF RACINE, WISCONSIN**  
**COUNTY ROAD MAINTENANCE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 2,126,500	\$ 2,126,500	\$ 2,454,706	\$ 328,206
<b>EXPENDITURES</b>				
Current				
Highway and streets	4,353,469	4,353,469	6,186,109	(1,832,640)
Excess (deficiency) of revenues over expenditures	(2,226,969)	(2,226,969)	(3,731,403)	(1,504,434)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	158,550	3,851,969	3,851,969	-
Sale of capital assets	-	-	3,543	3,543
Transfers out	(758,400)	(800,000)	(800,000)	-
Total other financing sources (uses)	(599,850)	3,051,969	3,055,512	3,543
Net change in fund balances	(2,826,819)	825,000	(675,891)	(1,500,891)
<b>FUND BALANCES</b>				
Beginning of year	2,026,288	2,026,288	2,026,288	-
End of year	\$ (800,531)	\$ 2,851,288	\$ 1,350,397	\$ (1,500,891)

**COUNTY OF RACINE, WISCONSIN**  
**COUNTY BRIDGE AIDS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Current				
Highway and streets	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	-
Net change in fund balance	-	-	-	-
<b>FUND BALANCES</b>				
Beginning of year	315,556	315,556	315,556	-
End of year	<u>\$ 315,556</u>	<u>\$ 315,556</u>	<u>\$ 315,556</u>	<u>\$ -</u>

**COUNTY OF RACINE, WISCONSIN  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive</b>
	<u>Original</u>	<u>Final</u>		<b>(Negative)</b>
<b>REVENUES</b>				
Investment income	\$ 715,217	\$ 474,158	\$ 474,158	\$ -
Miscellaneous	-	290,077	291,218	1,141
Total revenues	<u>715,217</u>	<u>764,235</u>	<u>765,376</u>	<u>1,141</u>
<b>EXPENDITURES</b>				
Capital outlay	844,637	13,016,698	13,016,696	2
Debt service:				
Interest and fiscal charges	-	-	27,348	(27,348)
	<u>844,637</u>	<u>13,016,698</u>	<u>13,044,044</u>	<u>(27,346)</u>
Excess (deficiency) of revenues over expenditures	<u>(129,420)</u>	<u>(12,252,463)</u>	<u>(12,278,668)</u>	<u>(26,205)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	584,880	889,230	304,350
Transfers out	-	(2,547,320)	(2,547,320)	-
Premium	-	-	12,578	12,578
Debt issued	-	-	2,155,000	2,155,000
Sale of capital assets	-	42,044	40,904	(1,140)
Total other financing sources (uses)	<u>-</u>	<u>(1,920,396)</u>	<u>550,392</u>	<u>2,470,788</u>
Net change in fund balances	(129,420)	(14,172,859)	(11,728,276)	2,444,583
<b>FUND BALANCES</b>				
Beginning of year	<u>16,853,992</u>	<u>16,853,992</u>	<u>16,853,992</u>	<u>-</u>
End of year	<u>\$ 16,724,572</u>	<u>\$ 2,681,133</u>	<u>\$ 5,125,716</u>	<u>\$ 2,444,583</u>

## **INTERNAL SERVICE FUNDS**

Internal service funds account for fringe benefits, highway operations and fleet management services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The County has the following internal service funds:

- Billable
- Fringe Benefits
- Fleet

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING BALANCE SHEET - INTERNAL SERVICE FUNDS**  
**December 31, 2007**

	<b>Billable</b>	<b>Fringe Benefits</b>	<b>Fleet</b>	<b>Total</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 700	\$ -	\$ -	\$ 700
Receivables:				
Other	19,058	-	-	19,058
Due from other governments	1,274,797	-	-	1,274,797
Due from other funds	-	351,227	2,928,765	3,279,992
Inventories	219,184	-	317,735	536,919
<b>Noncurrent assets</b>				
Capital assets being depreciated:				
Buildings	-	-	3,180,110	3,180,110
Improvements other than buildings	-	-	1,797,079	1,797,079
Machinery and equipment	204,623	-	8,945,850	9,150,473
Less: accumulated depreciation	<u>(156,421)</u>	<u>-</u>	<u>(8,608,566)</u>	<u>(8,764,987)</u>
Total assets	<u>1,561,941</u>	<u>351,227</u>	<u>8,560,973</u>	<u>10,474,141</u>
 <b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	63,600	-	107,287	170,887
Due to other funds	1,266,002	-	-	1,266,002
Accrued liabilities	184,137	412,785	-	596,922
<b>Noncurrent liabilities</b>				
Due within one year	-	-	35,297	35,297
Due in more than one year	<u>-</u>	<u>-</u>	<u>272,748</u>	<u>272,748</u>
Total liabilities	<u>1,513,739</u>	<u>412,785</u>	<u>415,332</u>	<u>2,341,856</u>
 <b>NET ASSETS</b>				
Invested in capital assets, net of related debt	48,202	-	5,006,428	5,054,630
Unrestricted (deficit)	<u>-</u>	<u>(61,558)</u>	<u>3,139,213</u>	<u>3,077,655</u>
Total net assets (deficit)	<u>\$ 48,202</u>	<u>\$ (61,558)</u>	<u>\$ 8,145,641</u>	<u>\$ 8,132,285</u>

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET ASSETS - INTERNAL SERVICE FUNDS**  
**Year Ended December 31, 2007**

	<u>Billable</u>	<u>Fringe Benefits</u>	<u>Fleet</u>	<u>Eliminations</u>	<u>Total</u>	
<b>OPERATING REVENUES</b>				(1)	(2,465,452)	
Highway charges and fees	\$ 8,370,385	\$ 2,465,452	\$ 2,842,864	(2)	(2,842,864)	\$ 8,370,385
Other	-	-	16,797		-	16,797
Total operating revenues	<u>8,370,385</u>	<u>2,465,452</u>	<u>2,859,661</u>		<u>(5,308,316)</u>	<u>8,387,182</u>
<b>OPERATING EXPENSES</b>				(1)	(2,465,452)	
Current				(2)	(2,842,864)	7,845,637
Highway maintenance	<u>8,376,174</u>	<u>2,542,020</u>	<u>2,235,759</u>		<u>(2,842,864)</u>	<u>7,845,637</u>
Operating income (loss)	<u>(5,789)</u>	<u>(76,568)</u>	<u>623,902</u>		<u>-</u>	<u>541,545</u>
<b>NONOPERATING EXPENSE</b>						
Interest expense	-	-	(10,775)			(10,775)
Loss on disposal of capital assets	-	-	(19,126)			(19,126)
Total non-operating expense	<u>-</u>	<u>-</u>	<u>(29,901)</u>			<u>(29,901)</u>
Income (loss) before transfers	<u>(5,789)</u>	<u>(76,568)</u>	<u>594,001</u>			<u>571,446</u>
<b>TRANSFERS</b>						
Transfers in	-	200,000	86,602			286,602
Transfers out	-	-	(158,550)			(158,550)
Total net transfers	<u>-</u>	<u>200,000</u>	<u>(71,948)</u>			<u>128,052</u>
Net change in net assets	<u>(5,789)</u>	<u>123,432</u>	<u>522,053</u>			<u>639,696</u>
<b>NET ASSETS</b>						
Beginning of year	<u>53,991</u>	<u>(184,990)</u>	<u>7,623,588</u>			<u>7,492,589</u>
End of year	<u>\$ 48,202</u>	<u>\$ (61,558)</u>	<u>\$ 8,145,641</u>			<u>\$ 8,132,285</u>

(1)-Eliminate fringe benefit revenues. Fringe benefit pays the associated expense and charges it to billable. Billable then invoices the state, local or other county department.

(2)-Eliminate fleet revenues. All other expenses are charged to Billable.



**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended December 31, 2007**

	<u>Billable</u>	<u>Fringe Benefits</u>	<u>Fleet</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers and users	\$ 2,566,732	\$ 2,465,452	\$ 2,859,661	\$ 7,891,845
Received (paid) from interfund services provided	5,308,316	(224,833)	(447,306)	4,636,177
Paid to suppliers	(7,837,728)	-	473,332	(7,364,396)
Paid to employees	(37,320)	(2,440,619)	(2,236,236)	(4,714,175)
Net cash used by operating activities	<u>-</u>	<u>(200,000)</u>	<u>649,451</u>	<u>449,451</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	200,000	86,602	286,602
Transfers out	-	-	(158,550)	(158,550)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>200,000</u>	<u>(71,948)</u>	<u>128,052</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchased capital assets	-	-	(532,500)	(532,500)
Debt retired	-	-	(34,228)	(34,228)
Interest paid	-	-	(10,775)	(10,775)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(577,503)</u>	<u>(577,503)</u>
Net increase in cash and cash equivalents	-	-	-	-
<b>CASH AND CASH EQUIVALENTS</b>				
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>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES</b>				
Operating loss	\$ (5,789)	\$ (76,568)	\$ 623,902	\$ 541,545
Adjustments to reconcile to net cash provided (used) in operating activities:				
Depreciation	5,789	-	527,433	533,222
Loss on disposal of fixed assets	-	-	(19,126)	(19,126)
Changes in assets and liabilities:				
Receivables	(495,337)	-	-	(495,337)
Due from other funds	-	(224,833)	(447,306)	(672,139)
Inventories	118,892	-	(41,001)	77,891
Prepaid items	469	-	1,877	2,346
Due to other funds	401,084	-	-	401,084
Accounts payable	12,212	-	4,149	16,361
Other liabilities	(37,320)	101,401	(477)	63,604
Net cash used by operating activities	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ 649,451</u>	<u>\$ 449,451</u>

## **AGENCY FUNDS**

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:

- Court
- Unclaimed Funds
- Other
- Taxes

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**Year Ended December 31, 2007**

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
<b><u>COURT</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,576,712	\$ 2,896,429	\$ 2,895,373	\$ 2,577,768
Receivables				
Other	149	159	184	124
Total assets	\$ 2,576,861	\$ 2,896,588	\$ 2,895,557	\$ 2,577,892
<b>LIABILITIES</b>				
Accounts payable	\$ 149	\$ 184	\$ 209	\$ 124
Agency deposits	2,576,712	2,895,200	2,894,144	2,577,768
Total liabilities	\$ 2,576,861	\$ 2,895,384	\$ 2,894,353	\$ 2,577,892
<b><u>UNCLAIMED FUNDS</u></b>				
<b>ASSETS</b>				
Receivables - other	\$ 168,771	\$ -	\$ -	\$ 168,771
Total assets	\$ 168,771	\$ -	\$ -	\$ 168,771
<b>LIABILITIES</b>				
Agency deposits	\$ 168,771	\$ -	\$ -	\$ 168,771
Total liabilities	\$ 168,771	\$ -	\$ -	\$ 168,771
<b><u>OTHER</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 126,280	\$ 210,070	\$ 252,918	\$ 83,432
Receivables - other	248,674	791,643	840,960	199,357
Total assets	\$ 374,954	\$ 1,001,713	\$ 1,093,878	\$ 282,789
<b>LIABILITIES</b>				
Accounts payable	\$ 61,456	\$ 111,313	\$ 172,191	\$ 578
Agency deposits	313,498	818,066	849,353	282,211
Total liabilities	\$ 374,954	\$ 929,379	\$ 1,021,544	\$ 282,789

(Continued)

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**Year Ended December 31, 2007**

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
<b><u>TAXES</u></b>				
<b>ASSETS</b>				
Receivables				
Delinquent property taxes	\$ 120,685	\$ 90,865	\$ 82,362	\$ 129,188
Other	115	41,795	33,969	7,941
Total assets	\$ 120,800	\$ 132,660	\$ 116,331	\$ 137,129
<b>LIABILITIES</b>				
Agency deposits	\$ 120,800	\$ 29,044	\$ 12,715	\$ 137,129
Total liabilities	\$ 120,800	\$ 29,044	\$ 12,715	\$ 137,129
 <b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,702,992	\$ 3,106,499	\$ 3,148,291	\$ 2,661,200
Receivables				
Delinquent property taxes	120,685	90,865	82,362	129,188
Other	417,709	833,597	875,113	376,193
Total assets	\$ 3,241,386	\$ 4,030,961	\$ 4,105,766	\$ 3,166,581
<b>LIABILITIES</b>				
Accounts payable	\$ 61,605	\$ 111,497	\$ 172,400	\$ 702
Agency deposits	3,179,781	3,742,310	3,756,212	3,165,879
Total liabilities	\$ 3,241,386	\$ 3,853,807	\$ 3,928,612	\$ 3,166,581

(Concluded)

**CAPITAL ASSETS USED  
IN THE OPERATION OF GOVERNMENTAL FUNDS**

**COUNTY OF RACINE, WISCONSIN**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULES BY SOURCE (1)**  
**December 31, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS</b>		
Land	\$ 20,718,554	\$ 20,718,554
Building	42,441,739	42,080,262
Improvements other than buildings	6,947,659	6,829,056
Machinery and equipment	14,237,237	14,413,857
Infrastructure	25,385,763	23,341,060
Construction in progress	17,622,186	6,422,857
Total governmental funds capital assets	\$ 127,353,138	\$ 113,805,646
 <b>INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE</b>		
General Fund	\$ 101,967,375	\$ 90,021,442
Special Revenue Fund	25,385,763	23,784,204
Total governmental funds capital assets	\$ 127,353,138	\$ 113,805,646

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**COUNTY OF RACINE, WISCONSIN**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)**  
**Year Ended December 31, 2007**

<u>FUNCTION AND ACTIVITY</u>	<u>Governmental Funds Capital Assets January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2007</u>
General government	\$ 8,462,003	\$ 383,383	\$ 486,116	\$ 8,359,270
Public Safety	35,905,256	11,910,412	425,127	47,390,541
Health and social service	18,595,128	31,385	-	18,626,513
Education and recreation	26,541,586	208,698	-	26,750,284
Highway and streets	23,926,385	2,217,876	293,019	25,851,242
Development	375,288	-	-	375,288
	<u>375,288</u>	<u>-</u>	<u>-</u>	<u>375,288</u>
 Total governmental funds capital assets	 <u>\$ 113,805,646</u>	 <u>\$ 14,751,754</u>	 <u>\$ 1,204,262</u>	 <u>\$ 127,353,138</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

COUNTY OF RACINE, WISCONSIN  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY (1)**  
 Year Ended December 31, 2007

FUNCTION AND ACTIVITY	Land	Improvements		Buildings	Machinery and Equipment	Infrastructure	Construction		Total
		Other Than Buildings	Buildings				In Progress	In Progress	
General government	\$ 211,970	\$ 18,574	\$ 4,794,241	\$ 3,295,872	\$ -	\$ 38,613	\$ 8,359,270		
Public safety	1,532,928	410,241	19,033,843	9,149,185	-	17,264,346	47,390,543		
Health and social service	345,804	-	16,665,167	1,615,542	-	-	18,626,513		
Education and recreation	18,184,708	6,518,844	1,948,488	-	-	98,242	26,750,282		
Highway and streets	244,494	-	-	-	25,385,763	220,985	25,851,242		
Development	198,650	-	-	176,638	-	-	375,288		
<b>Total governmental funds capital assets</b>	<b>\$ 20,718,554</b>	<b>\$ 6,947,659</b>	<b>\$ 42,441,739</b>	<b>\$ 14,237,237</b>	<b>\$ 25,385,763</b>	<b>\$ 17,622,186</b>	<b>\$ 127,353,138</b>		

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.



**STATISTICAL SECTION**

## **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**

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**

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

### **DEBT CAPACITY**

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**

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**

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 2003; schedules presenting government-wide information include information beginning in that year.*

**TABLE 1  
COUNTY OF RACINE, WISCONSIN  
NET ASSETS BY COMPONENT  
LAST SIX FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>GOVERNMENTAL ACTIVITIES</b>						
Invested in capital assets, net of related debt *	\$ 45,107,516	\$ 54,939,630	\$ 59,338,370	\$ 60,278,910	\$ 65,978,699	\$ 64,472,210
Restricted **	20,976,035	7,335,731	7,688,037	1,140,931	637,251	847,185
Unrestricted	<u>21,092,880</u>	<u>19,610,269</u>	<u>16,402,119</u>	<u>27,970,518</u>	<u>30,604,900</u>	<u>18,778,037</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS</b>	<u>\$ 87,176,431</u>	<u>\$ 81,885,630</u>	<u>\$ 83,428,526</u>	<u>\$ 89,390,359</u>	<u>\$ 97,220,850</u>	<u>\$ 84,097,432</u>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Invested in capital assets, net of related debt	\$ 4,717,374	\$ 4,987,621	\$ 4,836,087	\$ 3,033,759	\$ 4,438,689	\$ 4,907,956
Restricted	-	162,901	34,992	-	-	-
Unrestricted	<u>423,744</u>	<u>(267,655)</u>	<u>(729,479)</u>	<u>1,069,279</u>	<u>(335,682)</u>	<u>(253,174)</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS</b>	<u>\$ 5,141,118</u>	<u>\$ 4,882,867</u>	<u>\$ 4,141,600</u>	<u>\$ 4,103,038</u>	<u>\$ 4,103,007</u>	<u>\$ 4,654,782</u>
<b>PRIMARY GOVERNMENT</b>						
Invested in capital assets, net of related debt	\$ 49,824,890	\$ 59,927,251	\$ 64,174,457	\$ 63,312,669	\$ 70,417,388	\$ 69,380,166
Restricted	20,976,035	7,498,632	7,723,029	1,140,931	637,251	847,185
Unrestricted	<u>21,516,624</u>	<u>19,342,614</u>	<u>15,672,640</u>	<u>29,039,797</u>	<u>30,269,218</u>	<u>18,524,863</u>
<b>TOTAL PRIMARY GOVERNMENT NET ASSETS</b>	<u>\$ 92,317,549</u>	<u>\$ 86,768,497</u>	<u>\$ 87,570,126</u>	<u>\$ 93,493,397</u>	<u>\$ 101,323,857</u>	<u>\$ 88,752,214</u>

Note:

\* 2003

Effective January 1, 2003, the County recognized its retroactive capitalization of infrastructure assets. This resulted in an increase in governmental activities capital assets and net assets in the amount of \$9,297,498. In addition, the County recognized its unfunded pension liability with the Wisconsin Retirement payments as pension related debt effective January 1, 2003. This resulted in an increase in long-term debt payable and a decrease to net assets. This debt was subsequently refunded in 2003 with taxable general obligation funds.

\* 2004

\* 2005

The net assets at the beginning of the year in the Government-wide statements was increased by \$993,886, as a result of the restatement of capital assets net of accumulated depreciation.

\*\* Delinquent Property Tax and Other Purposes were included in the year 2002 under Gov't Activities - Restricted; however, not included in the years 2003, 2004, 2005

**TABLE 2**  
**COUNTY OF RACINE, WISCONSIN**  
**CHANGES IN NET ASSETS, LAST SIX FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	FISCAL YEAR					
	2002	2003	2004	2005	2006	2007
<b>EXPENSES</b>						
Governmental activities:						
General government	\$ 18,619,744	\$ 19,377,945	\$ 17,421,627	\$ 15,211,124	\$ 12,835,356	\$20,202,595
Public safety	23,509,350	24,940,588	26,717,076	27,309,261	28,360,700	32,274,541
Health and social services	60,373,068	62,753,342	57,758,929	57,866,026	58,034,621	52,824,076
Development	1,764,821	5,744,849	1,650,806	1,465,373	1,797,075	1,829,023
Education and recreation	12,820,948	16,536,668	17,492,932	18,384,238	17,167,001	10,556,142
Highway and streets	10,996,282	9,618,932	8,245,410	8,581,834	4,185,199	8,446,110
Interest on long-term debt	584,184	1,079,648	1,210,321	1,156,617	1,728,911	1,932,145
<b>TOTAL GOVERNMENTAL ACTIVITIES EXPENSES</b>	<b>128,668,397</b>	<b>140,051,972</b>	<b>130,497,101</b>	<b>129,974,473</b>	<b>124,108,863</b>	<b>128,064,632</b>
Business-type activities:						
Healthcare Center	14,347,467	13,669,211	14,429,319	15,267,970	15,548,773	15,216,728
Golf Courses	178,084	181,354	175,707	203,698	223,706	204,218
<b>TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES</b>	<b>178,084</b>	<b>181,354</b>	<b>175,707</b>	<b>203,698</b>	<b>223,706</b>	<b>204,218</b>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 128,846,481</b>	<b>\$ 140,233,326</b>	<b>\$ 130,672,808</b>	<b>\$ 130,178,171</b>	<b>\$ 124,332,569</b>	<b>\$ 128,268,850</b>
<b>PROGRAM REVENUES</b>						
Governmental activities:						
Charges for services	\$ 13,858,414	\$ 13,384,617	\$ 11,460,688	\$ 15,980,777	\$ 11,764,486	\$ 11,743,749
Operating grants and contributions	61,765,253	65,745,697	60,942,625	58,782,167	58,715,473	44,542,997
Capital grants and contributions	2,154,993	1,404,617	2,962,688	1,213,004	239,882	566,080
<b>Total governmental activities program revenues</b>	<b>77,778,660</b>	<b>80,534,931</b>	<b>75,366,001</b>	<b>75,975,948</b>	<b>70,719,841</b>	<b>56,852,826</b>
Business-type activities:						
Charges for services	365,147	371,084	376,340	405,133	432,681	445,247
Golf Courses	11,537,523	10,324,352	11,250,771	11,524,630	13,584,355	14,310,480
Healthcare Center	11,902,670	10,695,436	11,627,111	11,929,763	14,017,036	14,755,727
<b>TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES</b>	<b>11,902,670</b>	<b>10,695,436</b>	<b>11,627,111</b>	<b>11,929,763</b>	<b>14,017,036</b>	<b>14,755,727</b>
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 89,681,330</b>	<b>\$ 91,230,367</b>	<b>\$ 86,993,112</b>	<b>\$ 87,905,711</b>	<b>\$ 84,736,877</b>	<b>\$ 71,608,553</b>
<b>NET (EXPENSE) REVENUE</b>						
Government activities	\$ (50,889,737)	\$ (59,517,041)	\$ (55,131,100)	\$ (53,998,525)	\$ (53,389,022)	\$ (71,211,806)
Business-type activities	11,724,586	10,514,082	11,451,404	11,726,065	13,793,330	14,551,509
<b>Total primary government net expense</b>	<b>\$ (39,165,151)</b>	<b>\$ (49,002,959)</b>	<b>\$ (43,679,696)</b>	<b>\$ (42,272,460)</b>	<b>\$ (39,595,692)</b>	<b>\$ (56,660,297)</b>
<b>GENERAL REVENUE AND OTHER CHANGES IN NET ASSETS</b>						
Governmental activities:						
Property taxes	\$ 44,186,200	\$ 47,067,618	\$ 48,700,601	\$ 50,513,512	\$ 52,160,158	\$ 48,167,630
Grants and contributions not restricted to specific programs	7,822,097	7,191,801	6,737,064	6,419,736	4,557,451	4,067,151
Unrestricted investment earnings	2,731,666	2,721,875	2,339,170	3,436,787	5,465,557	5,716,429
Gain (loss) on sale of capital assets	(92,453)	(69,600)	(255,622)	1,145,335	-	365,033
Other	-	1,266,421	1,386,259	954,445	791,759	989,139
Transfers	(2,709,943)	(2,911,222)	(2,233,476)	(3,503,343)	(1,755,412)	(1,216,994)
<b>Total governmental activities</b>	<b>51,937,567</b>	<b>55,266,893</b>	<b>56,673,996</b>	<b>58,966,472</b>	<b>61,219,513</b>	<b>58,088,388</b>
Business-type activities:						
Unrestricted investment earnings	7,802	627	-	-	-	-
Gain (loss) on sale of capital assets	-	(14,971)	3,172	-	-	-
Transfers	2,709,943	2,911,222	2,233,476	3,503,343	1,755,412	1,216,994
<b>Total business-type activities</b>	<b>2,717,745</b>	<b>2,896,878</b>	<b>2,236,648</b>	<b>3,503,343</b>	<b>1,755,412</b>	<b>1,216,994</b>
<b>Total primary government</b>	<b>\$ 54,655,312</b>	<b>\$ 58,163,771</b>	<b>\$ 58,910,644</b>	<b>\$ 62,469,815</b>	<b>\$ 62,974,925</b>	<b>\$ 59,305,382</b>
<b>CHANGE IN NET ASSETS</b>						
Governmental activities	\$ 1,047,830	\$ (4,250,148)	\$ 1,542,896	\$ 4,967,947	\$ 7,830,491	\$ (13,123,418)
Business-type activities	14,442,331	13,410,960	13,688,052	15,229,408	15,548,742	15,768,503
<b>Total primary government</b>	<b>\$ 15,490,161</b>	<b>\$ 9,160,812</b>	<b>\$ 15,230,948</b>	<b>\$ 20,197,355</b>	<b>\$ 23,379,233</b>	<b>\$ 2,645,085</b>

TABLE 3  
COUNTY OF RACINE, WISCONSIN  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 15,709,793	\$ 15,065,182	\$ 14,043,739	\$ 12,583,856	\$ 14,928,856	\$ 11,467,259	\$ 9,574,760	\$ 9,045,064	\$ 8,875,786	\$ 10,128,884
Unreserved	12,982,593	13,213,635	15,700,375	17,993,865	15,007,673	13,126,236	14,425,742	19,590,968	25,974,133	28,928,155
Total general fund	28,692,386	28,278,817	29,744,114	30,577,721	29,936,529	24,593,495	24,000,502	28,636,032	34,849,919	39,057,039
Other governmental funds:										
Reserved	5,969,478	6,335,994	6,451,578	6,154,003	7,836,436	4,114,592	5,592,069	5,178,685	18,263,175	6,541,413
Unreserved - reported in:										
Special revenue funds	4,134,603	4,637,747	4,834,240	4,824,515	5,428,756	7,811,743	6,792,802	6,522,308	6,936,368	1,681,422
Capital projects	-	-	-	-	-	1,468,304	-	-	(393,605)	(217,852)
Debt service	-	-	-	-	-	153,133	-	-	-	-
Total all other governmental funds	10,104,081	10,973,741	11,285,818	10,978,518	13,265,192	13,547,772	12,384,871	11,700,993	24,805,938	8,004,983
<b>TOTAL FUND BALANCES</b>	<b>\$ 38,796,467</b>	<b>\$ 39,252,558</b>	<b>\$ 41,029,932</b>	<b>\$ 41,556,239</b>	<b>\$ 43,201,721</b>	<b>\$ 38,141,267</b>	<b>\$ 36,385,373</b>	<b>\$ 40,337,025</b>	<b>\$ 59,655,857</b>	<b>\$ 47,062,022</b>

**TABLE 4**  
**COUNTY OF RACINE, WISCONSIN**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>REVENUES</b>										
Property taxes	\$ 35,236,010	\$ 36,694,356	\$ 38,650,548	\$ 41,219,952	\$ 43,949,387	\$ 47,087,985	\$ 48,689,938	\$ 50,521,783	\$ 52,388,683	\$ 47,814,884
Intergovernmental	55,834,446	58,984,022	63,065,277	66,236,045	70,894,521	74,269,191	70,642,376	66,414,907	63,465,636	48,868,770
Fines and fees	6,876,736	6,298,293	4,483,486	5,105,199	9,426,097	6,334,437	6,451,470	8,295,863	8,010,299	8,425,546
Interest income	4,194,366	3,816,692	4,541,774	4,589,435	2,731,666	2,721,875	2,339,170	3,436,787	5,465,557	5,716,429
Miscellaneous	2,139,041	2,298,166	2,382,992	2,012,026	2,599,921	3,472,813	3,414,290	4,993,836	4,582,207	4,598,005
<b>TOTAL REVENUES</b>	<b>104,280,599</b>	<b>108,091,529</b>	<b>113,124,077</b>	<b>119,162,657</b>	<b>129,601,592</b>	<b>133,886,301</b>	<b>131,537,244</b>	<b>133,663,176</b>	<b>133,912,382</b>	<b>115,423,634</b>
<b>EXPENDITURES</b>										
Current:										
General government	13,029,608	14,286,375	16,185,721	16,645,520	17,516,626	19,462,898	17,088,802	14,137,998	12,843,110	16,594,996
Public safety	18,243,322	19,296,052	20,011,185	22,433,726	23,053,710	23,858,590	25,354,520	25,337,146	26,243,408	26,661,328
Health and social service	50,274,309	53,053,456	52,759,683	57,583,989	60,050,963	62,388,001	57,329,215	57,539,864	57,602,914	49,332,379
Education and recreation	9,146,630	9,813,451	10,539,232	11,491,831	14,788,282	16,267,089	17,522,534	18,294,569	17,242,794	10,104,371
Development	2,349,990	1,399,977	1,477,666	1,625,325	1,768,172	5,719,504	1,647,223	1,446,227	1,614,327	1,792,841
Highway and streets	-	-	-	-	9,213,539	5,452,607	8,608,249	6,404,777	5,059,296	6,186,109
Capital outlay	1,756,541	2,801,100	1,187,722	2,008,368	5,985,289	5,293,050	1,940,820	2,251,832	8,274,477	13,395,339
Bond issue costs	-	-	-	-	-	70,636	23,290	45,275	-	27,348
Debt service principal	2,469,893	2,321,121	2,485,150	2,466,942	2,371,851	2,448,191	2,791,021	2,425,562	2,736,264	3,186,996
Debt service interest and fiscal charges	705,801	593,403	531,737	487,635	365,315	1,205,322	1,309,749	1,144,958	1,690,231	1,923,326
<b>TOTAL EXPENDITURES</b>	<b>97,976,094</b>	<b>103,564,935</b>	<b>105,178,096</b>	<b>114,743,336</b>	<b>135,113,747</b>	<b>142,165,898</b>	<b>133,615,423</b>	<b>129,028,208</b>	<b>133,306,821</b>	<b>129,205,033</b>
Excess of revenues over (under) expenditures	6,304,505	4,526,594	7,945,981	4,419,321	(5,512,155)	(8,279,597)	(2,078,179)	4,634,988	605,561	(13,781,399)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	-	-	-	4,640,322	6,341,722	6,013,500	14,828,422	6,143,681	6,051,557
Transfers out	(4,435,696)	(4,968,126)	(5,691,654)	(5,615,644)	(7,350,265)	(8,294,153)	(7,306,437)	(18,514,437)	(8,621,002)	(7,396,603)
Refunding bonds issued	-	-	-	-	6,070,392	10,325,141	-	2,570,000	-	-
Unfunded pension liability payment	-	-	-	-	-	(10,338,148)	-	-	-	-
Bond anticipation notes issued	-	-	-	-	-	10,365,023	-	-	-	-
Debt issued	-	915,000	-	3,755,000	8,471,663	5,159,558	1,121,471	1,700,000	21,035,000	2,165,000
Premium	-	-	-	-	(6,000,000)	(10,340,000)	-	30,885	152,954	12,578
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(2,707,037)	2,638	365,033
Sale of capital assets	-	-	-	-	-	-	493,750	1,408,850	18,713,271	1,187,565
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,435,696)</b>	<b>(4,053,126)</b>	<b>(5,691,654)</b>	<b>(1,860,644)</b>	<b>5,832,112</b>	<b>3,219,143</b>	<b>322,284</b>	<b>(683,317)</b>	<b>18,713,271</b>	<b>1,187,565</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 1,868,809</b>	<b>\$ 473,468</b>	<b>\$ 2,254,327</b>	<b>\$ 2,558,677</b>	<b>\$ 319,957</b>	<b>\$ (5,060,454)</b>	<b>\$ (1,755,895)</b>	<b>\$ 3,951,651</b>	<b>\$ 19,318,832</b>	<b>\$ (12,593,834)</b>
Debt Service as a percent of noncapital expenditures										
Total expense	97,976,094	103,564,935	105,178,096	114,743,336	135,113,747	142,165,898	133,615,423	129,028,208	133,306,821	129,205,033
Capital outlay *	3,470,680	2,704,742	1,544,486	1,364,111	9,397,255	6,444,785	6,253,263	3,635,014	10,712,091	14,065,117
Total expense less capital outlay	94,505,414	100,860,193	103,633,610	113,379,225	125,716,492	135,721,113	127,362,160	125,393,194	122,594,730	115,139,916
Total debt service interest and principal	3,175,694	2,914,524	3,016,887	2,954,577	2,737,166	3,653,513	4,100,770	3,570,520	4,426,495	5,110,322
Debt Service as a percent of noncapital expenditures	3.36%	2.89%	2.91%	2.61%	2.18%	2.69%	3.22%	2.85%	3.61%	4.44%

\* SOURCE:  
Years 1998 - 2007 Notes to Financial Statements

**TABLE 5  
COUNTY OF RACINE, WISCONSIN  
EQUALIZED ASSESSED VALUE OF TAXABLE PROPERTY (a)  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED	Real Estate			Manufacturing	Other	Personal Property	(a)		Total Tax Increment	(b)		TAX RATE (c)
	Residential	Commercial					Total Taxable Equalized Assessed Value (EAV)	District (TID)		EAV less TID	All County Tax Levies	
	31-Dec											
1998	5,555,322,400	1,151,834,900		309,981,300	298,507,600	284,128,500	7,599,774,700	115,969,350	7,483,805,350	35,060,470	4.68%	
1999	5,891,850,700	1,234,370,500		344,253,600	308,399,900	319,961,600	8,098,836,300	160,316,650	7,938,519,650	36,754,753	4.63%	
2000	6,292,199,700	1,323,032,500		386,363,100	330,239,800	270,903,300	8,602,738,400	197,584,150	8,405,154,250	38,706,708	4.61%	
2001	6,693,002,600	1,364,494,900		415,799,100	254,979,500	292,661,000	9,020,937,100	249,019,150	8,771,917,950	41,418,826	4.72%	
2002	7,116,305,900	1,436,185,600		425,826,700	254,484,200	284,686,500	9,517,488,900	263,448,850	9,254,040,050	44,052,480	4.76%	
2003	7,660,598,000	1,566,293,600		421,083,300	245,686,400	276,820,100	10,170,481,400	300,962,450	9,869,518,950	47,002,288	4.76%	
2004	8,317,871,000	1,695,346,900		424,718,000	247,413,100	280,431,800	10,965,780,800	353,433,450	10,612,347,350	48,734,107	4.59%	
2005	9,313,273,900	1,841,675,400		413,211,300	247,466,300	265,855,100	12,081,482,000	408,211,950	11,673,270,050	50,587,305	4.33%	
2006	10,342,347,400	2,013,188,200		401,915,000	261,339,200	279,288,400	13,298,078,200	460,466,850	12,837,611,350	52,325,744	4.08%	
2007	11,576,805,100	2,250,820,300		396,831,300	303,303,100	302,606,000	14,830,365,800	521,705,250	14,308,660,550	48,031,096	3.36%	

Source: State of Wisconsin Department of Revenue Equalization Division

Footnote

- (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) 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.

TABLE 6  
COUNTY OF RACINE, WISCONSIN  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2007				1998			
	Equalized Assessed Value	Rank	Total Est. Fair Market Value	Percentage of Total Equalized Value	Equalized Assessed Value	Rank	Total Est. Fair Market Value	Percentage of Total Equalized Value
All Saints	\$ 41,779,503	4	\$ 14,006,054,550	0.30%	\$ 17,831,174	5	\$ 7,199,676,850	0.25%
Centerpoint Properties (fka:Shoremaker / American Natl Ins) Associates, R.O.	27,874,919	5	14,006,054,550	0.20%	10,293,340	9	7,199,676,850	0.14%
California State Teachers ( fka: High Ridge Hospital / Improv.)	33,155,031	6	14,006,054,550	0.24%	9,200,920	10	7,199,676,850	0.13%
Case, JI Company	117,800,215	1	14,006,054,550	0.84%	15,747,075	6	7,199,676,850	0.22%
First Indistri Dev Srv	96,618,758	2	14,006,054,550	0.69%	34,598,670	3	7,199,676,850	0.48%
Johnson, SC	32,020,237	7	14,006,054,550	0.23%	19,029,004	4	7,199,676,850	0.26%
Menard, Inc.	39,148,612	3	14,006,054,550	0.28%	57,018,851	2	7,199,676,850	0.79%
Regency Mall	20,965,323	8	14,006,054,550	0.15%	62,377,439	1	7,199,676,850	0.87%
Rudd Lighting	18,898,764	9	14,006,054,550	0.13%	15,278,918	7	7,199,676,850	0.21%
Aurora Medical Group	14,532,569	10	14,006,054,550	0.10%	11,488,949	8	7,199,676,850	0.16%
Continental 63 & 81 Fund LLC (Wal-Mart & Sams & Aldis)								
Westgate Mall								
Bombardier Motor Corp Of Amer								
High Ridge Improvements								
Inland Southeast Mt Pleasant (Kohls & Jewel)								
<b>Totals</b>	<b>\$ 442,793,931</b>			<b>3.16%</b>	<b>\$ 252,864,340</b>			<b>3.51%</b>

Footnote:  
County taxes are allocated based upon total equalized assessed value with tax incremental districts removed.



**TABLE 7**  
**COUNTY OF RACINE, WISCONSIN**  
**PROPERTY TAX LEVIES AND COLLECTIONS,**  
**LAST TEN FISCAL YEARS**

Levy Year	Collection Year Ended Dec 31,	County-wide Levy For The Fiscal Year	Uncollected Within The Fiscal Year of The Levy	Collected Within The Fiscal Year of The Levy	Percentage of Levy Collected	Collected as of December 31, 2007		
						Uncollected Amount	Collected Amount	Percentage of Levy Collected
1997		\$ 186,030,828	\$ 2,385,640	\$ 183,645,188	98.72%	\$ 10,231	\$ 186,020,597	99.99%
1998	1998	192,410,618	2,733,962	189,676,656	98.58%	14,028	192,396,590	99.99%
1999	1999	198,107,514	3,092,950	195,014,564	98.44%	29,016	198,078,498	99.99%
2000	2000	212,489,221	3,614,222	208,874,999	98.30%	49,885	212,439,336	99.98%
2001	2001	221,444,059	3,523,184	217,920,875	98.41%	84,844	221,359,215	99.96%
2002	2002	224,378,130	3,395,675	220,982,455	98.49%	122,499	224,255,631	99.95%
2003	2003	237,081,237	3,473,126	233,608,111	98.54%	228,234	236,853,003	99.90%
2004	2004	251,899,220	3,670,655	248,228,565	98.54%	539,940	251,359,280	99.79%
2005	2005	256,705,260	3,687,858	253,017,402	98.56%	1,593,000	255,112,260	99.38%
2006	2006	277,621,142	5,102,167	272,518,975	98.16%	5,102,167	272,518,975	98.16%

TABLE 8  
COUNTY OF RACINE, WISCONSIN  
PROPERTY TAX RATES  
LAST TEN FISCAL YEARS

CITY	MUNICIPALITY	SCHOOL DISTRICT	SANITARY DISTRICT	(c) 2007		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
				EQUALIZED VALUE	VALUE										
City Burlington		Burlington (0777) BU		\$ 22.95	\$ 22.26	\$ 22.71	\$ 22.51	\$ 22.33	\$ 21.59	\$ 21.21	\$ 20.07	\$ 19.15	\$ 19.46		
City Racine				3,856,936,850	28.26	26.81	26.62	26.00	24.21	24.22	22.26	21.27	21.11		
Tn Burlington		Burl (0777) BU	Browns Lake (001) BR	18.20	17.90	17.76	17.65	17.70	17.21	16.66	15.37	14.52	14.60		
		Burl (0777) BU	Browns Lake (011) BO	19.67	19.30	19.04	18.83	18.86	18.31	17.85	16.45	15.42	15.47		
		Burl (0777) BU		19.56	19.30	19.02	18.82	18.82	18.19	17.54	16.15	15.15	15.21		
Tn Dover		Brighton Schs (0657) BR		20.05	18.80	19.84	21.41	19.90	19.49	18.14	15.85	13.69	14.03		
		Kansasville (1449) KV		366,574,500	18.28	18.26	19.75	18.64	18.78	15.79	15.29	15.53	14.85		
		Waterford (6113) WF		366,574,500	18.03	18.04	20.00	19.73	18.87	17.67	16.00	15.88	15.67		
		Burlington (0777) BU		366,574,500	17.61	17.45	18.65	18.04	17.59	17.06	15.73	14.53	13.97		
		North Cape (4690) NO		366,574,500	18.11	18.16	18.51	19.73	19.29	17.14	15.67	15.79	15.01		
		Union Grove (5859) UG		366,574,500	19.02	17.63	20.23	20.63	19.40	17.71	16.44	17.38	16.37		
		Yorkville (6748) YV		366,574,500	18.53	17.78	18.22	19.45	19.09	18.01	16.46	15.28	15.46		
		Kansasville (1449) KV So. Colony (004) SC		366,574,500	20.60	18.28	18.26	19.75	18.64	18.78	15.79	14.53	13.97		
		Burlington (0777) BU Eagle Lake (006) EL		366,574,500	17.61	17.45	18.65	18.04	17.59	17.06	15.73	14.53	13.97		
		Kansasville (1449) KV Eagle Lake (006) EL		366,574,500	20.60	18.28	18.26	19.75	18.64	18.78	15.79	14.53	13.97		
		Burlington (0777) BU Eagle Lake Mgt (100) EM		366,574,500	17.61	17.45	18.65	18.04	17.59	17.06	15.73	14.53	13.97		
Tn Norway		Muskegon/Norway Sch (3857) MN		880,564,200	18.38	18.37	17.56	17.09	17.34	16.71	15.12	13.93	14.05		
		Norway J7 Sch (4011) NY		880,564,200	20.19	18.87	20.48	19.87	19.79	18.11	17.57	16.76	15.17	14.83	
		Wash Caldwell (6104) WA		880,564,200	19.80	18.76	21.38	19.49	18.17	15.64	16.44	13.99	15.16	15.40	
		Raymond Sch (4690) RA		880,564,200	18.30	17.85	18.00	18.03	17.76	16.14	16.12	15.15	14.90	14.45	
		Waterford (6113) WF		880,564,200	18.19	17.73	18.58	18.29	18.21	17.39	16.81	15.48	15.15	15.11	
		Muskegon/Norway Sch (3857) MN	Norway #1 (001) NR	880,564,200	18.38	18.82	18.65	18.16	18.14	18.32	17.37	15.71	14.49	14.58	
		Waterford (6113) WF	Norway #1 (001) NR	880,564,200	18.19	18.18	19.67	19.36	19.01	18.17	17.48	16.08	15.70	15.63	
		Norway J7 (4011) NY	Norway #1 (001) NR	880,564,200	20.19	19.31	21.58	20.93	20.52	18.89	18.24	17.36	15.73	15.35	
		Raymond #14 (4696) RM		475,324,900	18.12	18.18	17.79	18.17	17.63	16.89	17.02	15.39	15.48	15.65	
Tn Raymond		Yorkville J2 (6748) YV		475,324,900	18.69	17.92	17.96	18.86	18.19	17.27	16.66	15.30	15.45	15.39	
		North Cape J1 (4690) NO		475,324,900	18.17	16.30	16.19	19.14	18.39	17.24	16.76	15.68	15.87	14.95	
		Drought J7 (4011) DR		475,324,900	20.21	19.32	20.48	19.59	20.39	19.80	18.19	17.29	16.61	15.33	
		Waterford Sch (6113) WF		274,210,200	16.90	17.73	18.28	18.77	14.59	18.30	17.31	15.96	15.86	15.60	
Tn Rochester		Burlington (0777) BU		274,210,200	16.49	17.14	16.85	16.81	16.45	15.83	15.66	14.49	13.81	13.90	
		Burlington (0777) BU	Honey Lake LTS/RL/HL	274,210,200	25.51	25.92	20.83	20.27	18.65	18.46	18.24	16.97	16.88	15.78	
		Burlington (0777) BU	Honey Lake REHAB HL	274,210,200	24.27	24.48	18.67	18.62	17.60	17.01	16.82	15.68	15.39	14.74	
		Wash/Cald (6104) WA		767,778,800	18.64	19.62	20.64	20.76	19.17	16.48	17.60	15.09	16.83	16.39	
Tn Waterford		Waterford (6113) WF		767,778,800	20.19	18.59	19.26	19.55	19.21	18.33	18.02	16.58	16.35	16.10	
		Yorkville J2 (6748) YV		482,341,000	17.91	17.18	17.69	18.20	17.60	16.86	16.62	15.29	15.40	15.46	
Tn Yorkville		Yorkville J2 (6748) YV	Water (101) YW	482,341,000	20.04	19.29	19.58	20.05	19.30	18.47	17.88	16.58	16.42	16.42	
		Union Grove UG		482,341,000	18.74	17.03	17.43	18.97	18.18	18.26	17.84	16.45	17.41	16.37	

TABLE 8  
COUNTY OF RACINE, WISCONSIN  
PROPERTY TAX RATES  
LAST TEN FISCAL YEARS

VILLAGE	MUNICIPALITY	SCHOOL DISTRICT	SANITARY DISTRICT	EQUALIZED VALUE	(c) 2007									
					1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Unified (4620) UN			Cresview (740) CR/RR	2,272,096,400	\$ 20.37	\$ 20.70	\$ 20.90	\$ 20.83	\$ 19.33	\$ 19.36	\$ 19.01	\$ 17.49	\$ 16.43	(d)
Unified (4620) UN			Cresview (749) CS/LM	2,272,096,400	20.70	21.05	21.25	21.17	19.63	19.65	19.29	17.74	16.83	(d)
Unified (4620) UN			Caddy Vista (730) CV/RR	2,272,096,400	21.30	21.33	21.95	21.97	21.62	20.47	19.76	18.01	(b)	(b)
Unified (4620) UN			North Park (709) NP/LM	2,272,096,400	19.76	20.15	20.33	20.09	18.50	17.52	17.66	16.24	15.48	15.15
Unified (4620) UN			North Park (710) NS/RR	2,272,096,400	19.85	20.19	20.37	20.30	18.75	18.70	17.88	16.60	15.67	15.20
Unified (4620) UN			North Park (719) NW/LM	2,272,096,400	20.18	20.55	20.72	20.64	19.05	19.00	18.16	16.85	16.07	15.62
Unified (4620) UN			Cal. #1 (400) CA/RR	2,272,096,400	19.61	19.71	20.03	20.47	18.96	18.87	18.25	16.76	15.74	15.29
Unified (4620) UN			Cal. #1 (410) CA/NA/RR	2,272,096,400	20.14	20.89	21.24	21.40	19.91	19.77	19.07	17.50	16.38	15.88
Unified (4620) UN			Cal. #1 (419) CW/CM/LM	2,272,096,400	20.47	21.25	21.59	21.73	20.21	20.07	19.34	17.75	16.78	16.30
Unified (4620) UN			Caledonia #1 (110) NA/RR	2,272,096,400	19.57	20.62	20.91	20.47	18.96	18.90	18.21	16.73	15.71	15.26
Unified (4620) UN			Lake Michigan (109) LM	2,272,096,400	19.37	19.81	20.03	19.88	18.31	18.29	17.66	16.24	15.48	15.09
Unified (4620) UN			Root River (100) RR	2,272,096,400	19.04	19.43	19.69	19.55	18.01	17.99	17.38	15.99	15.08	14.68
Unified (4620) UN	VII Mt. Pleasant		Mt. Pleas. Storm MD MS	2,702,136,700	20.63	20.31	20.51	20.79	19.50	19.30	(a)	(a)	(a)	(a)
Unified (4620) UN			SL MP 123,103,003,403	2,702,136,700	20.06	20.03	20.18	19.86	18.54	18.41	17.90	16.65	16.10	15.09
Unified (4620) UN			Caledonia #1 CT	2,702,136,700	19.32	19.65	19.85	20.17	18.89	18.73	18.77	17.42	16.81	15.72
Unified (4620) UN			No District (900) MT	46,235,200	17.27	17.70	17.92	17.75	16.24	16.13	(a)	(a)	(a)	(a)
Unified (4620) UN	VII Elmwood Pk			40,901,900	21.54	21.54	21.59	21.54	19.82	19.14	17.84	15.99	14.33	14.07
Unified (4620) UN	VII North Bay			84,143,400	19.48	17.28	17.89	18.34	18.20	17.27	16.71	15.87	15.73	15.40
Unified (4620) UN	VII Rochester		Waterford Schs (6113) WF	330,787,700	19.65	20.64	21.59	21.15	18.66	20.15	19.62	18.18	17.52	17.40
Unified (4620) UN	VII Sturtevant			315,893,700	21.99	21.40	21.58	22.68	22.86	21.23	20.40	19.11	20.14	19.00
Unified (4620) UN	VII Union Grove			443,330,700	23.88	23.05	23.78	23.64	23.39	22.14	21.56	19.63	19.65	19.51
Unified (4620) UN	VII Waterford			292,211,800	19.17	19.41	19.53	19.27	17.67	17.32	16.58	15.03	14.41	13.84
Unified (4620) UN	VII Wind Point													

Footnote:

(a) As of 2004, School District Unified (4620) UN with no Sanitary District listed and Sanitary District (900) Mt no longer exists. The rate for Sanitary District Mt Pleasant Drainage MP was implemented.

(b) As of 2006, Caddy Vista (730) CV/RR no longer exists. The rate for Caledonia #1 (410) CA/NA/RR was implemented.

(c) 2006 total equalized value is used to apportion the tax levied in November and collected in the subsequent year.

(d) As of 2007, Cresview (740) RE/RR and (749) CS/LM no longer exist. They are now incorporated into Caledonia East and West water/sewer districts

(Amounts shown are per \$1,000 of Equalized Valuation)

**TABLE 9  
COUNTY OF RACINE, WISCONSIN  
RATIOS OF OUTSTANDING DEBT BY TYPE,  
LAST TEN FISCAL YEARS**

Fiscal Year	Population (A)	Equalized Valuation (B)	Governmental Activities		Business-type Activities	Total Primary Government Debt	Percent of Debt to Equalized Valuation	Debt Per Capita
			Tax Exempt General Obligation Debt	Taxable General Obligation Debt				
1998	187,330	\$ 7,599,774,700	\$ 13,063,254	\$ -	7,195,787	20,259,041	0.27%	108.15
1999	188,904	8,098,836,300	16,792,134	-	5,065,000	21,857,134	0.27%	115.70
2000	188,831	8,602,738,400	14,236,984	-	4,820,000	19,056,984	0.22%	100.92
2001	189,490	9,020,937,100	10,460,042	-	4,890,000	15,350,042	0.17%	81.01
2002	190,446	9,517,488,900	16,523,191	-	4,710,000	21,233,191	0.22%	111.49
2003	191,079	10,170,481,400	19,334,100	10,295,000	4,520,000	34,149,100	0.34%	178.72
2004	191,853	10,965,780,800	18,089,596	10,225,000	6,368,483	34,683,079	0.32%	180.78
2005	193,239	12,081,482,000	17,554,034	10,120,000	6,328,483	34,002,517	0.28%	175.96
2006	194,580	13,298,078,200	35,921,735	9,985,000	5,794,401	51,701,136	0.39%	265.71
2007	195,113	14,830,365,800	35,031,802	9,815,000	5,371,724	50,218,526	0.34%	257.38

Notes:  
(A) Source: WI Dept of Admin. Population & Housing Estimates  
(B) Value as reduced by tax incremental financing districts

TABLE 10  
COUNTY OF RACINE, WISCONSIN  
LEGAL DEBT MARGIN INFORMATION,  
LAST TEN FISCAL YEARS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Equalized Value of Real and Personal Property	\$ 8,098,836,300	\$ 8,602,738,400	\$ 9,020,937,100	\$ 9,517,489,900	\$ 10,170,481,400	\$ 10,965,780,800	\$ 12,081,482,000	\$ 13,298,078,200	\$ 14,830,365,800	\$ 15,659,760,100
Debt Limit, 5% of Equalized Valuation (Wisconsin Statutory Limitation)	\$ 404,941,815	\$ 430,136,920	\$ 451,046,855	\$ 475,874,445	\$ 508,524,070	\$ 548,289,040	\$ 604,074,100	\$ 664,903,910	\$ 741,518,290	\$ 782,988,005
Amount of Debt Applicable to Debt Limitation:										
General Obligation Debt	\$ 13,063,254	\$ 16,792,134	\$ 14,236,984	\$ 15,350,042	\$ 21,233,191	\$ 34,149,100	\$ 34,683,079	\$ 34,002,517	\$ 51,846,255	\$ 50,349,262
Less Debt Service Funds	(1,812,005)	(1,865,056)	(1,773,419)	(1,552,597)	(1,571,881)	(1,395,994)	(1,152,801)	(627,195)	(694,569)	(702,099)
Total Amount of Debt Applicable to Debt Margin	\$ 11,251,249	\$ 14,927,078	\$ 12,463,565	\$ 13,797,445	\$ 19,661,310	\$ 32,753,106	\$ 33,530,278	\$ 33,175,322	\$ 51,151,686	\$ 49,647,163
Legal Debt Margin - (Debt Capacity)	\$ 393,690,566	\$ 415,209,842	\$ 438,583,290	\$ 462,077,000	\$ 488,862,760	\$ 515,535,934	\$ 570,543,822	\$ 631,728,588	\$ 690,366,604	\$ 733,340,842
Percent of Debt Capacity Used	2.8%	3.5%	2.8%	2.9%	3.9%	6.0%	5.6%	5.0%	6.9%	6.3%

Footnote:  
\* State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation.  
The Equalized value shown on this table is as of January 1 of each year.  
In 2006, the County borrowed 18.97 M for Jail project plus 3.365 M for other projects.

**TABLE 11  
COUNTY OF RACINE  
DEMOGRAPHIC AND ECONOMIC STATISTICS,  
LAST TEN CALENDAR YEARS**

<b>YEAR</b>	<b>(1) POPULATION</b>	<b>PERSONAL INCOME</b>	<b>(2) PER CAPITA PERSONAL INCOME</b>	<b>(3) PUBLIC SCHOOL ENROLLMENT</b>	<b>(3) PRIVATE SCHOOL ENROLLMENT</b>	<b>(4) UNEMPLOYMENT RATE</b>
1998	187,330	\$ 5,095,001,340	\$ 27,198	21,983	4,684	3.9%
1999	188,904	5,191,648,632	27,483	21,702	4,357	4.4%
2000	188,831	5,434,367,349	28,779	21,250	4,821	3.9%
2001	189,490	5,655,139,560	29,844	21,102	4,796	5.5%
2002	190,446	5,776,417,626	30,331	21,265	4,732	6.4%
2003	191,079	5,975,231,409	31,271	21,565	4,393	7.0%
2004	191,853	6,282,034,632	32,744	21,457	4,533	6.0%
2005	193,239	6,507,516,564	33,676	21,244	4,348	6.0%
2006	194,580	*	*	21,175	4,262	5.7%
2007	195,113	*	*	21,696	4,134	6.0%

\* Information not available

Sources:

- (1) Wisconsin Department of Admin. Population & Housing Estimates
- (2) Wisconsin Department of Workforce Development, OEA
- (3) Wisconsin Department of Public Instruction
- (4) Wisconsin Department of Workforce Development, OEA - figures are estimates

**TABLE 12  
COUNTY OF RACINE, WISCONSIN  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>Product or Business</u>	2007		1998	
		<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Wheaton Franciscan Healthcare -All Saints In	Health Care Provided	1000+	1	1000+	4
Racine Unified School District	Elementary & Secondary Schools	1000+	2	1000+	1
S C Johnson & Son Inc	Chemical & Allied Products: Consumer Products	1000+	3	1000+	3
CNH America LLC	Farm and Construction Equipment	1000+	4	1000+	2
Emerson Electric Co	Household Appliances	1000+	5	1000+	5
Wal-Mart	Discount Department Stores	500-999	6		
City of Racine	Government	500-999	7	1000+	7
County of Racine	Government	500-999	8	1000+	6
Department of Corrections	Correctional Institutions	500-999	9		
Aurora Health Care of Southern Lake	General Medical & Surgical Hospitals	500-999	9	500-999	10
Department of Health & Family Service	Government	500-999	10		
Modine Mfg Co	Heat Transfer Products			500-999	9
				500-999	8

Source: Wisconsin Department of Workforce Development, OEA

**TABLE 13**  
**COUNTY OF RACINE, WISCONSIN**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,**  
**LAST TEN FISCAL YEARS**

FUNCTION/PROGRAM	Full-Time Equivalent Employees as of December 31									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Government</b>										
Building & Facilities Management Division	17.50	18.00	17.80	18.00	17.80	17.80	14.80	14.00	13.00	12.00
Clerk of Circuit Court Office	38.00	38.00	38.00	38.00	38.00	38.00	37.00	36.00	35.00	34.00
Corporation Counsel	5.50	5.60	5.60	5.60	5.60	5.60	5.60	5.60	5.60	5.30
County Board	32.00	32.00	32.00	32.00	24.00	24.00	23.50	23.50	23.50	23.50
County Clerk	4.00	4.00	4.00	4.00	4.00	4.00	3.50	3.50	3.50	3.50
County Executive	2.50	2.40	2.40	2.40	2.40	2.40	2.25	2.25	2.25	2.25
County Treasurer	4.00	4.00	4.00	4.00	4.50	4.50	4.50	4.50	4.50	4.50
District Attorney Office	12.00	12.50	12.50	12.50	12.50	12.50	11.50	11.00	10.00	10.70
Finance Department	7.00	7.00	7.00	7.00	8.00	8.00	8.00	7.00	6.50	6.50
Human Resources Department	7.00	7.00	8.00	8.00	8.00	8.00	7.00	7.00	6.00	6.00
Information System Division	14.75	15.00	16.00	16.00	21.00	21.00	12.00	8.00	8.00	8.00
Land Information Office	0.00	0.00	0.00	0.00	1.40	1.40	1.40	1.60	1.60	1.80
Mail Room/Print Shop Division	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Medical Examiner Office	2.50	2.50	2.50	2.50	2.50	2.70	2.075	2.075	2.075	2.08
Purchasing Department	4.00	4.00	4.00	4.00	3.50	3.50	3.00	3.00	3.00	3.00
Real Property Lister Division	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.44	2.44
Register of Deeds	8.00	5.50	6.00	6.00	6.00	7.00	7.00	6.50	6.44	6.44
UW - Extension	7.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	0.70
Veterans Service Office	3.00	3.00	2.50	2.50	2.50	2.50	1.50	1.50	1.50	2.00
Victim Witness Office	6.00	7.00	7.50	7.50	7.50	7.50	7.00	7.50	6.50	6.45
<b>Public safety</b>										
Dispatch	0.00	0.00	0.00	18.00	18.00	18.00	46.00	47.00	47.00	19.00
Emergency Management Office	1.50	1.50	1.50	1.50	1.50	1.30	1.375	1.375	1.38	1.38
Jail	124.00	124.00	124.00	124.00	124.50	120.00	111.00	111.00	111.00	120.00
Jail Alternatives	0.00	0.00	0.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Sheriff Department	149.00	149.00	150.00	133.00	137.00	140.00	135.70	132.70	119.70	119.65
<b>Health and social services</b>										
Child Support Division	45.00	45.00	49.00	49.00	49.00	47.00	44.00	38.00	36.50	32.30
Family Court Commissioner	10.00	10.00	10.00	10.00	10.00	10.00	7.00	6.00	5.00	5.00
Human Service Division	242.25	239.00	235.50	232.50	228.50	227.00	217.50	211.50	205.00	199.50
Ridgewood Health Care Center	156.10	158.30	159.70	164.30	167.20	168.20	166.20	157.53	149.33	148.90



TABLE 13  
 COUNTY OF RACINE, WISCONSIN  
 FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM,  
 LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	Full-Time Equivalent Employees as of December 31									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Education and recreation</b>										
County Schools Office	146.50	156.00	165.70	173.00	182.70	184.50	190.50	188.80	0.00	0.00
Parks Division	19.40	19.40	19.40	17.00	17.00	16.00	12.00	12.00	11.00	10.00
Parks Division - Seasonal FTE	0.00	0.00	0.00	15.10	15.70	16.10	16.90	16.90	17.80	18.40
<b>Development</b>										
Code Administration Division	6.60	6.60	6.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Land Conservation Division	2.40	2.40	2.40	2.40	2.40	2.00	2.00	3.00	3.50	3.50
Planning/Development Division *	6.00	6.00	7.00	13.60	13.20	13.60	11.60	9.40	8.90	8.70
<b>Highways and streets</b>										
Highway Division	74.50	75.50	75.50	75.50	75.50	74.50	72.50	71.50	66.95	63.95
Highway Division - Seasonal FTE	1,163.00	1,168.20	1,184.10	1,213.30	1,225.80	1,223.00	1,198.30	1,163.13	937.55	903.39

Note: \* Department name changed and # of employees increased. Over the years, many departments split differently

**TABLE 14**  
**COUNTY OF RACINE, WISCONSIN**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM,**  
**LAST TEN FISCAL YEARS**

<u>FUNCTION/PROGRAM</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Public safety - Sheriff</u>										
Calls for Service (a) - Sheriff only	48,969	47,928	64,622	71,035	65,515	63,965	63,941	64,839	59,372	57,376
Arrests	14,124	16,094	16,040	16,584	23,361	22,501	25,024	25,685	21,486	21,985
Sworn Personnel	197	197	197	200	204	201	192	180	167	165
Average Daily Jail Population	645	644	612	592	633	636	645	671	683	723
Jail Bookings	8,644	8,414	8,637	9,799	10,931	10,859	10,680	10,829	11,650	11,624
<u>Health and social services</u>										
<u>Human Service</u>										
Economic Support Services	5,950	3,941	6,995	8,060	9,192	11,270	12,001	12,529	12,828	13,851
Unduplicated Caseload (b)	1,344	1,367	1,248	1,147	1,126	1,057	1,033	1,050	891	799
Youth apprehended	5,464	4,985	5,165	4,122	4,759	4,804	3,101	3,929	3,577	3,914
Mental Health Inpatient Days	9,140	10,467	9,603	13,817	7,741	2,655	6,137	9,768	7,808	8,555
WDC JobNet listings										
<u>Ridgewood Healthcare Center</u>										
Admissions	*	141	171	119	160	187	206	373	341	334
Discharges	*	148	164	117	161	190	206	372	354	346
<u>Education and recreation</u>										
<u>Parks **</u>										
Daily Cliffside Park Camping Reservations	6,366	6,858	7,299	6,318	7,378	6,943	5,094	5,623	6,218	6,603
Daily Fischer & Quarry Lake Entrance (	64,800	58,993	44,215	55,424	49,248	27,911	20,128	32,563	25,989	25,970
Daily Fischer & Eagle Boat Launches	6,535	7,095	6,357	6,741	7,520	7,303	6,792	8,191	6,584	6,478
<u>Highways and streets</u>										
<u>Lane Miles Maintained</u>										
County	335	335	335	335	330	330	330	330	330	340
State	500	500	500	500	550	550	685	685	685	600

\* Information not available

\*\* estimated

(a) Deputy generated traffic stops included in calls for service beginning in the last quarter of 1999 when computer aided dispatching began.

(b) Unduplicated counts are available on a monthly basis. This represents the December 1st CARES report information for each year.

(c) Beginning 2003, Quarry Lake no longer collected entrance fees

**TABLE 15**  
**COUNTY OF RACINE, WISCONSIN**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM,**  
**LAST TEN FISCAL YEARS**

<u>FUNCTION/PROGRAM</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b><u>Public safety - Sheriff</u></b>										
Patrol Units	24	25	25	25	25	25	25	25	25	25
Stations	2	2	2	2	2	2	2	2	2	2
Jail Beds	650	650	650	650	650	650	650	650	650	860
<b><u>Health and social services</u></b>										
<b><u>Ridgewood Healthcare Center</u></b>										
Licensed Beds	210	210	210	210	210	210	210	210	210	210
<b><u>Education and recreation</u></b>										
<b><u>Park Acreage:</u></b>										
Developed	1,821	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,827	1,832
Undeveloped	745	745	745	745	749	755	772	794	837	841
Bike Trails Miles	26	27	27	29	29	29	33	34	34	34
Parkways Acres	652	652	652	652	656	656	673	694	694	694
<b><u>Highways and streets</u></b>										
<b><u>Vehicles and pieces of Equipment</u></b>										
Centerline Miles of County Roads	700	700	700	700	700	700	700	700	700	672
Bridges	335	335	335	335	330	330	330	330	330	165
Dams	16	16	16	16	16	16	16	16	16	16
	6	6	6	6	6	6	6	6	6	6