



COUNTY OF RACINE

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

For the year ended December 31, 2008

COUNTY OF RACINE, WISCONSIN
Racine, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2008

Prepared by:
Racine County Finance Department

This page left intentionally blank.

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Transmittal Letter.....	1
Racine County Wide Organizational Chart.....	5
Racine County Principal Officials.....	6
FINANCIAL SECTION	
Independent Auditor’s Report.....	7
Management’s Discussion and Analysis	9
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets.....	21
Statement of Activities	22
Fund Financial Statements	
Balance Sheet - Governmental Funds	24
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets.....	25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund.....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Human Services Fund.....	29
Statement of Net Assets - Proprietary Funds.....	30
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds.....	31
Statement of Cash Flows - Proprietary Funds.....	32
Statement of Fiduciary Net Assets - Fiduciary Funds	34
Notes to Financial Statements.....	35
Required Supplementary Information – Schedule of Funding Progress - OPEB	79
Supplemental Information	
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet - Nonmajor Governmental Funds.....	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	82
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	
County Road Maintenance Special Revenue Fund.....	84
County Handicapped Education Special Revenue Fund.....	85
County Bridge Aids Special Revenue Fund.....	86
Debt Service Fund.....	87
Capital Projects Fund	88
Combining Balance Sheet – Internal Service Funds.....	89
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds	90

TABLE OF CONTENTS
(continued)

PAGE

FINANCIAL SECTION (continued)

Supplemental Information (continued)

Combining and Individual Fund Statements and Schedules (continued)

Combining Statement of Cash Flows – Internal Service Funds	91
Combining Statement of Fiduciary Net Assets – Fiduciary Funds	93
Combining Statement of Changes in Assets and Liabilities – Agency Funds	94
Capital Assets Used in the Operation of Governmental Funds	
Comparative Schedules by Source	97
Schedule of Changes by Function and Activity	99
Schedule by Function and Activity	100

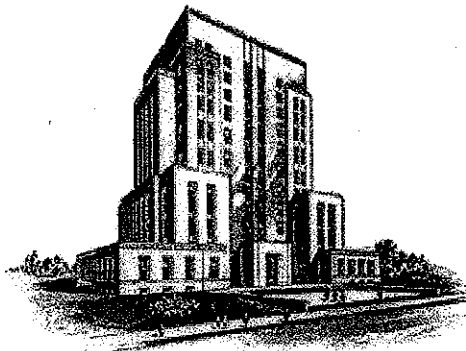
STATISTICAL SECTION

Net Assets by Component, Last Seven Fiscal Years	104
Changes in Net Assets, Last Seven Fiscal Years	106
Fund Balances, Governmental Funds, Last Ten Fiscal Years	108
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	110
Equalized Assessed Value of Taxable Property, Last Ten Fiscal Years	112
Principal Property Tax Payers, Current Year and Nine Years Ago	114
Property Tax Levies and Collections, Last Ten Fiscal Years	116
Property Tax Rates, Last Ten Fiscal Years	118
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	122
Legal Debt Margin Information, Last Ten Fiscal Years	124
Demographic and Economic Statistics, Last Ten Calendar Years	125
Principal Employers, Current Year and Nine Years Ago	127
Full-time Equivalent County Government Employees by Function/Program, Last Ten Fiscal Years	128
Operating Indicators by Function/Program, Last Ten Fiscal Years	130
Capital Asset Statistics by Function/Program, Last Ten Fiscal Years	132

INTRODUCTORY SECTION

This page left intentionally blank.

COUNTY OF RACINE



RACINE COUNTY COURTHOUSE
1931
730 Wisconsin Avenue
RACINE, WISCONSIN
53403

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

FINANCE DEPARTMENT
DOUGLAS STANSIL

June 30, 2009

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, 2008.

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, 2008, 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, 2008, 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 six towns. Racine County serves a population of 196,321.

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 2009 was 10.2% which increased from the May 2008 of 4.9%. 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 2009, Racine County has an employed labor force of approximately 88,781. Manufacturing accounts for approximately 20% 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 plan is currently in its fourth generation.

The County has received a declining amount of shared revenue from the state over the past several years. This trend stabilized in 2009 and 2008.

Budgetary Controls. The County maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions, embodied in the annual appropriated budget approved by the Board of Supervisors. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America by the Board of Supervisors for all governmental funds except capital projects funds, for which multi-year budgets are adopted on or before December 1. An annual budget is not adopted for the Permanent Fund. The legal level of control is defined as the level at which expenditures cannot legally exceed the appropriated amount without a resolution approved by the Board of Supervisors. The General Fund is adopted at the function level. All other funds are adopted at a fund level.

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 \$300,000 for regular claims, and \$750,000 for claims that involve federal benefits (USL & H and Jones Act). The excess policy provides coverage up to \$1 million in additional available payments per occurrence after the \$300,000 retention has been met by the County. The most this policy will pay out is \$1,000,000 per policy term.

The County is self funded for medical expenses of employees and eligible retirees. Third party coverage is currently maintained for individual claims in excess of \$250,000 up to a maximum payment of \$1,750,000 per person.

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

Additional information on Racine County's risk management activity can be found in Note IV.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 608 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. The net OPEB obligation as of December 31, 2008 is \$25,558,134.

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

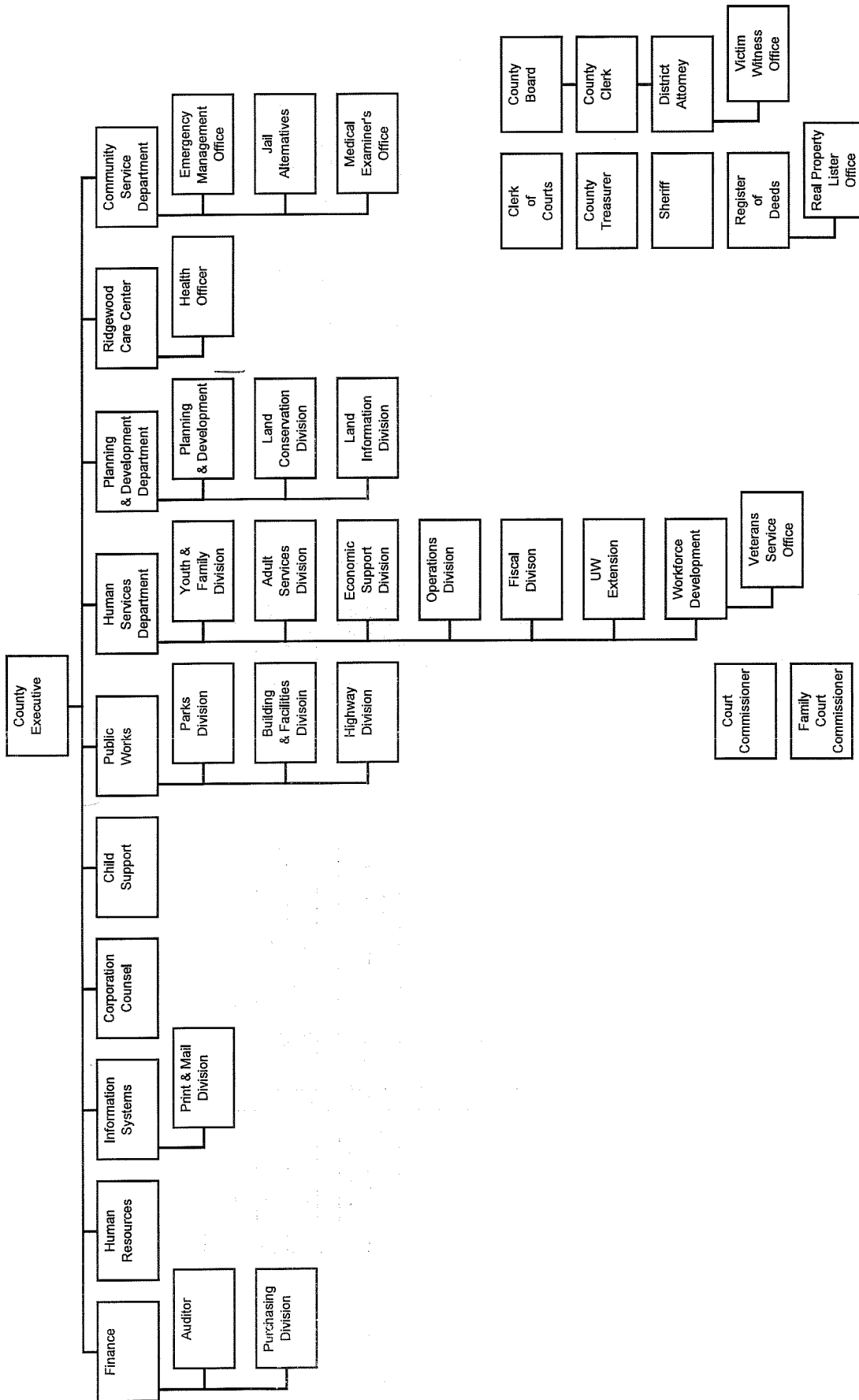
Acknowledgements

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, Wendy M. Christensen
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	Mark M. Gleason
	Gaynell Dyess	Michael J. Mikloasvich
	Diane M. Lange	Kenneth Hall
	Mike Dawson	Jim Kaplan
	Karen A. Nelson	Robert D. Grove
	Pamela Zenner-Richards	John Wisch
	Van H. Wanggaard	Joseph F. Bellante, Jr
	Q.A. Shakoor, II	Jeff Halbach
	Daniel F. Sharkozy	Gilbert Bakke
	Russell A. Clark	Thomas Pringle
	Katherine Buske	

Appointed Officials

Finance Director, Douglas B. Stansil
Corporation Counsel, Jonathan F. Lehman
Human Resources Director, Karen Galbraith
Information System Director, Rob Richardson
Human Service Director, Debra Jossart
Planning & Development Dept. Director, Julie A. Anderson
Public Works Dept. Director, David Prott
Ridgewood Health Care Center Administrator, Jonathan Delagrave

* In office at the time the report is issued.

FINANCIAL SECTION

This page left intentionally blank.

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 Human Services fund of the County of Racine, Wisconsin, as of and for the year ended December 31, 2008, 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.

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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Human Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2009 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 20 and the required supplementary information on page 79 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 Henderson LLP

Racine, Wisconsin
June 25, 2009

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

This page intentionally left blank.

**COUNTY OF RACINE, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2008**

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, 2008. 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 81,612 (*net assets*). Of this amount, \$13,895 (*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 \$7,140.
- As of the close of the current fiscal year, Racine County's governmental funds reported combined ending fund balances of \$48,200, an increase of \$1,138 in comparison with the prior year. Approximately 30% of this total amount, \$14,285, is *available for spending* at the government's discretion (*unreserved undesignated fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$14,321, or 27 percent of total General Fund expenditures.
- Racine County's total general obligation debt decreased by \$188 during the current fiscal year. Factors in this decrease were the issuance of \$3,795 in general obligation notes and the payment of \$3,983 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.

COUNTY OF RACINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2008

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 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. Separate financial statements are not published for the Housing Authority of Racine County.

The government-wide financial statements can be found on pages 21-23 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*.

COUNTY OF RACINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2008

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 and the Human Services Fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America by the Board of Supervisors for all governmental funds except capital projects funds, for which multi-year budgets are adopted on or before December 1. An annual budget is not adopted for the Permanent Fund. The General Fund is adopted at the function level. All other funds are adopted at the total fund level. A more detailed description can be found at Note II. A of this report.

The basic governmental fund financial statements can be found on pages 24-29 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, it has have been included within *governmental activities* in the government-wide financial statements.

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 Healthcare 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 30-33 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 34 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 35-78 of this report.

COUNTY OF RACINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2008

Required supplementary information. A schedule of other postemployment benefit (OPEB) funding progress is presented as required supplementary information on page 79 of this report.

Other information. The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental funds, as well as combining information for internal service and fiduciary funds and capital asset schedules are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 80-100 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 \$81,612 at the close of the most recent fiscal year.

Statement of Net Assets. The largest portion of Racine County's net assets (85 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.

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, \$13,730 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 \$7,140 during the current fiscal year.

**COUNTY OF RACINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2008**

The following chart presents a summary of Racine County's net assets as of December 31, 2008.

	RACINE COUNTY NET ASSETS					
	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 121,422	\$ 117,898	\$ 1,741	\$ 899	\$ 123,164	\$ 118,796
Capital assets	96,773	94,404	9,920	10,385	106,693	104,789
Total assets	218,195	212,302	11,661	11,284	229,857	223,585
Long-term liabilities outstanding	76,740	63,765	5,319	5,765	82,059	69,530
Other liabilities	64,898	64,439	1,287	863	66,186	65,303
Total liabilities	141,638	128,204	6,606	6,628	148,245	134,833
Net assets:						
Invested in capital assets, net of related debt	62,153	64,472	4,889	4,908	67,043	69,380
Restricted	675	848	-	-	674	847
Unrestricted	13,730	18,778	166	(253)	13,895	18,525
Total net assets	\$ 76,558	\$ 84,098	\$ 5,055	\$ 4,655	\$ 81,612	\$ 88,752

Statement of activities. Governmental activities decreased Racine County's net assets by \$7,542. For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Business-type activities increased Racine County's net assets by \$401. A summary of the statement of activities is presented below.

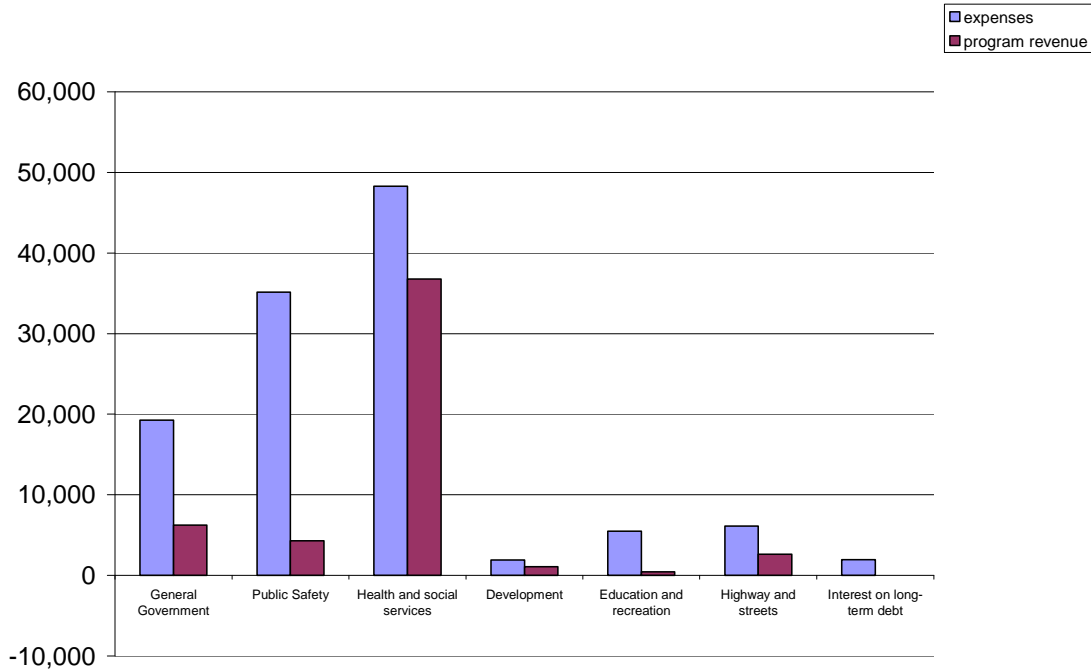
**COUNTY OF RACINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2008**

RACINE COUNTY CHANGE IN NET ASSETS

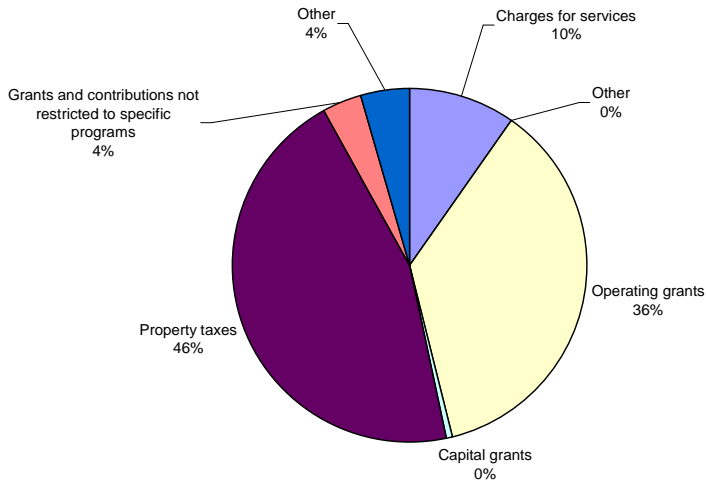
	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>	Business-type Activities <u>2008</u>	Business-type Activities <u>2007</u>	Total <u>2008</u>	Total <u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 10,720	\$ 11,744	\$ 16,406	\$ 14,756	\$ 27,126	\$ 26,500
Operating grants and contributions	40,256	44,543	-	-	\$ 40,256	\$ 44,543
Capital grants and contributions	544	566	-	-	544	566
General revenues:						
Property taxes	50,239	48,168	-	-	50,239	48,168
Grants and contributions not restricted to specific programs	3,956	4,067	-	-	3,956	4,067
Other	5,092	7,069	-	-	5,092	7,069
Total revenues	<u>110,807</u>	<u>116,157</u>	<u>16,406</u>	<u>14,756</u>	<u>127,213</u>	<u>130,913</u>
Expenses:						
General Government	19,272	20,203	-	-	19,272	20,203
Public Safety	35,168	32,275	-	-	35,168	32,275
Health and social services	48,303	52,824	-	-	48,303	52,824
Development	1,920	1,829	-	-	1,920	1,829
Education and recreation	5,489	10,556	-	-	5,489	10,556
Highways and streets	6,130	8,446	-	-	6,130	8,446
Interest on long-term debt	1,948	1,932	-	-	1,948	1,932
Healthcare Center			15,915	15,217	15,915	15,217
Golf courses			209	204	209	204
Total expenses	<u>118,231</u>	<u>128,065</u>	<u>16,123</u>	<u>15,421</u>	<u>134,354</u>	<u>143,486</u>
Increase in net assets before transfers	(7,424)	(11,908)	283	(665)	(7,141)	(12,573)
Transfers	(118)	(1,217)	118	1,217	-	-
Increase (decrease) in net assets	<u>(7,542)</u>	<u>(13,125)</u>	<u>401</u>	<u>552</u>	<u>(7,141)</u>	<u>(12,573)</u>
Net assets - beginning	84,097	97,221	4,655	4,103	88,752	101,324
Net assets - ending	<u>\$ 76,556</u>	<u>\$ 84,097</u>	<u>\$ 5,056</u>	<u>\$ 4,655</u>	<u>\$ 81,612</u>	<u>\$ 88,751</u>

**COUNTY OF RACINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2008**

Expenses and Program Revenues - Governmental Activities

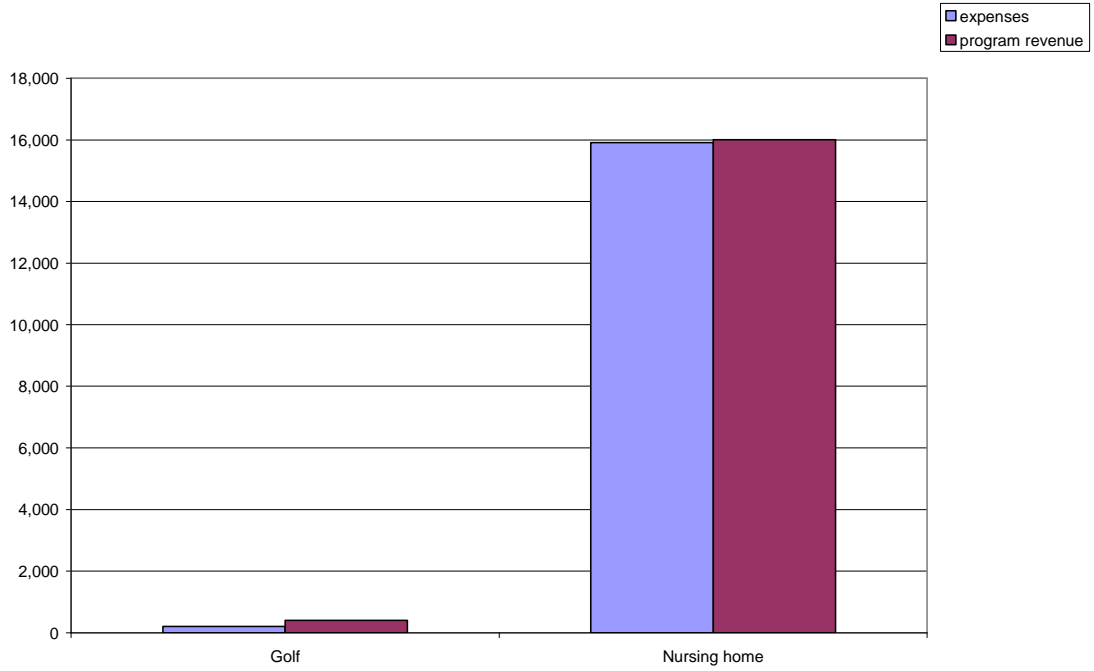


Revenues by Source - Governmental Activities

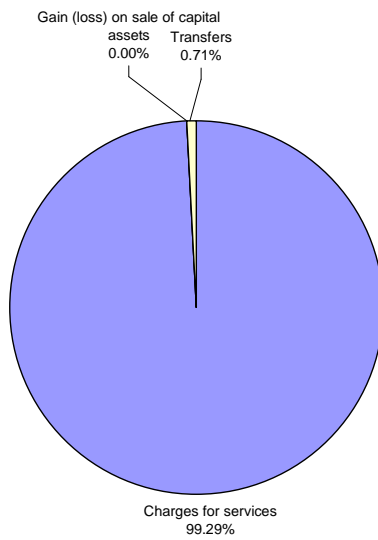


**COUNTY OF RACINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2008**

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business Type Activities



COUNTY OF RACINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2008

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 \$48,200, an increase of \$1,138 in comparison with the prior year. Approximately one quarter of this amount, \$14,284, constitutes *unreserved undesignated fund balance*, which is available for spending at the governments' discretion. The remainder of fund balance is *reserved* or *designated* to indicate that it is not available for new spending because it has already been committed 1) to pay debt service, 2) carryovers and encumbrances, 3) tax stabilization, 4) delinquent property taxes, 5) jail improvement, or 6) the subsequent year's budget.

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 \$14,321, while total fund balance reached \$42,542. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 27 percent of total General Fund expenditures, while total fund balance represents 80 percent of that same amount.

The fund balance of Racine County's General Fund increased by \$6,589 during the current fiscal year.

Key factors that increased fund balance are as follows:

- net costs of self funded health care less than anticipated
- retiree medical costs less than projected

Key factors that decreased fund balance are as follows:

- Arbitration awards increased wages by 3% for both 2007 and 2008. The County budgeted for 2% increases in each of those years.
- Revenues from investments and fees from real estate transactions were less than anticipated due to the economic downturn.

The Human Services Fund is used to account for the revenue and expenditures associated with the Human Services Department. Human Services is the largest department within County government and receives a wide variety of intergovernmental revenues. The Human Services Fund balance of \$107 consists of unreserved designated funds for tax stabilization that will be used in 2009.

COUNTY OF RACINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2008

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 Healthcare Center at the end of the year amounted to a deficit of \$(162) and those for Golf Course operations amounted to \$328. Ridgewood net assets increased by \$482 while Golf Course net assets decreased by \$82.

General Fund Budgetary Highlights

Significant differences between the original budget and the final amended budget (\$15,572 increase in appropriations) can be briefly summarized as follows:

- \$12,819 Carryovers and encumbrances from prior year
- \$ 382 Carryover of grants from the prior year
- \$ 474 Revenue transfers for unbudgeted planned expenses
- \$ 1,478 Grants awarded or increased during the year
- \$ 419 Other transfers per resolutions

The General Fund budgetary comparison is presented on page 28 of this report. Actual revenues were less than the final budget by \$6,710. This shortfall was primarily in a result of intergovernmental revenues that were not received of \$5,174. These intergovernmental revenues consist of grants which cross the County's fiscal year and programs which were not completed in 2008. In addition, fine and fees revenue was under budget by \$1,156 as a result of economic downturn.

Expenditures of the General Fund were less than budget by \$21,256. The majority of this variance is the result of budget carryovers from the prior year which were not expended during the year. This is reflected in the Unreserved / designated fund balance of \$17,805 at year end. The majority of the remaining variance is due to grants and other programs which were not completed in 2008.

Human Services Fund Budgetary Highlights

Significant differences between the original budget and the final amended budget (\$1,660 increase in appropriations) were due to grants awarded or increased during the year. Revenues and expenditures were less than budget by approximately \$1.8 million, which represents a reduction in intergovernmental revenues.

The Human Services Fund budgetary comparison is presented on page 29 of this report. Actual revenues were less than the final budget by \$1,891. Actual expenditures were less than the final budget by \$ 1,876. These variances were primarily due to grants which extend past the County's fiscal year.

**COUNTY OF RACINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2008**

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, 2008 amounts to \$106,692, (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 C \$1,281
- Construction of CTH G 378
- Construction bridges & culverts CTH J & KR 407
- The expansion of the County Jail which started in 2007 was completed in 2008.

RACINE COUNTY CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 21,186	\$ 20,719	\$ 1,132	\$ 1,132	\$ 22,318	\$ 21,851
Construction in progress	694	17,622	42	7	736	17,629
Capital assets being depreciated	74,892	56,063	8,746	9,246	83,638	65,309
Total	\$ 96,772	\$ 94,404	\$ 9,920	\$ 10,385	\$ 106,692	\$ 104,789

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

Long-term debt. At the end of the current fiscal year, Racine County had total general obligation debt outstanding of \$50,161. All of this comprises debt backed by the full faith and credit of the government.

RACINE COUNTY OUTSTANDING DEBT
General Obligation Debt

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Notes Payable	\$ 17,505	\$ 16,493	\$ 3,550	\$ 3,805	\$ 21,055	\$ 20,298
Bonds Payable	17,920	18,445	1,480	1,672	19,400	20,117
State Trust Fund Loan	101	119	-	-	101	119
Taxable Bonds Payable	9,605	9,815	-	-	9,605	9,815
Total	\$ 45,131	\$ 44,872	\$ 5,030	\$ 5,477	\$ 50,161	\$ 50,349

Racine County's total general obligation debt decreased by \$ \$188 (less than 1 percent) during the current fiscal year. The key factor in this decrease was a \$3,795 note issuance for various capital projects and repayment of principal of outstanding debt.

COUNTY OF RACINE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2008

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 equalized valuation. The current debt limitation for Racine County is \$799 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 III.E of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Racine County as of May 2009 is 10.2 percent, which is greater than the 4.9% rate a year ago. This compares unfavorably to the state's average unemployment rate of 8.7 %.

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 2009 budget.

A tax levy limit was imposed by the State of Wisconsin for the 2009 budget year. The levy limit limits the growth of the tax levy for the sum of the general countywide levy 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 levies for handicapped education, libraries, and bridge aids, are exempt from the levy limit. Racine County was \$220 under the tax levy limit.

All of these factors were considered in preparing Racine County's budget for the 2009 fiscal year.

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

This page left intentionally blank.

COUNTY OF RACINE, WISCONSIN
STATEMENT OF NET ASSETS
December 31, 2008

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Housing Authority</u>
ASSETS				
Cash and cash equivalents	\$ 32,953,764	\$ 335,806	\$ 33,289,570	\$ 2,209,682
Investments	11,637,960	-	11,637,960	-
Receivables (net of allowance for uncollectibles)	73,615,667	2,261,265	75,876,932	177,413
Internal balances	1,226,150	(1,226,150)	-	-
Inventories	529,430	68,620	598,050	-
Prepaid items	812,181	406	812,587	28,691
Deferred charges	314,090	151,528	465,618	-
Restricted assets:				
Cash and cash equivalents	-	149,960	149,960	-
Investments	333,256	-	333,256	-
Capital assets not being depreciated:				
Land	21,186,053	1,131,761	22,317,814	96,000
Construction in progress	694,461	42,356	736,817	-
Capital assets being depreciated, net	<u>74,892,238</u>	<u>8,745,655</u>	<u>83,637,893</u>	<u>759,261</u>
Total assets	<u>218,195,250</u>	<u>11,661,207</u>	<u>229,856,457</u>	<u>3,271,047</u>
LIABILITIES				
Accounts payable and other current liabilities	12,751,886	1,173,536	13,925,422	199,295
Accrued interest payable	367,907	15,445	383,352	-
Due to other governments	111,197	-	111,197	-
Unearned revenues	51,667,229	19,113	51,686,342	24,167
Deposits	-	78,706	78,706	-
Noncurrent liabilities:				
Due within one year	8,550,788	837,276	9,388,064	-
Due in more than one year	<u>68,189,335</u>	<u>4,481,854</u>	<u>72,671,189</u>	<u>88,328</u>
Total liabilities	<u>141,638,342</u>	<u>6,605,930</u>	<u>148,244,272</u>	<u>311,790</u>
NET ASSETS				
Invested in capital assets, net of related debt	62,153,295	4,889,408	67,042,703	855,261
Restricted for:				
Debt service	161,023	-	161,023	-
Endowments				
Expendable	248,769	-	248,769	-
Nonexpendable	264,246	-	264,246	-
Unrestricted	<u>13,729,575</u>	<u>165,869</u>	<u>13,895,444</u>	<u>2,103,996</u>
Total net assets	<u>\$ 76,556,908</u>	<u>\$ 5,055,277</u>	<u>\$ 81,612,185</u>	<u>\$ 2,959,257</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN
STATEMENT OF ACTIVITIES
Year Ended December 31, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 19,272,110	\$ 4,195,317	\$ 2,048,028	\$ -
Public safety	35,168,361	2,698,244	1,439,890	147,437
Health and social services	48,302,880	3,156,333	33,640,191	-
Development	1,920,204	387,198	702,553	-
Education and recreation	5,488,627	283,086	116,595	58,459
Highways and streets	6,130,001	-	2,308,556	338,500
Interest and fiscal charges	1,948,449	-	-	-
Total governmental activities	<u>118,230,632</u>	<u>10,720,178</u>	<u>40,255,813</u>	<u>544,396</u>
Business-type activities:				
Healthcare Center	15,914,514	16,003,467	-	-
Golf Courses	208,672	402,179	-	-
Total business-type activities	<u>16,123,186</u>	<u>16,405,646</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 134,353,818</u>	<u>\$ 27,125,824</u>	<u>\$ 40,255,813</u>	<u>\$ 544,396</u>
Component unit:				
Housing Authority	\$ 8,978,251	\$ 144,196	\$ 8,467,230	\$ -
General Revenues:				
Property taxes for general purposes				
Property taxes for debt service				
Grants not restricted to specific programs				
Unrestricted investment earnings				
Other				
Transfers				
Total general revenues and transfers				
Change in net assets				
NET ASSETS				
Beginning of year				
End of Year				

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenue and Changes in Net Assets			Component
Primary Government			Unit
Governmental Activities	Business-type Activities	Total	Housing Authority
\$ (13,028,765)	\$ -	\$ (13,028,765)	\$ -
(30,882,790)	-	(30,882,790)	-
(11,506,356)	-	(11,506,356)	-
(830,453)	-	(830,453)	-
(5,030,487)	-	(5,030,487)	-
(3,482,945)	-	(3,482,945)	-
(1,948,449)	-	(1,948,449)	-
<u>(66,710,245)</u>	<u>-</u>	<u>(66,710,245)</u>	<u>-</u>
-	88,953	88,953	-
-	<u>193,507</u>	<u>193,507</u>	-
-	<u>282,460</u>	<u>282,460</u>	-
<u>(66,710,245)</u>	<u>282,460</u>	<u>(66,427,785)</u>	-
-	-	-	<u>(366,825)</u>
45,664,214	-	45,664,214	-
4,575,382	-	4,575,382	-
3,955,614	-	3,955,614	-
4,020,086	-	4,020,086	33,701
1,072,460	-	1,072,460	18,037
(118,035)	<u>118,035</u>	-	-
<u>59,169,721</u>	<u>118,035</u>	<u>59,287,756</u>	<u>51,738</u>
(7,540,524)	400,495	(7,140,029)	(315,087)
<u>84,097,432</u>	<u>4,654,782</u>	<u>88,752,214</u>	<u>3,274,344</u>
<u>\$ 76,556,908</u>	<u>\$ 5,055,277</u>	<u>\$ 81,612,185</u>	<u>\$ 2,959,257</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2008**

	<u>General</u>	<u>Human Services Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 32,202,094	\$ -	\$ 750,970	\$ 32,953,064
Investments	11,637,960	-	-	11,637,960
Receivables:				
Property taxes:				
Current year levy	44,673,131	-	6,113,045	50,786,176
Delinquent	9,911,264	-	-	9,911,264
Due from other governments	2,624,900	3,482,324	400,000	6,507,224
Interest and penalties	3,043,300	-	-	3,043,300
Other	998,931	598,169	416,993	2,014,093
Due from other funds	2,790,610	1,780,696	3,936,654	8,507,960
Inventories	12,368	-	-	12,368
Prepaid items	806,362	4,640	-	811,002
Restricted assets - investments	-	-	333,256	333,256
Total assets	<u>\$ 108,700,920</u>	<u>\$ 5,865,829</u>	<u>\$ 11,950,918</u>	<u>\$ 126,517,667</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,235,139	\$ 4,562,190	\$ 128,192	\$ 6,925,521
Accrued liabilities	4,181,538	731,143	-	4,912,681
Due to other governments	111,197	-	-	111,197
Due to other funds	10,327,565	-	159,175	10,486,740
Deferred revenues	<u>49,303,144</u>	<u>465,100</u>	<u>6,113,045</u>	<u>55,881,289</u>
Total liabilities	<u>66,158,583</u>	<u>5,758,433</u>	<u>6,400,412</u>	<u>78,317,428</u>
FUND BALANCES				
Reserved for:				
Delinquent property taxes	8,600,738	-	-	8,600,738
Inventories and prepaid items	818,727	-	-	818,727
Noncurrent receivables	-	-	400,000	400,000
Encumbrances	996,812	-	-	996,812
Debt service	-	-	528,930	528,930
Endowments	-	-	513,015	513,015
Unreserved - designated				
General Fund - designated for nonlapsing	17,805,232	-	-	17,805,232
Human services fund - designated for tax stabilization	-	107,396	-	107,396
Special Revenue Funds - designated for subsequent year's budget	-	-	347,392	347,392
Special Revenue Funds - designated for nonlapsing	-	-	973,918	973,918
Capital projects fund - designated for subsequent year's budget	-	-	241,296	241,296
Capital projects fund - designated for nonlapsing	-	-	2,582,126	2,582,126
Unreserved - reported in:				
General Fund	14,320,828	-	-	14,320,828
Special Revenue Funds - undesignated (deficit)	-	-	(36,171)	(36,171)
Total fund balances	<u>42,542,337</u>	<u>107,396</u>	<u>5,550,506</u>	<u>48,200,239</u>
Total liabilities and fund balances	<u>\$ 108,700,920</u>	<u>\$ 5,865,829</u>	<u>\$ 11,950,918</u>	<u>\$ 126,517,667</u>

The accompanying notes are an integral part of this statement.

COUNTY OF RACINE, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
December 31, 2008

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

Fund balances of governmental funds	\$ 48,200,239
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Land	21,186,053
Construction in progress	694,461
Capital assets being depreciated, net	74,892,238
Less: Internal service fund capital assets, net of depreciation	(5,439,789)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
	4,214,060
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	(44,858,403)
Premium on long-term debt	(177,521)
Unamortized loss on refunding	174,457
Compensated absences	(3,882,546)
Claims and judgments	(2,165,227)
Net OPEB obligation	(25,558,134)
Accrued interest on long-term debt	(367,907)
Deferred charges	314,090
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.	
	9,330,837
Net assets of governmental activities	\$ 76,556,908

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, 2008

	<u>General</u>	<u>Human Services Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 43,816,694	\$ -	\$ 5,555,993	\$ 49,372,687
Intergovernmental	10,733,775	31,236,017	2,782,471	44,752,263
Fines and fees	7,283,348	212,763	-	7,496,111
Investment income	3,920,258	-	99,828	4,020,086
Miscellaneous	<u>686,387</u>	<u>2,837,942</u>	<u>724,513</u>	<u>4,248,842</u>
Total revenues	<u>66,440,462</u>	<u>34,286,722</u>	<u>9,162,805</u>	<u>109,889,989</u>
EXPENDITURES				
Current:				
General government	16,727,647	-	-	16,727,647
Public safety	26,898,723	-	-	26,898,723
Health and social services	3,344,727	42,112,799	-	45,457,526
Education and recreation	4,289,585	-	1,035,573	5,325,158
Development	1,924,273	-	-	1,924,273
Highways and streets	-	-	6,882,353	6,882,353
Capital outlay	171,756	-	3,313,415	3,485,171
Debt service:				
Principal retirement	-	-	3,500,870	3,500,870
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>1,922,244</u>	<u>1,922,244</u>
Total expenditures	<u>53,356,711</u>	<u>42,112,799</u>	<u>16,654,455</u>	<u>112,123,965</u>
Excess (deficiency) of revenues over expenditures	<u>13,083,751</u>	<u>(7,826,077)</u>	<u>(7,491,650)</u>	<u>(2,233,976)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,763,995	7,079,246	4,666,927	15,510,168
Transfers out	(10,258,913)	(2,249,308)	(3,462,293)	(15,970,514)
Proceeds of general obligation debt	-	-	3,795,000	3,795,000
Premium on debt issued	<u>-</u>	<u>-</u>	<u>37,539</u>	<u>37,539</u>
Total other financing sources (uses)	<u>(6,494,918)</u>	<u>4,829,938</u>	<u>5,037,173</u>	<u>3,372,193</u>
Net change in fund balances	6,588,833	(2,996,139)	(2,454,477)	1,138,217
FUND BALANCES				
Beginning of year	<u>35,953,504</u>	<u>3,103,535</u>	<u>8,004,983</u>	<u>47,062,022</u>
End of year	<u>\$ 42,542,337</u>	<u>\$ 107,396</u>	<u>\$ 5,550,506</u>	<u>\$ 48,200,239</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, 2008**

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

Net changes in fund balances - total governmental funds **\$ 1,138,217**

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	3,485,171
Some items reported as current expenditures were capitalized	2,716,729
Depreciation is reported in the government-wide financial statements	(3,855,010)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets	(55,064)

The net revenue of the internal service funds is reported with governmental activities. 1,198,552

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements. 866,909

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	(3,795,000)
Principal repaid	3,500,870

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	(37,539)
Debt issuance costs	22,590
Amortization of debt premium	24,816
Amortization of debt issuance costs	(30,790)
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	(17,247)
Compensated absences	(14,747)
Claims and judgments	(184,471)
Net OPEB Obligation	<u>(12,488,650)</u>

Changes in net assets of the governmental activities **\$ (7,540,524)**

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, 2008**

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>		(Negative)
REVENUES				
Taxes	\$ 44,045,155	\$ 44,045,155	\$ 43,816,694	\$ (228,461)
Intergovernmental	12,032,593	15,908,225	10,733,775	(5,174,450)
Fines and fees	8,283,796	8,439,451	7,283,348	(1,156,103)
Investment income	4,319,000	4,351,466	3,920,258	(431,208)
Miscellaneous	268,551	406,197	686,387	280,190
Total revenues	<u>68,949,095</u>	<u>73,150,494</u>	<u>66,440,462</u>	<u>(6,710,032)</u>
EXPENDITURES				
Current:				
General government	21,803,285	32,851,328	16,727,647	16,123,681
Public safety	27,498,149	29,386,085	26,898,723	2,487,362
Health and social services	3,644,355	3,688,358	3,344,727	343,631
Education and recreation	4,347,358	4,433,788	4,289,585	144,203
Development	1,537,060	3,674,130	1,924,273	1,749,857
Capital outlay	<u>210,000</u>	<u>578,800</u>	<u>171,756</u>	<u>407,044</u>
Total expenditures	<u>59,040,207</u>	<u>74,612,489</u>	<u>53,356,711</u>	<u>21,255,778</u>
Excess (deficiency) of revenues over expenditures	<u>9,908,888</u>	<u>(1,461,995)</u>	<u>13,083,751</u>	<u>14,545,746</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,675,534	1,681,173	3,763,995	2,082,822
Transfers out	<u>(11,569,447)</u>	<u>(11,569,447)</u>	<u>(10,258,913)</u>	<u>1,310,534</u>
Total other financing sources (uses)	<u>(9,893,913)</u>	<u>(9,888,274)</u>	<u>(6,494,918)</u>	<u>3,393,356</u>
Net change in fund balances	14,975	(11,350,269)	6,588,833	17,939,102
FUND BALANCES				
Beginning of year	<u>35,953,504</u>	<u>35,953,504</u>	<u>35,953,504</u>	<u>-</u>
End of year	<u>\$ 35,968,479</u>	<u>\$ 24,603,235</u>	<u>\$ 42,542,337</u>	<u>\$ 17,939,102</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN
HUMAN SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2008**

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>		(Negative)
REVENUES				
Intergovernmental	\$ 31,337,205	\$ 32,792,684	\$ 31,236,017	\$ (1,556,667)
Fines and fees	138,543	138,543	212,763	74,220
Miscellaneous	<u>3,042,011</u>	<u>3,247,023</u>	<u>2,837,942</u>	<u>(409,081)</u>
Total revenues	<u>34,517,759</u>	<u>36,178,250</u>	<u>34,286,722</u>	<u>(1,891,528)</u>
EXPENDITURES				
Current:				
Health and social services	<u>42,328,374</u>	<u>43,988,865</u>	<u>42,112,799</u>	<u>1,876,066</u>
Total expenditures	<u>42,328,374</u>	<u>43,988,865</u>	<u>42,112,799</u>	<u>1,876,066</u>
Excess (deficiency) of revenues over expenditures	<u>(7,810,615)</u>	<u>(7,810,615)</u>	<u>(7,826,077)</u>	<u>(15,462)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,079,246	7,079,246	7,079,246	-
Transfers out	<u>-</u>	<u>-</u>	<u>(2,249,308)</u>	<u>(2,249,308)</u>
Total other financing sources (uses)	<u>7,079,246</u>	<u>7,079,246</u>	<u>4,829,938</u>	<u>(2,249,308)</u>
Net change in fund balances	(731,369)	(731,369)	(2,996,139)	(2,264,770)
FUND BALANCES				
Beginning of year	<u>3,103,535</u>	<u>3,103,535</u>	<u>3,103,535</u>	<u>-</u>
End of year	<u>\$ 2,372,166</u>	<u>\$ 2,372,166</u>	<u>\$ 107,396</u>	<u>\$ (2,264,770)</u>

The accompanying notes are an integral part of this statement.

COUNTY OF RACINE, WISCONSIN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Ridgewood Healthcare Center	Golf Courses	Totals	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,000	\$ 332,806	\$ 335,806	\$ 700
Receivables (net of allowance for uncollectibles)	2,260,909	356	2,261,265	16,283
Due from other governments	-	-	-	1,337,327
Due from other funds	-	4,893	4,893	4,605,322
Inventories	68,620	-	68,620	517,062
Prepaid items	406	-	406	1,179
Deferred charges	151,528	-	151,528	-
Total current assets	<u>2,484,463</u>	<u>338,055</u>	<u>2,822,518</u>	<u>6,477,873</u>
Noncurrent assets				
Restricted assets:				
Cash and cash equivalents	149,960	-	149,960	-
Capital assets not being depreciated:				
Land	-	1,131,761	1,131,761	-
Construction in progress	42,356	-	42,356	-
Capital assets being depreciated:				
Buildings	11,101,650	1,571,947	12,673,597	3,257,659
Improvements other than buildings	176,048	3,190,872	3,366,920	1,809,711
Machinery and equipment	2,093,279	-	2,093,279	9,461,147
Less: accumulated depreciation	<u>(7,496,685)</u>	<u>(1,891,456)</u>	<u>(9,388,141)</u>	<u>(9,088,728)</u>
Total noncurrent assets	<u>6,066,608</u>	<u>4,003,124</u>	<u>10,069,732</u>	<u>5,439,789</u>
Total assets	<u>8,551,071</u>	<u>4,341,179</u>	<u>12,892,250</u>	<u>11,917,662</u>
LIABILITIES				
Current liabilities				
Accounts payable and other current liabilities	1,163,536	10,000	1,173,536	913,684
Accrued interest payable	15,445	-	15,445	-
Due to other funds	1,231,043	-	1,231,043	1,400,392
Unearned revenue	19,113	-	19,113	-
Deposits	78,706	-	78,706	-
Total current liabilities	<u>2,507,843</u>	<u>10,000</u>	<u>2,517,843</u>	<u>2,314,076</u>
Noncurrent liabilities				
Due within one year	837,276	-	837,276	35,831
Due in more than one year	<u>4,481,854</u>	<u>-</u>	<u>4,481,854</u>	<u>236,918</u>
Total noncurrent liabilities	<u>5,319,130</u>	<u>-</u>	<u>5,319,130</u>	<u>272,749</u>
Total liabilities	<u>7,826,973</u>	<u>10,000</u>	<u>7,836,973</u>	<u>2,586,825</u>
NET ASSETS				
Invested in capital assets, net of related debt	886,284	4,003,124	4,889,408	5,167,040
Unrestricted (deficit)	<u>(162,186)</u>	<u>328,055</u>	<u>165,869</u>	<u>4,163,797</u>
Total net assets	<u>\$ 724,098</u>	<u>\$ 4,331,179</u>	<u>\$ 5,055,277</u>	<u>\$ 9,330,837</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, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Ridgewood Healthcare Center	Golf Courses	Totals	
OPERATING REVENUES				
Resident charges for services, net	\$ 15,988,476	\$ -	\$ 15,988,476	\$ -
Highway charges and fees	-	-	-	12,045,064
Other	14,991	402,179	417,170	51,245
Total operating revenues	<u>16,003,467</u>	<u>402,179</u>	<u>16,405,646</u>	<u>12,096,309</u>
OPERATING EXPENSES				
Resident services	6,508,398	-	6,508,398	-
Operations and maintenance	4,348,897	11,425	4,360,322	-
Administration	4,101,736	-	4,101,736	-
Highway maintenance	-	-	-	10,728,011
Other	196,985	-	196,985	-
Depreciation	536,894	197,247	734,141	500,453
Total operating expenses	<u>15,692,910</u>	<u>208,672</u>	<u>15,901,582</u>	<u>11,228,464</u>
Operating income	<u>310,557</u>	<u>193,507</u>	<u>504,064</u>	<u>867,845</u>
NONOPERATING EXPENSE				
Interest expense	(199,683)	-	(199,683)	(9,714)
Amortization expense	(21,114)	-	(21,114)	-
Loss on disposal of capital assets	(807)	-	(807)	(1,890)
Total nonoperating expense	<u>(221,604)</u>	<u>-</u>	<u>(221,604)</u>	<u>(11,604)</u>
Income before transfers	<u>88,953</u>	<u>193,507</u>	<u>282,460</u>	<u>856,241</u>
TRANSFERS				
Transfers in	1,536,833	-	1,536,833	1,141,011
Transfers out	(1,143,798)	(275,000)	(1,418,798)	(798,700)
Total net transfers	<u>393,035</u>	<u>(275,000)</u>	<u>118,035</u>	<u>342,311</u>
Change in net assets	481,988	(81,493)	400,495	1,198,552
NET ASSETS				
Beginning of year	<u>242,110</u>	<u>4,412,672</u>	<u>4,654,782</u>	<u>8,132,285</u>
End of year	<u>\$ 724,098</u>	<u>\$ 4,331,179</u>	<u>\$ 5,055,277</u>	<u>\$ 9,330,837</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, 2008**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Ridgewood Healthcare Center	Golf Courses	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers and users	\$ 16,353,661	\$ 402,339	\$ 16,756,000	\$ 7,750,807
Received from interfund services provided	-	-	-	5,768,260
Paid from interfund services provided	(1,142,598)	(351,134)	(1,493,732)	(2,620,528)
Paid to suppliers	(4,950,043)	(11,517)	(4,961,560)	(3,673,606)
Paid to employees	(9,807,726)	-	(9,807,726)	(6,942,777)
Net cash provided by operating activities	<u>453,294</u>	<u>39,688</u>	<u>492,982</u>	<u>282,156</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	1,536,833	-	1,536,833	1,141,011
Transfers out	(1,143,798)	(275,000)	(1,418,798)	(798,700)
Net cash provided by (used in) noncapital financing activities	<u>393,035</u>	<u>(275,000)</u>	<u>118,035</u>	<u>342,311</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(197,076)	(72,717)	(269,793)	(608,751)
Proceeds from sale of capital assets	-	-	-	29,294
Principal paid on capital debt	(446,577)	-	(446,577)	(35,296)
Interest paid on capital debt	(201,063)	-	(201,063)	(9,714)
Net cash used in capital and related financing activities	<u>(844,716)</u>	<u>(72,717)</u>	<u>(917,433)</u>	<u>(624,467)</u>
Net increase (decrease) in cash and cash equivalents	1,613	(308,029)	(306,416)	-
CASH AND CASH EQUIVALENTS				
Beginning of year	<u>151,347</u>	<u>640,835</u>	<u>792,182</u>	<u>700</u>
End of year	<u>\$ 152,960</u>	<u>\$ 332,806</u>	<u>\$ 485,766</u>	<u>\$ 700</u>

The accompanying notes are an integral part of this statement.

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Ridgewood Healthcare Center	Golf Courses	Totals	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 310,557	\$ 193,507	\$ 504,064	\$ 867,845
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation	536,894	197,247	734,141	500,453
Bad debt expense	60,000	-	60,000	-
Changes in assets and liabilities:				
Receivables	278,683	160	278,843	(59,755)
Due from other funds	-	(4,893)	(4,893)	(1,325,330)
Inventories	(15,195)	-	(15,195)	19,857
Prepaid items	7,883	-	7,883	(1,179)
Due to other funds	(1,142,598)	(346,241)	(1,488,839)	134,390
Accounts payable	(24,589)	(92)	(24,681)	(9,620)
Deferred revenues	11,511	-	11,511	-
Other liabilities	430,148	-	430,148	155,495
Net cash provided by operating activities	<u>\$ 453,294</u>	<u>\$ 39,688</u>	<u>\$ 492,982</u>	<u>\$ 282,156</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS				
Unrestricted cash and cash equivalents	\$ 3,000	\$ 332,806	\$ 335,806	\$ 700
Restricted cash and cash equivalents	<u>149,960</u>	<u>-</u>	<u>149,960</u>	<u>-</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 152,960</u>	<u>\$ 332,806</u>	<u>\$ 485,766</u>	<u>\$ 700</u>

The accompanying notes are an integral part of this statement.

COUNTY OF RACINE, WISCONSIN
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
December 31, 2008

	<u>Total Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 3,059,086
Receivables:	
Delinquent property taxes	91,740
Other	<u>321,728</u>
Total assets	<u><u>\$ 3,472,554</u></u>
LIABILITIES	
Accounts payable	\$ 17,620
Agency deposits	<u>3,454,934</u>
Total liabilities	<u><u>\$ 3,472,554</u></u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

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. The 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.

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (continued)

Discretely presented component unit

The Housing Authority of Racine County is responsible for providing affordable housing to low to moderate income families in Racine County. The Housing Authority of Racine County is a legally separate organization. The members of its governing board are appointed by and are responsible to the County Executive. Wisconsin statutes provide for circumstances where the County can impose their will on the housing authority, and also create a potential financial benefit or burden on the County. The Housing Authority of Racine County is presented as a discretely presented component unit in the government-wide financial statements. The information presented is for the fiscal year ended December 31, 2008. Separate financial statements are not published for the Housing Authority of Racine County which follows the same accounting policies as Racine County.

B. Government-wide and Fund Financial Statements

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, 2008

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 *Human Services Special Revenue Fund* accounts for the financial activities of the Human Services Department for Racine County taxpayers.

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 Courses Fund* accounts for the activities of the two County owned golf courses.

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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 County Road Maintenance Special Revenue Fund accounts for County highway and road maintenance. The County Handicapped Education Special Revenue Fund accounts for the activities of providing educational services for special education students in western Racine County. 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.

Capital Projects Fund – The Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary 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 taxes and deposits collected by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

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, 2008

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, 2008

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, 2008 the fair value of the District'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, 2008**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and investments (continued)

The investments in the Local Government Investment Pool (the Pool) are covered up to \$400,000 by the State Guarantee Fund. Certificates of deposit held in the Pool are covered by FDIC insurance, which applies to the proportionate public unit share of accounts. Commercial paper and negotiable certificates of deposit are also covered by a surety bond with Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults, reduced by any FDIC and State Guarantee Fund insurance. As of February 15, 2009, this the Pool no longer has this bond.

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.

COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and payables (continued)

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.

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.

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital assets (continued)

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. For governmental activities, the compensated absences are generally liquidated by the general fund.

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 for health claims 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.

COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Long-term obligations (continued)

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.
- 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, 2008**

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

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

The County amends the adopted budget for funds encumbered for specific purposes from previous periods. These funds are authorized for specific purposes as restricted by County Board resolution or grantor agency regulation. The County's 2008 adopted General Fund budget was increased \$15,572,282. The 2008 adopted budget for the Human Services Fund was increased \$1,660,491. The 2008 adopted budget for the Capital Projects Fund was increased \$1,910,785.

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	\$ 52,922
County Road Maintenance	697,897
County Bridge Aids	135,921
Debt Service Fund	60,171
Capital Projects Fund	80,750

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 amounts (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.

D. Deficit Fund Balance

The County Handicapped Education special revenue fund had a deficit fund balance of \$36,171 as of December 31, 2008. The fund incurred expenditures that were not budgeted for in the current year. The fund deficit will be financed by the future tax levy.

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The County had the following deposits and investments as of December 31, 2008.

Petty cash	\$ 7,676
Demand deposits	4,145,448
Repurchase agreement	5,744,392
U.S. Government Agency Securities	3,790,531
U.S. Treasury Notes	4,048,150
Commerical paper	4,132,534
Local Government Investment Pool	<u>26,601,101</u>
 Total	 <u><u>\$ 48,469,832</u></u>

Reconciliation to the financial statements	
Per statement of net assets	
Unrestricted cash and cash equivalents	\$ 33,289,570
Unrestricted investments	11,637,960
Restricted cash and cash equivalents	149,960
Restricted investments	333,256
Per statement of fiduciary net assets -	
Agency Funds	<u>3,059,086</u>
Total Cash and Investments	<u><u>\$ 48,469,832</u></u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited coverage for noninterest bearing accounts. 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, 2008, 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, 2008**

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, 2008, all of the County's demand 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. 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, 2008, the County's repurchase agreement was insured or fully collateralized.

As of December 31, 2008, the County's following investments were held by the counterparty in the County's name.

	Fair Value
U.S. Government Agency Securities	\$ 3,790,531
U.S. Treasury Notes	4,048,150
Commerical paper	<u>4,132,534</u>
 Total	 <u>\$ 11,971,215</u>

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.

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (continued)

Interest Rate Risk (continued)

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	\$ 3,790,531	\$ 996,442	\$ 553,393	\$ 2,240,696
U.S. Treasury Notes	4,048,150	2,725,249	26,489	1,296,412
Commerical paper	4,132,534	60,578	617,883	3,454,073
Local Government Investment Pool	<u>26,601,101</u>	<u>26,601,101</u>	-	-
Total	<u>\$ 38,572,316</u>	<u>\$ 30,383,370</u>	<u>\$ 1,197,765</u>	<u>\$ 6,991,181</u>

Credit Risk

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

It is the County's practice to limit its investments in these investment types to the top rating issued by NRSROs. As of December 31, 2008, 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	\$ 3,790,531	Exempt from disclosure
U.S. Treasury Notes	4,048,150	Exempt from disclosure
Commercial paper	291,587	AA2
Commercial paper	576,168	A2
Commerical paper	3,264,779	AAA
Local Government Investment Pool	<u>26,601,101</u>	Not rated
Total	<u>\$ 38,572,316</u>	

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, 2008**

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>Human Services Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Ridgewood Healthcare Center</u>
Taxes - current year levy	\$ 44,673,131	\$ -	\$ 6,113,045	\$ -
Taxes - delinquent	10,087,072	-	-	-
Interest and penalties	3,043,300	-	-	-
Patient accounts	-	-	-	2,398,711
Due from other governments	2,624,900	3,482,324	400,000	-
Other	998,931	598,169	416,993	-
Total receivables	<u>61,427,334</u>	<u>4,080,493</u>	<u>6,930,038</u>	<u>2,398,711</u>
Less allowance for uncollectibles	175,808	-	-	137,802
Net total receivables	<u>\$ 61,251,526</u>	<u>\$ 4,080,493</u>	<u>\$ 6,930,038</u>	<u>\$ 2,260,909</u>

	<u>Golf Courses</u>	<u>Internal Service Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Taxes - current year levy	\$ -	\$ -	\$ -	\$ 50,786,176
Taxes - delinquent	-	-	91,740	10,178,812
Interest and penalties	-	-	-	3,043,300
Patient accounts	-	-	-	2,398,711
Due from other governments	-	1,337,327	-	7,844,551
Other	356	16,283	321,728	2,352,460
Total receivables	<u>356</u>	<u>1,353,610</u>	<u>413,468</u>	<u>76,604,010</u>
Less allowance for uncollectibles	-	-	-	313,610
Net total receivables	<u>\$ 356</u>	<u>\$ 1,353,610</u>	<u>\$ 413,468</u>	<u>\$ 76,290,400</u>

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

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

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax certificates			
2007	\$ 5,454,332	\$ 818,150	\$ 4,636,182
2006	2,006,863	321,098	1,685,765
2005	604,151	96,664	507,487
2004	215,489	34,478	181,011
2003 and prior	252,003	42,512	209,491
Tax deeds	<u>1,645,974</u>	<u>24,540</u>	<u>1,621,434</u>
 Total Delinquent Property Taxes Receivable	 <u>\$ 10,178,812</u>	 <u>\$ 1,337,442</u>	 <u>\$ 8,841,370</u>

Patient Accounts

Receivables from patients are shown net of an allowance for uncollectible accounts of \$137,802 at December 31, 2008. 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 Services.

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

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, 2008 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	\$ -	\$ 50,786,176	\$ 50,786,176
Delinquent property taxes receivable	4,214,060	-	4,214,060
Other deferred revenue	<u>-</u>	<u>881,053</u>	<u>881,053</u>
 Total deferred/unearned revenue for governmental funds	 <u>\$ 4,214,060</u>	 <u>\$ 51,667,229</u>	 <u>\$ 55,881,289</u>

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 20,718,554	\$ 510,000	\$ (42,501)	\$ 21,186,053
Construction in progress	<u>17,622,186</u>	<u>411,039</u>	<u>(17,338,764)</u>	<u>694,461</u>
Total capital assets, not being depreciated	<u>38,340,740</u>	<u>921,039</u>	<u>(17,381,265)</u>	<u>21,880,514</u>
Capital assets, being depreciated:				
Buildings	45,621,849	18,708,133	-	64,329,982
Improvements other than buildings	8,744,738	41,942	-	8,786,680
Machinery and equipment	23,387,710	2,318,956	(3,074,941)	22,631,725
Infrastructure	<u>25,385,763</u>	<u>2,159,345</u>	<u>-</u>	<u>27,545,108</u>
Total capital assets, being depreciated	<u>103,140,060</u>	<u>23,228,376</u>	<u>(3,074,941)</u>	<u>123,293,495</u>
Less accumulated depreciation for:				
Buildings	(20,256,282)	(1,424,302)	-	(21,680,584)
Improvements other than buildings	(3,686,261)	(373,005)	-	(4,059,266)
Machinery and equipment	(15,758,323)	(1,546,594)	3,031,192	(14,273,725)
Infrastructure	<u>(7,376,120)</u>	<u>(1,011,562)</u>	<u>-</u>	<u>(8,387,682)</u>
Total accumulated depreciation	<u>(47,076,986)</u>	<u>(4,355,463)</u>	<u>3,031,192</u>	<u>(48,401,257)</u>
Total capital assets, being depreciated, net	<u>56,063,074</u>	<u>18,872,913</u>	<u>(43,749)</u>	<u>74,892,238</u>
Total capital assets, net	<u>\$ 94,403,814</u>	<u>\$ 19,793,952</u>	<u>\$ (17,425,014)</u>	<u>\$ 96,772,752</u>

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

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>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,131,761	\$ -	\$ -	\$ 1,131,761
Construction in progress	<u>6,871</u>	<u>35,485</u>	<u>-</u>	<u>42,356</u>
Total capital assets, not being depreciated	<u>1,138,632</u>	<u>35,485</u>	<u>-</u>	<u>1,174,117</u>
 Capital assets, being depreciated:				
Buildings	12,667,300	6,297	-	12,673,597
Improvements other than buildings	3,300,500	66,420	-	3,366,920
Machinery and equipment	<u>1,944,864</u>	<u>161,591</u>	<u>(13,176)</u>	<u>2,093,279</u>
Total capital assets, being depreciated	<u>17,912,664</u>	<u>234,308</u>	<u>(13,176)</u>	<u>18,133,796</u>
 Less accumulated depreciation for:				
Buildings	(5,144,563)	(360,724)	-	(5,505,287)
Improvements other than buildings	(1,448,808)	(170,775)	-	(1,619,583)
Machinery and equipment	<u>(2,072,998)</u>	<u>(202,642)</u>	<u>12,369</u>	<u>(2,263,271)</u>
Total accumulated depreciation	<u>(8,666,369)</u>	<u>(734,141)</u>	<u>12,369</u>	<u>(9,388,141)</u>
 Total capital assets, being depreciated, net	<u>9,246,295</u>	<u>(499,833)</u>	<u>(807)</u>	<u>8,745,655</u>
 Total capital assets, net	<u>\$ 10,384,927</u>	<u>\$ (464,348)</u>	<u>\$ (807)</u>	<u>\$ 9,919,772</u>

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

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	\$ 479,101
Public safety	1,655,076
Health and social services	435,546
Education and recreation	348,437
Development	479,100
Highways and streets	<u>958,203</u>

Total depreciation expenses - governmental activities \$ 4,355,463

Business-type Activities:

Healthcare Center	\$ 536,894
Golf Courses	<u>197,247</u>

Total depreciation expenses - business-type activities \$ 734,141

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2008, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	County Handicapped Education	\$ 36,171
	Ridgewood Healthcare Center	1,231,043
	Billable Internal Service Fund	1,400,392
	Debt Service Fund	<u>123,004</u>
		<u>2,790,610</u>
Human Services Fund	General Fund	<u>1,780,696</u>
Golf Courses	General Fund	<u>4,893</u>
Nonmajor Governmental Funds		
County Road Maintenance	General Fund	921,757
County Bridge Aid	General Fund	159,283
Capital Projects Fund	General Fund	2,774,891
Permanent Fund	General Fund	<u>80,723</u>
		<u>3,936,654</u>
Internal Service Funds		
Fringe Benefits Internal Service Fund	General Fund	515,444
Fleet Internal Service Fund	General Fund	<u>4,089,878</u>
		<u>4,605,322</u>
Total due from other funds		13,118,175
Less fund eliminations		<u>(11,892,025)</u>
Total Internal Balances - Government-Wide Statement of Net Assets		<u><u>\$ 1,226,150</u></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, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 95,889
	Human Services Fund	2,249,308
	Ridgewood Healthcare Center	1,143,798
	Golf Courses	<u>275,000</u>
		<u>3,763,995</u>
Human Services Fund	General Fund	<u>7,079,246</u>
Nonmajor Governmental Funds		
Debt Service Fund	Capital Projects Fund	202,292
Capital Projects Fund	Fleet Internal Service Fund	339,421
County Road Maintenance Fund	General Fund	2,084,914
County Road Maintenance Fund	Fleet Internal Service Fund	450,000
County Road Maintenance Fund	Capital Projects Fund	<u>1,590,300</u>
		<u>4,666,927</u>
Ridgewood Healthcare Center	General Fund	1,094,753
	Debt Service Fund	244,301
	Capital Projects Fund	188,500
	Fleet Internal Service Fund	<u>9,279</u>
		<u>1,536,833</u>
Fringe Benefits Internal Service Fund	County Road Maintenance Fund	235,000
Fleet Internal Service Fund	Debt Service Fund	45,011
Fleet Internal Service Fund	Capital Projects Fund	<u>861,000</u>
		<u>1,141,011</u>
Total transfers from other funds		18,188,012
Less fund eliminations		<u>(18,069,977)</u>
Total Interfund Transfers - Government-Wide Statement of Net Assets		<u>\$ 118,035</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, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
General obligation debt					
Notes payable	\$ 16,493,060	\$ 3,795,000	\$ 2,783,423	\$ 17,504,637	\$ 3,195,521
Bonds payable	18,445,000	-	525,000	17,920,000	525,000
State trust fund loan payable	119,258	-	17,743	101,515	18,557
Taxable bonds payable	<u>9,815,000</u>	<u>-</u>	<u>210,000</u>	<u>9,605,000</u>	<u>250,000</u>
Total general obligation debt	44,872,318	3,795,000	3,536,166	45,131,152	3,989,078
Bond premium (discount)	164,798	37,539	(24,816)	177,521	26,367
Unamortized loss on refunding	<u>(190,317)</u>	<u>-</u>	<u>15,860</u>	<u>(174,457)</u>	<u>(15,860)</u>
Net general obligation debt	44,846,799	3,832,539	3,527,210	45,134,216	3,999,585
Compensated absences	3,867,797	2,872,776	2,858,027	3,882,546	3,882,546
Net OPEB liability	13,069,484	21,434,727	8,946,077	25,558,134	-
Claims and judgments	<u>1,980,756</u>	<u>987,567</u>	<u>803,096</u>	<u>2,165,227</u>	<u>668,657</u>
Governmental activities Long-term liabilities	<u>\$ 63,764,836</u>	<u>\$ 29,127,609</u>	<u>\$ 16,134,410</u>	<u>\$ 76,740,123</u>	<u>\$ 8,550,788</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Business-type activities:					
General obligation debt					
Bonds payable	\$ 3,805,000	\$ -	\$ 255,000	\$ 3,550,000	\$ 265,000
Notes payable	<u>1,671,941</u>	<u>-</u>	<u>191,577</u>	<u>1,480,364</u>	<u>194,479</u>
Total general obligation debt	5,476,941	-	446,577	5,030,364	459,479
Unamortized loss on refunding	<u>(105,217)</u>	<u>-</u>	<u>8,093</u>	<u>(97,124)</u>	<u>(8,093)</u>
Net general obligation debt	5,371,724	-	454,670	4,933,240	451,386
Compensated absences	<u>393,732</u>	<u>334,515</u>	<u>342,357</u>	<u>385,890</u>	<u>385,890</u>
Business-type activities Long-term liabilities	<u>\$ 5,765,456</u>	<u>\$ 334,515</u>	<u>\$ 797,027</u>	<u>\$ 5,319,130</u>	<u>\$ 837,276</u>

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term Debt (continued)

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

Year Ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 3,989,078	\$ 1,835,882	\$ 459,479	\$ 182,857
2010	4,421,205	1,675,103	478,187	165,030
2011	4,173,370	1,514,067	496,895	147,576
2012	3,103,152	1,376,222	533,019	128,868
2013	2,606,543	1,264,206	620,586	107,626
2014-2018	12,482,803	4,726,281	2,052,197	263,478
2019-2023	10,200,000	2,125,514	390,000	7,995
2024-2025	4,155,000	286,313	-	-
Total	\$45,131,152	\$14,803,588	\$5,030,364	\$1,003,429

The detail of the general obligation debt is as follows:

	Date of Issue	Final Maturity	Interest Rates	Balance 12/31/2008
General Obligation Notes				
Series 1999A	7/8/1999	6/1/2009	3.80%-5.20%	\$ 245,000
Series 1999B	7/8/1999	6/1/2009	4.10%-4.80%	50,000
Series 2001	4/1/2001	6/1/2010	3.40%-4.20%	1,155,000
Series 2002A	4/1/2002	6/1/2011	3.00%-5.00%	1,120,000
Series 2003A	4/15/2003	6/1/2012	2.75%-3.55%	2,575,000
Series 2004	9/15/2004	6/1/2014	3.00%-3.45%	2,550,000
Series 2005	5/1/2005	6/1/2014	3.45%-3.75%	1,200,000
Series 2006	7/18/2006	3/1/2016	4.35%-5.00%	1,875,000
Series 2007	6/7/2007	6/1/2017	3.875%	2,155,000
Series 2008	6/17/2008	6/1/2018	3.00%-3.75%	3,795,000
Series 2005 General Obligation Refunding Notes	4/15/2005	6/1/2019	3.00%-4.10%	5,815,000
2003 Taxable General Obligation Refunding Bonds	4/15/2003	6/1/2022	4.00% - 5.70%	9,605,000
Board of Comm of Public Lands PL 2003	5/7/2003	3/15/2013	4.50%	101,516
Series 2006 General Obligation Bond	3/15/2006	6/1/2022	4.00%-4.50%	17,920,000
Total General Obligation debt				50,161,516
Less amount applicable to business-type activities				(5,030,364)
Governmental activities General Obligation debt				\$ 45,131,152

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

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 2008, the County's debt margin and legal debt limit is calculated as follows:

Equalized Value of Real and Personal Property		\$ 15,992,707,300
		<u>5%</u>
Debt Limit, 5% of Equalized Valuation		799,635,365
Amount of Debt Applicable to Debt Limitation:		
General Obligation debt	\$50,161,516	
Less Debt Service Funds	<u>(528,930)</u>	
Total Amount of Debt Applicable to Debt Margin		<u>49,632,586</u>
Legal Debt Margin - (Debt Capacity)		<u>\$ 750,002,779</u>

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Net Assets/Fund Balances

Net Assets

The calculation of net assets as of December 31, 2008 is as follows:

Governmental Activities

Invested in capital assets, net of related debt	
Capital assets, net of accumulated depreciation	\$ 96,772,752
Less: outstanding long term debt	(45,131,152)
Plus: Noncapital related long term debt	9,605,000
Plus: Unspent bond proceeds	<u>906,695</u>
	<u>62,153,295</u>
Restricted:	
For Debt service	161,023
For Endowments	
Expendable	248,769
Nonexpendable	<u>264,246</u>
	<u>674,038</u>
Unrestricted	<u>13,729,575</u>
Total net assets	<u>\$ 76,556,908</u>

Fund Balances

The details of the fund balances as of December 31, 2008 are as follows:

Reserved	
General Fund	
Reserved for delinquent property taxes	\$ 8,600,738
Reserved for inventories and prepaids	818,727
Reserved for encumbrances	<u>996,812</u>
:	<u>10,416,277</u>

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Net Assets/Fund Balances (continued)

Fund Balances (continued)

Nonmajor Governmental Funds	
Debt Service Funds	
Reserved for debt service	528,930
Capital Projects Funds	
Reserved for noncurrent receivables	400,000
Permanent Fund	
Reserved for endowments	513,015
	<u>1,441,945</u>
 Total reserved fund balance	 <u>11,858,222</u>
 Unreserved, designated	
General Fund - designated for nonlapsing accounts	17,805,232
Human Services Fund- designated for tax stabilization	107,396
Nonmajor Governmental Funds	
Road Maintenance Fund - designated for subsequent year's budget	347,392
Road Maintenance Fund - designated for nonlapsing accounts	814,635
County Bridge Aids Fund - designated for nonlapsing accounts	159,283
Capital Projects Fund - designated for subsequent year's budget	241,296
Capital Projects Fund - designated for nonlapsing accounts	2,582,126
	<u>22,057,360</u>
 Unreserved, undesignated (deficit)	
General Fund	14,320,828
Nonmajor Governmental Funds	
County Handicapped Education Fund	(36,171)
	<u>14,284,657</u>
 Total unreserved fund balance	 <u>36,342,017</u>
 Total fund balance	 <u><u>\$ 48,200,239</u></u>

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Discretely Presented Component Unit

Cash and Investments

The Housing Authority of Racine County (Housing Authority) had the following deposits and investments as of December 31, 2008.

Petty cash	\$ 100
Demand deposits	<u>2,209,582</u>
 Total	 <u>\$2,209,682</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited coverage for noninterest bearing accounts. 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, 2008, 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, 2008, all of the Housing Authority's total deposits were insured or fully collateralized.

Receivables

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

Notes Receivable:	
Current	\$ -
Non-current	147,266
Other	<u>34,658</u>
	181,924
Less allowance for uncollectibles	<u>(4,511)</u>
 Total net receivables	 <u>\$ 177,413</u>

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

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, 2008, 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	(928,241)	(63,042)	-	(991,283)
Improvements other than buildings	(82,688)	(8,428)	-	(91,116)
Machinery and equipment	(102,744)	(190)	-	(102,934)
Total accumulated depreciation	<u>(1,113,673)</u>	<u>(71,660)</u>	<u>-</u>	<u>(1,185,333)</u>
Total capital assets, being depreciated, net	<u>830,921</u>	<u>(71,660)</u>	<u>-</u>	<u>759,261</u>
Total capital assets, net	<u>\$ 926,921</u>	<u>\$ (71,660)</u>	<u>\$ -</u>	<u>\$ 855,261</u>

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Discretely Presented Component Unit (continued)

Other Post Employment Benefits

Plan Description and Funding Policy

The Housing Authority provides post-retirement health care and life insurance benefits, in accordance the Housing Authority's personnel policy, to all retirees who are eligible to receive a monthly annuity from the System. Approximately 2 retirees meet these eligibility requirements at December 31, 2008. The contribution requirements of plan members are established and may be amended by the Housing Authority. The Housing Authority'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 Housing Authority'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, 2008 was 28 years.

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

Annual required contribution	\$ 94,082
Contributions made	<u>(6,377)</u>
Increase in net OPEB obligation	87,705
Net OPEB obligation - beginning of year	<u>623</u>
 Net OPEB obligation - end of year	 <u>\$ 88,328</u>

The Housing Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for December 31, 2008 and the two preceding years were as follows:

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Discretely Presented Component Unit (continued)

Other Post Employment Benefits (continued)

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2006	*	*	*
12/31/2007	\$ 6,543	0.00%	\$ 623
12/31/2008	\$ 94,082	0.00%	\$ 88,328

* 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.

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.

<u>Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued 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>
12/31/2008	12/31/2008	\$ -	\$1,197,890	\$ 1,197,890	0.00%	476,669	251.30%

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Discretely Presented Component Unit (continued)

Other Post Employment Benefits (continued)

Actuarial Methods and Assumptions

The Housing Authority used an alternative measurement method software provided by the actuary for a valuation date of December 31, 2008. The alternative measurement method software uses the entry age actuarial cost method. The alternative measurement 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 alternative measurement method used the following assumptions. A discount rate and employer asset return of 2.5%, age adjustment factor of 2.180968, an average retirement age of 60, projected salary increases of 3.00%, amortization period of 30 years, RP2000 mortality table for males and females projected 10 years and the standard turnover assumptions in GASB Statement No. 45, paragraph 35b. The alternative measurement method developed estimates of annual medical costs per retiree by age based on the Housing Authority's current premiums, adjusted for demographic differences between retirees and all participants (actives and retirees combined). The healthcare cost trend rates used in the alternative measurement method ranged from 9.00% in year one to 4.700% in year 10.

Defined Benefit Pension Plan

All eligible Housing Authority 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 5.0% 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.

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Discretely Presented Component Unit (continued)

Defined Benefit Pension Plan (continued)

The payroll for Housing Authority employees covered by the System for the year ended December 31, 2008 was \$455,717 and the employer's total payroll was \$476,669. The total required contribution for the year ended December 31, 2008 was \$48,306 or 10.6% which was entirely financed by the Housing Authority. Total contributions for the years ending December 31, 2007 and 2006 were approximately \$41,709 and \$44,589, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees), and receive actuarially reduced benefits. The factors influencing the benefit are (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings are 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.

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 an 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.

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

IV. OTHER INFORMATION (CONTINUED)

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 \$300,000 for regular claims and \$750,000 for claims that involve federal benefits (USL & H and Jones Act). The excess policy provides coverage up to \$1 million in additional available payments per occurrence after the \$300,000 retention has been met by the County. The most this policy will pay out is \$1,000,000 per policy term.

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

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>2008</u>	<u>2007</u>
Unpaid claims - beginning	\$ 1,980,756	\$2,139,804
Incurred claims	987,567	413,428
Claims paid	<u>(803,096)</u>	<u>(572,476)</u>
Unpaid claims - ending	<u>\$ 2,165,227</u>	<u>\$1,980,756</u>

Medical Self Insurance

The County is self-funded for medical expenses of employees and eligible retirees. Third-party coverage is currently maintained for all other individual claims in excess of \$250,000 up to a maximum of \$1,750,000. The County did not obtain additional insurance for transplants. The claims incurred but not reported liability is recorded in the general fund. The liability for medical insurance is reported in the financial statements as follows:

	<u>2008</u>	<u>2007</u>
Unpaid claims - beginning	\$ 1,535,031	\$ 1,341,181
Incurred claims	16,060,541	20,050,316
Claims paid	<u>(16,432,642)</u>	<u>(19,856,466)</u>
Unpaid claims - ending	<u>\$ 1,162,930</u>	<u>\$ 1,535,031</u>

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

IV. OTHER INFORMATION (CONTINUED)

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 5.0% 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 make 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, 2008 was \$41,116,041 the employer's total payroll was \$42,177,638. The total required contribution for the year ended December 31, 2008 was \$4,622,218 or 11.3% which was entirely financed by the County. Total contributions for the years ending December 31, 2007 and 2006 were \$4,647,835 and \$4,737,214, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees), and receive actuarially reduced benefits. The factors influencing the benefit are (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest 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, 2008**

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, 2008. 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, 2008 was 28 years.

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

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	\$ 21,180,391
Interest on annual required contribution	254,336
Contributions made	<u>(8,946,077)</u>
Increase in net OPEB obligation	12,488,650
Net OPEB obligation - beginning of year	<u>13,069,484</u>
Net OPEB obligation - end of year	<u>\$ 25,558,134</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, 2008 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>
12/31/2006	*	*	*
12/31/2007	\$ 21,186,934	0.00%	\$ 13,069,484
12/31/2008	\$ 21,434,727	0.00%	\$ 25,558,134

* 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, 2008**

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.

<u>Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued 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>
12/31/2008	1/1/2007	\$ -	\$ 264,323,777	\$ 264,323,777	0.00%	\$ 44,286,911	596.84%

Actuarial Methods and Assumptions

In the January 1, 2009 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 past and present experience, and actuary judgment. The rates used are 11% per annum down to 4% per annum over a 10 year period. The actuary 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, 2008

IV. OTHER INFORMATION (CONTINUED)

F. Future Changes in Accounting Principles

During the past three years, the Governmental Accounting Standards Board has issued several statements that will affect governmental reporting.

In June 2007, the Governmental Accounting Standards Board issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement will generally require all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement are required to be applied retroactively. The County will adopt this new standard beginning in 2010, the year in which adoption is first required for the County. The impact of adopting this statement retroactively has not yet been determined.

The Governmental Accounting Standards Board issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value rather than at historical cost, as is current practice. In the first period that this Statement is applied, changes made to comply with this Statement should be treated as an adjustment of prior periods, and financial statements presented for the periods affected should be restated. The County will adopt this new standard beginning in 2009, the year in which adoption is first required for the County. The impact, if any, of adopting this statement has not been determined.

COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

IV. OTHER INFORMATION (CONTINUED)

F. Future Changes in Accounting Principles (continued)

In June 2008, the Governmental Accounting Standards Board issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments, however, also can expose governments to significant risks and liabilities. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts. The County will adopt this new standard beginning in 2010, the year in which adoption is first required for the County. However, the county currently does not engage in the use of derivative instruments.

In March 2009, the Governmental Accounting Standards Board issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The requirements in this Statement will improve financial reporting by providing fund balance categories and classifications that will be more easily understood. Elimination of the *reserved* component of fund balance, as currently reported in the balance sheet, in favor of a *restricted* classification will provide consistency between information reported in the government-wide statements and information in the governmental fund financial statements. The County will adopt this new standard beginning in 2011, the year in which adoption is first required for the County.

In 2009, the Governmental Accounting Standards Board issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The requirements in this statement are effective upon issuance. The Governmental Accounting Standards Board does not expect that this Statement will result in a change in current practice.

**COUNTY OF RACINE, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

OTHER INFORMATION (CONTINUED)

G. Future Changes in Accounting Principles (continued)

In 2009, the Governmental Accounting Standards Board issued Statement No. 56, *Codification of Accounting and Financial reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes *accounting* principles—related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the *preparation* of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. This Statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards. The requirements in this statement are effective upon issuance.

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

REQUIRED SUPPLEMENTARY INFORMATION

This page left intentionally blank.

**COUNTY OF RACINE, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OPEB
Year Ended December 31, 2008**

<u>Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued 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>
Primary Government							
Ridgewood Local 310							
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%
12/31/2008	1/1/2007	\$ -	\$ 17,989,675	\$ 17,989,675	0.00%	3,230,540	556.86%
Racine County School Office							
12/31/2006	1/1/2006	*	*	*	*	*	*
12/31/2007	1/1/2007	\$ -	\$ 16,944,000	\$ 16,944,000	0.00%	-	0.00%
12/31/2008	1/1/2007	\$ -	\$ 17,706,480	\$ 17,706,480	0.00%	-	0.00%
Other County Departments							
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%
12/31/2008	1/1/2007	\$ -	\$ 228,627,622	\$ 228,627,622	0.00%	41,056,371	556.86%
Total Primary Government							
12/31/2006	1/1/2006	*	*	*	*	*	*
12/31/2007	1/1/2007	\$ -	\$ 252,941,413	\$ 252,941,413	0.00%	\$ 42,794,998	591.05%
12/31/2008	1/1/2007	\$ -	\$ 264,323,777	\$ 264,323,777	0.00%	\$ 44,286,911	596.84%
Component Unit							
Housing Authority							
12/31/2006	12/31/2006	*	*	*	*	*	*
12/31/2007	12/31/2007	\$ -	\$ 106,587	\$ 106,587	0.00%	392,308	27.17%
12/31/2008	12/31/2008	\$ -	\$ 1,197,890	\$ 1,197,890	0.00%	476,669	251.30%

* Information not available.

Valuations based on reports as of 1/1 of the following year.

This page left intentionally blank.

SUPPLEMENTAL INFORMATION

This page left intentionally blank.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

Debt Service Fund

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

Capital Projects Fund

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

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, 2008

	Special Revenue			
	County Road Maintenance	County Handicapped Education	County Bridge Aids	
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes:				
Current year levy	-	992,219	-	992,219
Other	338,500	-	-	338,500
Due from other governments	-	-	-	-
Due from other funds	921,757	-	159,283	1,081,040
Restricted assets - investments	-	-	-	-
	-	-	-	-
Total assets	\$ 1,260,257	\$ 992,219	\$ 159,283	\$ 2,411,759
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 98,230	\$ -	\$ -	\$ 98,230
Due to other funds	-	36,171	-	36,171
Deferred revenue:				
Current year property tax levy	-	992,219	-	992,219
Total liabilities	98,230	1,028,390	-	1,126,620
FUND BALANCES (DEFICIT)				
Reserved for:				
Noncurrent receivables	-	-	-	-
Debt retirement	-	-	-	-
Endowments	-	-	-	-
Unreserved, designated for:				
Subsequent year's budget	347,392	-	-	347,392
Nonlapsing	814,635	-	159,283	973,918
Unreserved (deficit)	-	(36,171)	-	(36,171)
Total fund balances	1,162,027	(36,171)	159,283	1,285,139
Total liabilities and fund balances	\$ 1,260,257	\$ 992,219	\$ 159,283	\$ 2,411,759

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 651,934	\$ -	\$ 99,036	\$ 750,970
5,120,826	-	-	6,113,045
-	78,493	-	416,993
-	400,000	-	400,000
-	2,774,891	80,723	3,936,654
-	-	333,256	333,256
<u>\$ 5,772,760</u>	<u>\$ 3,253,384</u>	<u>513,015</u>	<u>\$ 11,950,918</u>
\$ -	\$ 29,962	\$ -	\$ 128,192
123,004	-	-	159,175
<u>5,120,826</u>	<u>-</u>	<u>-</u>	<u>6,113,045</u>
<u>5,243,830</u>	<u>29,962</u>	<u>-</u>	<u>6,400,412</u>
-	400,000	-	400,000
528,930	-	-	528,930
-	-	513,015	513,015
-	241,296	-	588,688
-	2,582,126	-	3,556,044
-	-	-	(36,171)
<u>528,930</u>	<u>3,223,422</u>	<u>513,015</u>	<u>5,550,506</u>
<u>\$ 5,772,760</u>	<u>\$ 3,253,384</u>	<u>\$ 513,015</u>	<u>\$ 11,950,918</u>

COUNTY OF RACINE, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2008

	Special Revenue			Total
	County Road Maintenance	County Handicapped Education	County Bridge Aids	
REVENUES				
Taxes	\$ -	\$ 980,611	\$ -	\$ 980,611
Intergovernmental	2,647,056	415	-	2,647,471
Investment income	-	-	-	-
Miscellaneous	440	867	-	1,307
Total revenues	<u>2,647,496</u>	<u>981,893</u>	<u>-</u>	<u>3,629,389</u>
EXPENDITURES				
Current:				
Education and recreation	-	1,033,533	-	1,033,533
Highways and streets	6,726,080	-	156,273	6,882,353
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>6,726,080</u>	<u>1,033,533</u>	<u>156,273</u>	<u>7,915,886</u>
Excess (deficiency) of revenues over expenditures	<u>(4,078,584)</u>	<u>(51,640)</u>	<u>(156,273)</u>	<u>(4,286,497)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,125,214	-	-	4,125,214
Transfers out	(235,000)	-	-	(235,000)
Proceeds of general obligation debt	-	-	-	-
Premium on debt issued	-	-	-	-
Total other financing sources (uses)	<u>3,890,214</u>	<u>-</u>	<u>-</u>	<u>3,890,214</u>
Net change in fund balances	(188,370)	(51,640)	(156,273)	(396,283)
FUND BALANCES (DEFICIT)				
Beginning of year	<u>1,350,397</u>	<u>15,469</u>	<u>315,556</u>	<u>1,681,422</u>
End of year	<u>\$ 1,162,027</u>	<u>\$ (36,171)</u>	<u>\$ 159,283</u>	<u>\$ 1,285,139</u>

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 4,575,382	\$ -	\$ -	\$ 5,555,993
-	135,000	-	2,782,471
15,787	64,732	19,309	99,828
<u>723,206</u>	<u>-</u>	<u>-</u>	<u>724,513</u>
<u>5,314,375</u>	<u>199,732</u>	<u>19,309</u>	<u>9,162,805</u>
-	-	2,040	1,035,573
-	-	-	6,882,353
-	3,313,415	-	3,313,415
3,500,870	-	-	3,500,870
<u>1,899,654</u>	<u>22,590</u>	<u>-</u>	<u>1,922,244</u>
<u>5,400,524</u>	<u>3,336,005</u>	<u>2,040</u>	<u>16,654,455</u>
<u>(86,149)</u>	<u>(3,136,273)</u>	<u>17,269</u>	<u>(7,491,650)</u>
202,292	339,421	-	4,666,927
(289,312)	(2,937,981)	-	(3,462,293)
-	3,795,000	-	3,795,000
<u>-</u>	<u>37,539</u>	<u>-</u>	<u>37,539</u>
<u>(87,020)</u>	<u>1,233,979</u>	<u>-</u>	<u>5,037,173</u>
(173,169)	(1,902,294)	17,269	(2,454,477)
<u>702,099</u>	<u>5,125,716</u>	<u>495,746</u>	<u>8,004,983</u>
<u>\$ 528,930</u>	<u>\$ 3,223,422</u>	<u>\$ 513,015</u>	<u>\$ 5,550,506</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 2,137,969	\$ 2,137,969	\$ 2,647,056	\$ 509,087
Miscellaneous	-	-	440	440
Total revenues	<u>2,137,969</u>	<u>2,137,969</u>	<u>2,647,496</u>	<u>509,527</u>
EXPENDITURES				
Current:				
Highways and streets	<u>6,028,183</u>	<u>6,028,183</u>	<u>6,726,080</u>	<u>(697,897)</u>
Deficiency of revenues over expenditures	<u>(3,890,214)</u>	<u>(3,890,214)</u>	<u>(4,078,584)</u>	<u>(188,370)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,125,214	4,125,214	4,125,214	-
Transfers out	<u>(235,000)</u>	<u>(235,000)</u>	<u>(235,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,890,214</u>	<u>3,890,214</u>	<u>3,890,214</u>	<u>-</u>
Net change in fund balances	-	-	(188,370)	(188,370)
FUND BALANCES				
Beginning of year	<u>1,350,397</u>	<u>1,350,397</u>	<u>1,350,397</u>	<u>-</u>
End of year	<u>\$ 1,350,397</u>	<u>\$ 1,350,397</u>	<u>\$ 1,162,027</u>	<u>\$ (188,370)</u>

**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, 2008**

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>		(Negative)
REVENUES				
Taxes	\$ 980,611	\$ 980,611	\$ 980,611	\$ -
Intergovernmental	-	-	415	415
Miscellaneous	-	-	867	867
Total revenues	<u>980,611</u>	<u>980,611</u>	<u>981,893</u>	<u>1,282</u>
EXPENDITURES				
Current:				
Education and recreation	<u>980,611</u>	<u>980,611</u>	<u>1,033,533</u>	<u>(52,922)</u>
Net change in fund balances	-	-	(51,640)	(51,640)
FUND BALANCES (DEFICIT)				
Beginning of year	<u>15,469</u>	<u>15,469</u>	<u>15,469</u>	<u>-</u>
End of year	<u>\$ 15,469</u>	<u>\$ 15,469</u>	<u>\$ (36,171)</u>	<u>\$ (51,640)</u>

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget -
				Positive
				(Negative)
EXPENDITURES				
Current:				
Highways and streets	\$ 20,352	\$ 20,352	\$ 156,273	\$ (135,921)
Net change in fund balances	(20,352)	(20,352)	(156,273)	(135,921)
FUND BALANCES				
Beginning of year	<u>315,556</u>	<u>315,556</u>	<u>315,556</u>	<u>-</u>
End of year	<u>\$ 295,204</u>	<u>\$ 295,204</u>	<u>\$ 159,283</u>	<u>\$ (135,921)</u>

**COUNTY OF RACINE, WISCONSIN
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes	\$ 4,575,382	\$ 4,575,382	\$ 4,575,382	\$ -
Investment income	-	-	15,787	15,787
Miscellaneous	<u>714,530</u>	<u>714,530</u>	<u>723,206</u>	<u>8,676</u>
Total revenues	<u>5,289,912</u>	<u>5,289,912</u>	<u>5,314,375</u>	<u>24,463</u>
EXPENDITURES				
Debt service:				
Principal retirement	3,727,744	3,727,744	3,500,870	226,874
Interest and fiscal charges	<u>1,901,921</u>	<u>1,901,921</u>	<u>1,899,654</u>	<u>2,267</u>
Total expenditures	<u>5,629,665</u>	<u>5,629,665</u>	<u>5,400,524</u>	<u>229,141</u>
Excess (deficiency) of revenues over expenditures	<u>(339,753)</u>	<u>(339,753)</u>	<u>(86,149)</u>	<u>253,604</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	164,753	164,753	202,292	37,539
Transfers out	<u>-</u>	<u>-</u>	<u>(289,312)</u>	<u>(289,312)</u>
Net change in fund balances	(175,000)	(175,000)	(173,169)	1,831
FUND BALANCES				
Beginning of year	<u>702,099</u>	<u>702,099</u>	<u>702,099</u>	<u>-</u>
End of year	<u>\$ 527,099</u>	<u>\$ 527,099</u>	<u>\$ 528,930</u>	<u>\$ 1,831</u>

**COUNTY OF RACINE, WISCONSIN
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>		(Negative)
REVENUES				
Intergovernmental	\$ -	\$ 135,000	\$ 135,000	\$ -
Investment income	-	-	64,732	64,732
Total revenues	<u>-</u>	<u>135,000</u>	<u>199,732</u>	<u>64,732</u>
EXPENDITURES				
Capital outlay	1,387,898	3,298,683	3,313,415	(14,732)
Debt service:				
Interest and fiscal charges	-	-	22,590	(22,590)
	<u>1,387,898</u>	<u>3,298,683</u>	<u>3,336,005</u>	<u>(37,322)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,387,898)</u>	<u>(3,163,683)</u>	<u>(3,136,273)</u>	<u>27,410</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	339,421	339,421	339,421	-
Transfers out	(2,894,553)	(2,894,553)	(2,937,981)	(43,428)
Premium on debt issued	-	-	37,539	37,539
Proceeds of general obligation debt	-	-	3,795,000	3,795,000
Total other financing sources (uses)	<u>(2,555,132)</u>	<u>(2,555,132)</u>	<u>1,233,979</u>	<u>3,789,111</u>
Net change in fund balances	(3,943,030)	(5,718,815)	(1,902,294)	3,816,521
FUND BALANCES				
Beginning of year	<u>5,125,716</u>	<u>5,125,716</u>	<u>5,125,716</u>	<u>-</u>
End of year	<u>\$ 1,182,686</u>	<u>\$ (593,099)</u>	<u>\$ 3,223,422</u>	<u>\$ 3,816,521</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

This page left intentionally blank.

COUNTY OF RACINE, WISCONSIN
COMBINING BALANCE SHEET - INTERNAL SERVICE FUNDS
December 31, 2008

	<u>Billable</u>	<u>Fringe Benefits</u>	<u>Fleet</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 700	\$ -	\$ -	\$ 700
Receivables:				
Other	16,283	-	-	16,283
Due from other governments	1,337,327	-	-	1,337,327
Due from other funds	-	515,444	4,089,878	4,605,322
Inventories	252,251	-	264,811	517,062
Prepaid items	1,179	-	-	1,179
Total current assets	<u>1,607,740</u>	<u>515,444</u>	<u>4,354,689</u>	<u>6,477,873</u>
Noncurrent assets				
Capital assets being depreciated:				
Buildings	-	-	3,257,659	3,257,659
Improvements other than buildings	-	-	1,809,711	1,809,711
Machinery and equipment	204,623	-	9,256,524	9,461,147
Less: accumulated depreciation	<u>(159,941)</u>	<u>-</u>	<u>(8,928,787)</u>	<u>(9,088,728)</u>
Total noncurrent assets	<u>44,682</u>	<u>-</u>	<u>5,395,107</u>	<u>5,439,789</u>
Total assets	<u>1,652,422</u>	<u>515,444</u>	<u>9,749,796</u>	<u>11,917,662</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities				
Accounts payable	65,105	-	96,162	161,267
Accrued liabilities	142,243	601,593	8,581	752,417
Due to other funds	1,400,392	-	-	1,400,392
Total current liabilities	<u>1,607,740</u>	<u>601,593</u>	<u>104,743</u>	<u>2,314,076</u>
Noncurrent liabilities				
Due within one year	-	-	35,831	35,831
Due in more than one year	-	-	236,918	236,918
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>272,749</u>	<u>272,749</u>
Total liabilities	<u>1,607,740</u>	<u>601,593</u>	<u>377,492</u>	<u>2,586,825</u>
NET ASSETS				
Invested in capital assets, net of related debt	44,682	-	5,122,358	5,167,040
Unrestricted (deficit)	<u>-</u>	<u>(86,149)</u>	<u>4,249,946</u>	<u>4,163,797</u>
Total net assets (deficit)	<u>\$ 44,682</u>	<u>\$ (86,149)</u>	<u>\$ 9,372,304</u>	<u>\$ 9,330,837</u>

COUNTY OF RACINE, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - INTERNAL SERVICE FUNDS
Year Ended December 31, 2008

	<u>Billable</u>	<u>Fringe Benefits</u>	<u>Fleet</u>	<u>Eliminations</u>	<u>Total</u>
OPERATING REVENUES					
Highway charges and fees	\$ 9,214,529	\$ 2,223,403	\$ 3,362,050	(1) (1,077,271)	
Other	<u>2,376</u>	<u>-</u>	<u>48,869</u>	(2) (1,677,647)	\$ 12,045,064
Total operating revenues	<u>9,216,905</u>	<u>2,223,403</u>	<u>3,410,919</u>	<u>(2,754,918)</u>	<u>12,096,309</u>
OPERATING EXPENSES					
Current				(1) (1,077,271)	
Highway maintenance	9,216,905	2,482,994	1,783,030	(2) (1,677,647)	10,728,011
Depreciation	<u>3,520</u>	<u>-</u>	<u>496,933</u>	<u>-</u>	<u>500,453</u>
Total operating expenses	<u>9,220,425</u>	<u>2,482,994</u>	<u>2,279,963</u>	<u>(2,754,918)</u>	<u>11,228,464</u>
Operating income (loss)	<u>(3,520)</u>	<u>(259,591)</u>	<u>1,130,956</u>	<u>-</u>	<u>867,845</u>
NONOPERATING EXPENSE					
Interest expense	-	-	(9,714)	-	(9,714)
Loss on disposal of capital assets	<u>-</u>	<u>-</u>	<u>(1,890)</u>	<u>-</u>	<u>(1,890)</u>
Total non-operating expense	<u>-</u>	<u>-</u>	<u>(11,604)</u>	<u>-</u>	<u>(11,604)</u>
Income (loss) before transfers	<u>(3,520)</u>	<u>(259,591)</u>	<u>1,119,352</u>	<u>-</u>	<u>879,449</u>
TRANSFERS					
Transfers in	-	235,000	906,011	-	1,141,011
Transfers out	<u>-</u>	<u>-</u>	<u>(798,700)</u>	<u>-</u>	<u>(798,700)</u>
Total net transfers	<u>-</u>	<u>235,000</u>	<u>107,311</u>	<u>-</u>	<u>342,311</u>
Change in net assets	(3,520)	(24,591)	1,226,663	-	1,198,552
NET ASSETS					
Beginning of year	<u>48,202</u>	<u>(61,558)</u>	<u>8,145,641</u>	<u>-</u>	<u>8,132,285</u>
End of year	<u>\$ 44,682</u>	<u>\$ (86,149)</u>	<u>\$ 9,372,304</u>	<u>\$ -</u>	<u>\$ 9,330,837</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, 2008

	<u>Billable</u>	<u>Fringe Benefits</u>	<u>Fleet</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers and users	\$ 4,871,403	\$ 1,146,132	\$ 1,733,272	\$ 7,750,807
Received from interfund services provided	4,285,747	913,054	569,459	5,768,260
Paid for interfund services provided	(2,620,528)	-	-	(2,620,528)
Paid to suppliers	(2,617,536)	-	(1,056,070)	(3,673,606)
Paid to employees	<u>(3,919,086)</u>	<u>(2,294,186)</u>	<u>(729,505)</u>	<u>(6,942,777)</u>
Net cash provided by (used in) operating activities	<u>-</u>	<u>(235,000)</u>	<u>517,156</u>	<u>282,156</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	235,000	906,011	1,141,011
Transfers out	<u>-</u>	<u>-</u>	<u>(798,700)</u>	<u>(798,700)</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>235,000</u>	<u>107,311</u>	<u>342,311</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	-	-	(608,751)	(608,751)
Proceeds from sale of capital assets	-	-	29,294	29,294
Principal paid on capital debt	-	-	(35,296)	(35,296)
Interest paid on capital debt	<u>-</u>	<u>-</u>	<u>(9,714)</u>	<u>(9,714)</u>
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(624,467)</u>	<u>(624,467)</u>
Net increase in cash and cash equivalents	-	-	-	-
CASH AND CASH EQUIVALENTS				
Beginning of year	<u>700</u>	<u>-</u>	<u>-</u>	<u>700</u>
End of year	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (3,520)	\$ (259,591)	\$ 1,130,956	\$ 867,845
Adjustments to reconcile to net cash provided by (used in) operating activities:				
Depreciation	3,520	-	496,933	500,453
Changes in assets and liabilities:				
Receivables	(59,755)	-	-	(59,755)
Due from other funds	-	(164,217)	(1,161,113)	(1,325,330)
Inventories	(33,067)	-	52,924	19,857
Prepaid items	(1,179)	-	-	(1,179)
Due to other funds	134,390	-	-	134,390
Accounts payable	1,505	-	(11,125)	(9,620)
Other liabilities	<u>(41,894)</u>	<u>188,808</u>	<u>8,581</u>	<u>155,495</u>
Net cash provided by (used in) operating activities	<u>\$ -</u>	<u>\$ (235,000)</u>	<u>\$ 517,156</u>	<u>\$ 282,156</u>

This page left intentionally blank.

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

This page left intentionally blank.

COUNTY OF RACINE, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
December 31, 2008

	<u>Agency Funds</u>				Total Agency Funds
	<u>Court</u>	<u>Unclaimed Funds</u>	<u>Other</u>	<u>Taxes</u>	
ASSETS					
Cash and cash equivalents	\$ 2,964,686	\$ -	\$ 94,400	\$ -	\$ 3,059,086
Receivables:					
Delinquent property taxes	-	-	-	91,740	91,740
Other	21	255,018	38,690	27,999	321,728
	<u>21</u>	<u>255,018</u>	<u>38,690</u>	<u>27,999</u>	<u>321,728</u>
Total assets	<u>\$ 2,964,707</u>	<u>\$ 255,018</u>	<u>\$ 133,090</u>	<u>\$ 119,739</u>	<u>\$ 3,472,554</u>
LIABILITIES					
Accounts payable	\$ 21	\$ -	\$ 9,318	\$ 8,281	\$ 17,620
Agency deposits	2,964,686	255,018	123,772	111,458	3,454,934
	<u>21</u>	<u>255,018</u>	<u>123,772</u>	<u>111,458</u>	<u>3,454,934</u>
Total liabilities	<u>\$ 2,964,707</u>	<u>\$ 255,018</u>	<u>\$ 133,090</u>	<u>\$ 119,739</u>	<u>\$ 3,472,554</u>

COUNTY OF RACINE, WISCONSIN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended December 31, 2008

	<u>Balance January 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2008</u>
<u>COURT</u>				
ASSETS				
Cash and cash equivalents	\$ 2,577,768	\$ 1,412,995	\$ 1,026,077	\$ 2,964,686
Receivables - other	124	56	159	21
Total assets	<u>\$ 2,577,892</u>	<u>\$ 1,413,051</u>	<u>\$ 1,026,236</u>	<u>\$ 2,964,707</u>
LIABILITIES				
Accounts payable	\$ 124	\$ 56	\$ 159	\$ 21
Agency deposits	<u>2,577,768</u>	<u>1,412,995</u>	<u>1,026,077</u>	<u>2,964,686</u>
Total liabilities	<u>\$ 2,577,892</u>	<u>\$ 1,413,051</u>	<u>\$ 1,026,236</u>	<u>\$ 2,964,707</u>
<u>UNCLAIMED FUNDS</u>				
ASSETS				
Receivables - other	<u>\$ 168,771</u>	<u>\$ 176,473</u>	<u>\$ 90,226</u>	<u>\$ 255,018</u>
Total assets	<u>\$ 168,771</u>	<u>\$ 176,473</u>	<u>\$ 90,226</u>	<u>\$ 255,018</u>
LIABILITIES				
Agency deposits	<u>\$ 168,771</u>	<u>\$ 176,473</u>	<u>\$ 90,226</u>	<u>\$ 255,018</u>
Total liabilities	<u>\$ 168,771</u>	<u>\$ 176,473</u>	<u>\$ 90,226</u>	<u>\$ 255,018</u>
<u>OTHER</u>				
ASSETS				
Cash and cash equivalents	\$ 83,432	\$ 239,312	\$ 228,344	\$ 94,400
Receivables - other	199,357	767,467	928,134	38,690
Total assets	<u>\$ 282,789</u>	<u>\$ 1,006,779</u>	<u>\$ 1,156,478</u>	<u>\$ 133,090</u>
LIABILITIES				
Accounts payable	\$ 578	\$ 233,474	\$ 224,734	\$ 9,318
Agency deposits	<u>282,211</u>	<u>1,044,780</u>	<u>1,203,219</u>	<u>123,772</u>
Total liabilities	<u>\$ 282,789</u>	<u>\$ 1,278,254</u>	<u>\$ 1,427,953</u>	<u>\$ 133,090</u>

COUNTY OF RACINE, WISCONSIN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended December 31, 2008

	<u>Balance January 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2008</u>
<u>TAXES</u>				
ASSETS				
Receivables				
Delinquent property taxes	\$ 129,188	\$ 83,416	\$ 120,864	\$ 91,740
Other	7,941	85,873	65,815	27,999
Total assets	<u>\$ 137,129</u>	<u>\$ 169,289</u>	<u>\$ 186,679</u>	<u>\$ 119,739</u>
LIABILITIES				
Accounts payable	\$ -	\$ 53,478	\$ 45,197	\$ 8,281
Agency deposits	137,129	115,811	141,482	111,458
Total liabilities	<u>\$ 137,129</u>	<u>\$ 169,289</u>	<u>\$ 186,679</u>	<u>\$ 119,739</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 2,661,200	\$ 1,652,307	\$ 1,254,421	\$ 3,059,086
Receivables				
Delinquent property taxes	129,188	83,416	120,864	91,740
Other	376,193	1,029,869	1,084,334	321,728
Total assets	<u>\$ 3,166,581</u>	<u>\$ 2,765,592</u>	<u>\$ 2,459,619</u>	<u>\$ 3,472,554</u>
LIABILITIES				
Accounts payable	\$ 702	\$ 287,008	\$ 270,090	\$ 17,620
Agency deposits	3,165,879	2,750,059	2,461,004	3,454,934
Total liabilities	<u>\$ 3,166,581</u>	<u>\$ 3,037,067</u>	<u>\$ 2,731,094</u>	<u>\$ 3,472,554</u>

This page left intentionally blank.

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

This page left intentionally blank.

COUNTY OF RACINE, WISCONSIN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
December 31, 2008 and 2007

	2008		2007
GOVERNMENTAL FUNDS CAPITAL ASSETS			
Land	\$ 21,186,053	\$	20,718,554
Buildings	61,072,323		42,441,739
Improvements other than buildings	6,976,968		6,947,659
Machinery and equipment	13,170,579		14,237,237
Infrastructure	27,545,108		25,385,763
Construction in progress	694,461		17,622,183
Total governmental funds capital assets	\$ 130,645,492	\$	127,353,135
 INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE			
General Fund	\$ 103,100,384	\$	101,967,375
Special Revenue Fund	27,545,108		25,385,763
Total governmental funds capital assets	\$ 130,645,492	\$	127,353,138

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.

This page left intentionally blank.

COUNTY OF RACINE, WISCONSIN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
Year Ended December 31, 2008

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets January 1, 2008	Additions	Deductions	Governmental Funds Capital Assets December 31, 2008
General government	\$ 8,359,270	\$ 214,129	\$ 1,201,300	\$ 7,372,099
Public Safety	47,390,541	2,777,742	650,135	49,518,148
Health and social service	18,626,513	107,196	924,117	17,809,592
Education and recreation	26,750,284	713,566	-	27,463,850
Highway and streets	25,851,242	2,407,812	42,501	28,216,553
Development	375,288	-	110,038	265,250
 Total governmental funds capital assets	 <u>\$ 127,353,138</u>	 <u>\$ 6,220,445</u>	 <u>\$ 2,928,091</u>	 <u>\$ 130,645,492</u>

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
Year Ended December 31, 2008

<u>FUNCTION AND ACTIVITY</u>	<u>Land</u>	<u>Improvements Other Than Buildings</u>	<u>Buildings</u>
General government	\$ 211,970	\$ 18,575	\$ 4,819,739
Public safety	1,532,928	410,240	37,532,008
Health and social services	345,804	-	16,683,851
Education and recreation	18,694,709	6,548,153	2,036,725
Highways and streets	201,992	-	-
Development	198,650	-	-
Total governmental funds capital assets	<u>\$ 21,186,053</u>	<u>\$ 6,976,968</u>	<u>\$ 61,072,323</u>

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.

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
\$ 2,281,070	\$ -	\$ 40,745	\$ 7,372,099
10,042,972	-	-	49,518,148
779,937	-	-	17,809,592
-	-	184,263	27,463,850
-	27,545,108	469,453	28,216,553
<u>66,600</u>	<u>-</u>	<u>-</u>	<u>265,250</u>
<u>\$ 13,170,579</u>	<u>\$ 27,545,108</u>	<u>\$ 694,461</u>	<u>\$ 130,645,492</u>

This page left intentionally blank.

STATISTICAL SECTION

This page left intentionally blank.

Statistical Section (Unaudited)

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

FINANCIAL TRENDS – TABLES 1 - 4

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

REVENUE CAPACITY – TABLES 5 - 8

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

DEBT CAPACITY – TABLES 9 - 11

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

DEMOGRAPHIC AND ECONOMIC INFORMATION – TABLES 12 - 13

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

OPERATING INFORMATION – TABLES 14 - 16

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The County implemented GASB 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>
GOVERNMENTAL ACTIVITIES			
Invested In capital assets, net of related debt *	\$ 45,107,516	\$ 54,939,630	\$ 59,338,370
Restricted **	20,976,035	7,335,731	7,688,037
Unrestricted	<u>21,092,880</u>	<u>19,610,269</u>	<u>16,402,119</u>
Total Governmental Activities Net Assets	<u>\$ 87,176,431</u>	<u>\$ 81,885,630</u>	<u>\$ 83,428,526</u>
BUSINESS-TYPE ACTIVITIES			
Invested in capital assets, net of related debt	\$ 4,717,374	\$ 4,987,621	\$ 4,836,087
Restricted	-	162,901	34,992
Unrestricted (deficit)	<u>423,744</u>	<u>(267,655)</u>	<u>(729,479)</u>
Total Business-type Activities Net Assets	<u>\$ 5,141,118</u>	<u>\$ 4,882,867</u>	<u>\$ 4,141,600</u>
PRIMARY GOVERNMENT			
Invested in capital assets, net of related debt	\$ 49,824,890	\$ 59,927,251	\$ 64,174,457
Restricted	20,976,035	7,498,632	7,723,029
Unrestricted	<u>21,516,624</u>	<u>19,342,614</u>	<u>15,672,640</u>
Total Primary Government Net Assets	<u>\$ 92,317,549</u>	<u>\$ 86,768,497</u>	<u>\$ 87,570,126</u>

Note:

* 2002

Effective January 1, 2002, 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, 2002. 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.

* 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 Governmental Activities - Restricted; however, not included in the subsequent years

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 60,278,910	\$ 65,978,699	\$ 64,472,210	\$ 62,153,295
1,140,931	637,251	847,185	674,038
<u>27,970,518</u>	<u>30,604,900</u>	<u>18,778,037</u>	<u>13,729,575</u>
<u>\$ 89,390,359</u>	<u>\$ 97,220,850</u>	<u>\$ 84,097,432</u>	<u>\$ 76,556,908</u>
\$ 3,033,759	\$ 4,438,689	\$ 4,907,956	\$ 4,889,408
-	-	-	-
<u>1,069,279</u>	<u>(335,682)</u>	<u>(253,174)</u>	<u>165,869</u>
<u>\$ 4,103,038</u>	<u>\$ 4,103,007</u>	<u>\$ 4,654,782</u>	<u>\$ 5,055,277</u>
\$ 63,312,669	\$ 70,417,388	\$ 69,380,166	\$ 67,042,703
1,140,931	637,251	847,185	674,038
<u>29,039,797</u>	<u>30,269,218</u>	<u>18,524,863</u>	<u>13,895,444</u>
<u>\$ 93,493,397</u>	<u>\$ 101,323,857</u>	<u>\$ 88,752,214</u>	<u>\$ 81,612,185</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>
EXPENSES			
Governmental activities:			
General government	\$ 18,619,744	\$ 19,377,945	\$ 17,421,627
Public safety	23,509,350	24,940,588	26,717,076
Health and social services	60,373,068	62,753,342	57,758,929
Development	1,764,821	5,744,849	1,650,806
Education and recreation	12,820,948	16,536,668	17,492,932
Highways and streets	10,996,282	9,618,932	8,245,410
Interest and fiscal charges	584,184	1,079,648	1,210,321
Total governmental activities expenses	<u>128,668,397</u>	<u>140,051,972</u>	<u>130,497,101</u>
Business-type activities:			
Healthcare Center	14,347,467	13,669,211	14,429,319
Golf Courses	178,084	181,354	175,707
Total Business-type activities expenses	<u>14,525,551</u>	<u>13,850,565</u>	<u>14,605,026</u>
Total Primary Government expenses	<u>\$ 143,193,948</u>	<u>\$ 153,902,537</u>	<u>\$ 145,102,127</u>
PROGRAM REVENUES			
Governmental activities:			
Charges for services	\$ 13,858,414	\$ 13,384,617	\$ 11,460,688
Operating grants and contributions	61,765,253	65,745,697	60,942,625
Capital grants and contributions	2,154,993	1,404,617	2,962,688
Total governmental activities program revenues	<u>77,778,660</u>	<u>80,534,931</u>	<u>75,366,001</u>
Business-type activities:			
Charges for services			
Healthcare Center	11,537,523	10,324,352	11,250,771
Golf Courses	365,147	371,084	376,340
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES	<u>11,902,670</u>	<u>10,695,436</u>	<u>11,627,111</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 89,681,330</u>	<u>\$ 91,230,367</u>	<u>\$ 86,993,112</u>
NET (EXPENSE) REVENUE			
Governmental activities	\$ (50,889,737)	\$ (59,517,041)	\$ (55,131,100)
Business-type activities	<u>(2,622,881)</u>	<u>(3,155,129)</u>	<u>(2,977,915)</u>
Total primary government net expense	<u>\$ (53,512,618)</u>	<u>\$ (62,672,170)</u>	<u>\$ (58,109,015)</u>
GENERAL REVENUE AND OTHER CHANGES IN NET ASSETS			
Governmental activities:			
Property taxes	\$ 44,186,200	\$ 47,067,618	\$ 48,700,601
Grants and contributions not restricted to specific programs	7,822,097	7,191,801	6,737,064
Unrestricted investment earnings	2,731,666	2,721,875	2,339,170
Gain (loss) on sale of capital assets	(92,453)	(69,600)	(255,622)
Other	-	1,266,421	1,386,259
Transfers	<u>(2,709,943)</u>	<u>(2,911,222)</u>	<u>(2,233,476)</u>
Total governmental activities	<u>51,937,567</u>	<u>55,266,893</u>	<u>56,673,996</u>
Business-type activities:			
Unrestricted investment earnings	7,802	627	-
Gain (loss) on sale of capital assets	-	(14,971)	3,172
Transfers	<u>2,709,943</u>	<u>2,911,222</u>	<u>2,233,476</u>
Total business-type activities	<u>2,717,745</u>	<u>2,896,878</u>	<u>2,236,648</u>
Total primary government	<u>\$ 54,655,312</u>	<u>\$ 58,163,771</u>	<u>\$ 58,910,644</u>
CHANGE IN NET ASSETS			
Governmental activities	\$ 1,047,830	\$ (4,250,148)	\$ 1,542,896
Business-type activities	94,864	(258,251)	(741,267)
Total primary government	<u>\$ 1,142,694</u>	<u>\$ (4,508,399)</u>	<u>\$ 801,629</u>

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 15,211,124	\$ 12,835,356	\$20,202,595	\$19,272,110
27,309,261	28,360,700	32,274,541	35,168,361
57,866,026	58,034,621	52,824,076	48,302,880
1,465,373	1,797,075	1,829,023	1,920,204
18,384,238	17,167,001	10,556,142	5,488,627
8,581,834	4,185,199	8,446,110	6,130,001
<u>1,156,617</u>	<u>1,728,911</u>	<u>1,932,145</u>	<u>1,948,449</u>
<u>129,974,473</u>	<u>124,108,863</u>	<u>128,064,632</u>	<u>118,230,632</u>
15,267,970	15,548,773	15,216,728	15,914,514
203,698	223,706	204,218	208,672
<u>15,471,668</u>	<u>15,772,479</u>	<u>15,420,946</u>	<u>16,123,186</u>
<u>\$ 145,446,141</u>	<u>\$ 139,881,342</u>	<u>\$ 143,485,578</u>	<u>\$ 134,353,818</u>
\$ 15,980,777	\$ 11,764,486	\$ 11,743,749	\$ 10,720,178
58,782,167	58,715,473	44,542,997	40,255,813
<u>1,213,004</u>	<u>239,882</u>	<u>566,080</u>	<u>544,396</u>
<u>75,975,948</u>	<u>70,719,841</u>	<u>56,852,826</u>	<u>51,520,387</u>
11,524,630	13,584,355	14,310,480	16,003,467
405,133	432,681	445,247	402,179
<u>11,929,763</u>	<u>14,017,036</u>	<u>14,755,727</u>	<u>16,405,646</u>
<u>\$ 87,905,711</u>	<u>\$ 84,736,877</u>	<u>\$ 71,608,553</u>	<u>\$ 67,926,033</u>
\$ (53,998,525)	\$ (53,389,022)	\$ (71,211,806)	\$ (66,710,245)
<u>(3,541,905)</u>	<u>(1,755,443)</u>	<u>(665,219)</u>	<u>282,460</u>
<u>\$ (57,540,430)</u>	<u>\$ (55,144,465)</u>	<u>\$ (71,877,025)</u>	<u>\$ (66,427,785)</u>
\$ 50,513,512	\$ 52,160,158	\$ 48,167,630	50,239,596
6,419,736	4,557,451	4,067,151	3,955,614
3,436,787	5,465,557	5,716,429	4,020,086
1,145,335	-	365,033	-
954,445	791,759	989,139	1,072,460
<u>(3,503,343)</u>	<u>(1,755,412)</u>	<u>(1,216,994)</u>	<u>(118,035)</u>
<u>58,966,472</u>	<u>61,219,513</u>	<u>58,088,388</u>	<u>59,169,721</u>
-	-	-	-
-	-	-	-
<u>3,503,343</u>	<u>1,755,412</u>	<u>1,216,994</u>	<u>118,035</u>
<u>3,503,343</u>	<u>1,755,412</u>	<u>1,216,994</u>	<u>118,035</u>
<u>\$ 62,469,815</u>	<u>\$ 62,974,925</u>	<u>\$ 59,305,382</u>	<u>\$ 59,287,756</u>
\$ 4,967,947	\$ 7,830,491	\$ (13,123,418)	\$ (7,540,524)
<u>(38,562)</u>	<u>(31)</u>	<u>551,775</u>	<u>400,495</u>
<u>\$ 4,929,385</u>	<u>\$ 7,830,460</u>	<u>\$ (12,571,643)</u>	<u>\$ (7,140,029)</u>

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund				
Reserved	\$ 15,065,182	\$ 14,043,739	\$ 12,583,856	\$ 14,928,856
Unreserved	<u>13,213,635</u>	<u>15,700,375</u>	<u>17,993,865</u>	<u>15,007,673</u>
Total general fund	<u>28,278,817</u>	<u>29,744,114</u>	<u>30,577,721</u>	<u>29,936,529</u>
Other governmental funds:				
Reserved	6,335,994	6,451,578	6,154,003	7,836,436
Unreserved - reported in:				
Special revenue funds	4,637,747	4,834,240	4,824,515	5,428,756
Capital projects	-	-	-	-
Debt service	-	-	-	-
Total all other governmental funds	<u>10,973,741</u>	<u>11,285,818</u>	<u>10,978,518</u>	<u>13,265,192</u>
TOTAL FUND BALANCES	<u>\$ 39,252,558</u>	<u>\$ 41,029,932</u>	<u>\$ 41,556,239</u>	<u>\$ 43,201,721</u>

2003	2004	2005	2006	2007	2008
\$ 11,467,259	\$ 9,574,760	\$ 9,045,064	\$ 8,875,786	\$ 10,128,884	\$ 10,416,277
<u>13,126,236</u>	<u>14,425,742</u>	<u>19,590,968</u>	<u>25,974,133</u>	<u>28,928,155</u>	<u>32,126,060</u>
<u>24,593,495</u>	<u>24,000,502</u>	<u>28,636,032</u>	<u>34,849,919</u>	<u>39,057,039</u>	<u>42,542,337</u>
4,114,592	5,592,069	5,178,685	18,263,175	6,541,413	1,441,945
7,811,743	6,792,802	6,522,308	6,936,368	1,681,422	1,392,535
1,468,304	-	-	(393,605)	(217,852)	2,823,422
153,133	-	-	-	-	-
<u>13,547,772</u>	<u>12,384,871</u>	<u>11,700,993</u>	<u>24,805,938</u>	<u>8,004,983</u>	<u>5,657,902</u>
<u>\$ 38,141,267</u>	<u>\$ 36,385,373</u>	<u>\$ 40,337,025</u>	<u>\$ 59,655,857</u>	<u>\$ 47,062,022</u>	<u>\$ 48,200,239</u>

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>
REVENUES			
Property taxes	\$ 36,694,356	\$ 38,650,548	\$ 41,219,952
Intergovernmental	58,984,022	63,065,277	66,236,045
Fines and fees	6,298,293	4,483,486	5,105,199
Interest income	3,816,692	4,541,774	4,589,435
Miscellaneous	2,298,166	2,382,992	2,012,026
Total revenues	<u>108,091,529</u>	<u>113,124,077</u>	<u>119,162,657</u>
EXPENDITURES			
Current:			
General government	14,286,375	16,185,721	16,645,520
Public safety	19,296,052	20,011,185	22,433,726
Health and social services	53,053,456	52,759,683	57,583,989
Education and recreation	9,813,451	10,539,232	11,491,831
Development	1,399,977	1,477,666	1,625,325
Highways and streets	-	-	-
Capital outlay	2,801,100	1,187,722	2,008,368
Bond issue costs	-	-	-
Debt service principal	2,321,121	2,485,150	2,466,942
Debt service interest and fiscal charges	593,403	531,737	487,635
Total Expenditures	<u>103,564,935</u>	<u>105,178,096</u>	<u>114,743,336</u>
Excess (deficiency) of revenues over expenditures	<u>4,526,594</u>	<u>7,945,981</u>	<u>4,419,321</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers out	(4,968,126)	(5,691,654)	(5,615,644)
Refunding bonds issued	-	-	-
Unfunded pension liability payment	-	-	-
Bond anticipation notes issued	-	-	-
Debt issued	915,000	-	3,755,000
Premium on debt issued	-	-	-
Payment to refunding bond escrow agent	-	-	-
Sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(4,053,126)</u>	<u>(5,691,654)</u>	<u>(1,860,644)</u>
Net change in fund balances	<u>\$ 473,468</u>	<u>\$ 2,254,327</u>	<u>\$ 2,558,677</u>
Debt Service as a percent of noncapital expenditures			
Total expenditures	103,564,935	105,178,096	114,743,336
Capital outlay *	2,704,742	1,544,486	1,364,111
Total expenditures less capital outlay	100,860,193	103,633,610	113,379,225
Total debt service interest and principal	2,914,524	3,016,887	2,954,577
Debt Service as a percent of noncapital expenditures	2.89%	2.91%	2.61%

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 43,949,387	\$ 47,087,985	\$ 48,689,938	\$ 50,521,783	\$ 52,388,683	\$47,814,884	\$49,372,687
70,894,521	74,269,191	70,642,376	66,414,907	63,465,636	48,868,770	44,752,263
9,426,097	6,334,437	6,451,470	8,295,863	8,010,299	8,425,546	7,496,111
2,731,666	2,721,875	2,339,170	3,436,787	5,465,557	5,716,429	4,020,086
2,599,921	3,472,813	3,414,290	4,993,836	4,582,207	4,598,005	4,248,842
<u>129,601,592</u>	<u>133,886,301</u>	<u>131,537,244</u>	<u>133,663,176</u>	<u>133,912,382</u>	<u>115,423,634</u>	<u>109,889,989</u>
17,516,626	19,462,898	17,088,802	14,137,998	12,843,110	16,594,996	16,727,647
23,053,710	23,858,590	25,354,520	25,337,146	26,243,408	26,661,328	26,898,723
60,050,963	62,388,001	57,329,215	57,539,864	57,602,914	49,332,379	45,457,526
14,788,282	16,267,099	17,522,534	18,294,569	17,242,794	10,104,371	5,325,158
1,768,172	5,719,504	1,647,223	1,446,227	1,614,327	1,792,841	1,924,273
9,213,539	5,452,607	8,608,249	6,404,777	5,059,296	6,186,109	6,882,353
5,985,289	5,293,050	1,940,820	2,251,832	8,274,477	13,395,339	3,485,171
-	70,636	23,290	45,275	-	27,348	22,590
2,371,851	2,448,191	2,791,021	2,425,562	2,736,264	3,186,996	3,500,870
365,315	1,205,322	1,309,749	1,144,958	1,690,231	1,923,326	1,899,654
<u>135,113,747</u>	<u>142,165,898</u>	<u>133,615,423</u>	<u>129,028,208</u>	<u>133,306,821</u>	<u>129,205,033</u>	<u>112,123,965</u>
(5,512,155)	(8,279,597)	(2,078,179)	4,634,968	605,561	(13,781,399)	(2,233,976)
4,640,322	6,341,722	6,013,500	14,828,422	6,143,681	6,051,557	15,510,168
(7,350,265)	(8,294,153)	(7,306,437)	(18,514,437)	(8,621,002)	(7,396,603)	(15,970,514)
6,070,392	10,325,141	-	2,570,000	-	-	-
-	(10,338,148)	-	-	-	-	-
-	10,365,023	-	-	-	-	-
8,471,663	5,159,558	1,121,471	1,700,000	21,035,000	2,155,000	3,795,000
-	-	-	30,885	152,954	12,578	37,539
(6,000,000)	(10,340,000)	-	(2,707,037)	-	-	-
-	-	493,750	1,408,850	2,638	365,033	-
<u>5,832,112</u>	<u>3,219,143</u>	<u>322,284</u>	<u>(683,317)</u>	<u>18,713,271</u>	<u>1,187,565</u>	<u>3,372,193</u>
\$ 319,957	\$ (5,060,454)	\$ (1,755,895)	\$ 3,951,651	\$ 19,318,832	\$ (12,593,834)	\$ 1,138,217
135,113,747	142,165,898	133,615,423	129,028,208	133,306,821	129,205,033	112,123,965
9,397,255	6,444,785	6,253,263	3,635,014	10,712,091	14,065,117	3,485,171
125,716,492	135,721,113	127,362,160	125,393,194	122,594,730	115,139,916	108,638,794
2,737,166	3,653,513	4,100,770	3,570,520	4,426,495	5,110,322	5,400,524
2.18%	2.69%	3.22%	2.85%	3.61%	4.44%	4.97%

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

FISCAL YEAR ENDED	Real Estate				Personal Property
	Residential	Commercial	Manufacturing	Other	
1999	5,891,850,700	1,234,370,500	344,253,600	308,399,900	319,961,600
2000	6,292,199,700	1,323,032,500	386,363,100	330,239,800	270,903,300
2001	6,693,002,600	1,364,494,900	415,799,100	254,979,500	292,661,000
2002	7,116,305,900	1,436,185,600	425,826,700	254,484,200	284,686,500
2003	7,660,598,000	1,566,293,600	421,083,300	245,686,400	276,820,100
2004	8,317,871,000	1,695,346,900	424,718,000	247,413,100	280,431,800
2005	9,313,273,900	1,841,675,400	413,211,300	247,466,300	265,855,100
2006	10,342,347,400	2,013,188,200	401,915,000	261,339,200	279,288,400
2007	11,576,805,100	2,250,820,300	396,831,300	303,303,100	302,606,000
2008	12,227,187,600	2,439,988,800	407,206,600	322,729,100	262,648,000

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.

(a) Total Taxable Equalized Assessed Value (EAV)	Total Tax Increment District (TID)	(b) EAV less TID	All County Tax Levies	TAX RATE (c)
8,098,836,300	160,316,650	7,938,519,650	36,754,753	4.63%
8,602,738,400	197,584,150	8,405,154,250	38,706,708	4.61%
9,020,937,100	249,019,150	8,771,917,950	41,418,826	4.72%
9,517,488,900	263,448,850	9,254,040,050	44,052,480	4.76%
10,170,481,400	300,962,450	9,869,518,950	47,002,288	4.76%
10,965,780,800	353,433,450	10,612,347,350	48,734,107	4.59%
12,081,482,000	408,211,950	11,673,270,050	50,587,305	4.33%
13,298,078,200	460,466,850	12,837,611,350	52,325,744	4.08%
14,830,365,800	521,705,250	14,308,660,550	48,031,096	3.36%
15,659,760,100	615,893,650	15,043,866,450	49,601,148	3.30%

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

2008

Taxpayer	Equalized Assessed Value	Rank	Total Est. Fair Market Value	Percentage of Total Equalized Value
All Saints	53,389,092	3	14,781,218,450	0.36%
Centerpoint Properties - (fka: Shoremaker / American Natl Ins)	36,070,373	5	14,781,218,450	0.24%
Associates, R.O.				
California State Teachers - (fka: High Ridge Hospital / Improv.)				
Case, JI Company	33,224,894	6	14,781,218,450	0.22%
First Indstrl Dev Srv				
Johnson, SC	119,955,338	1	14,781,218,450	0.81%
Menard, Inc.				
Regency Mall	107,927,500	2	14,781,218,450	0.73%
Rudd Lighting				
Aurora Medical Group	34,905,928	7	14,781,218,450	0.24%
Continental 63 & 81 Fund LLC (Wal-Mart & Sams & Aldis)	46,989,385	4	14,781,218,450	0.32%
Westgate Mall	*-			
Bombardier Motor Corp Of America	20,965,264	9	14,781,218,450	0.14%
High Ridge Improvements	18,373,225	10	14,781,218,450	0.12%
Inland Southeast Mt Pleasant (Kohls & Jewel)	26,022,667	8	14,781,218,450	0.18%
Totals	\$ 497,823,666			3.37%

Source: Racine County Treasurer's Office

Footnote:

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

1999

Equalized Assessed Value	Rank	Total Est. Fair Market Value	Percentage of Total Equalized Value
18,443,333	5	8,134,250,950	0.23%
10,850,612	10	8,134,250,950	0.13%
15,964,210	6	8,134,250,950	0.20%
34,607,255	3	8,134,250,950	0.43%
19,886,828	4	8,134,250,950	0.24%
10,961,811	9	8,134,250,950	0.13%
62,120,449	2	8,134,250,950	0.76%
15,453,632	7	8,134,250,950	0.19%
11,795,093	8	8,134,250,950	0.15%
\$ 200,083,223			2.46%

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

<u>Levy Year</u>	<u>Collection Year Ended Dec 31,</u>	<u>County-wide Levy For The Fiscal Year</u>	<u>Uncollected Within The Fiscal Year of The Levy</u>	<u>Collected Within The Fiscal Year of The Levy</u>	<u>Percentage of Levy Collected</u>
1998	1999	192,410,618	2,733,962	189,676,656	98.58%
1999	2000	198,107,514	3,092,950	195,014,564	98.44%
2000	2001	212,489,221	3,614,222	208,874,999	98.30%
2001	2002	221,444,059	3,523,184	217,920,875	98.41%
2002	2003	224,378,130	3,395,675	220,982,455	98.49%
2003	2004	237,081,237	3,473,126	233,608,111	98.54%
2004	2005	251,899,220	3,670,655	248,228,565	98.54%
2005	2006	256,705,260	3,687,858	253,017,402	98.56%
2006	2007	277,621,142	5,102,167	272,518,975	98.16%
2007	2008	290,222,257	6,329,109	283,893,148	97.82%

Source: Racine County Treasurer's Office

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

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

Collected as of December 31, 2008

Uncollected Amount	Collected Amount	Percentage of Levy Collected
7,479	192,403,139	100.00%
14,992	198,092,522	99.99%
28,383	212,460,838	99.99%
49,712	221,394,347	99.98%
63,621	224,314,509	99.97%
126,177	236,955,060	99.95%
295,840	251,603,380	99.88%
724,568	255,980,692	99.72%
2,337,467	275,283,675	99.16%
6,329,109	283,893,148	97.82%

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

MUNICIPALITY	SCHOOL DISTRICT	SANITARY DISTRICT	(c) 2008 EQUALIZED VALUE
<u>CITY</u>			
City Burlington	Burlington (0777) BU		721,546,600
City Racine			3,886,255,050
<u>TOWN</u>			
Tn Burlington	Burl (0777) BU		732,796,200
	Burl (0777) BU	Browns Lake (001) BR	732,796,200
	Burl (0777) BU	Browns Lake (011) BO	732,796,200
Tn Dover	Brighton Schs (0657) BR		369,950,600
	Kansasville (1449) KV		369,950,600
	Waterford (6113) WF		369,950,600
	Burlington (0777) BU		369,950,600
	North Cape (4690) NO		369,950,600
	Union Grove (5859) UG		369,950,600
	Yorkville (6748) YV		369,950,600
	Kansasville (1449) KV So. Colony (004) SC		369,950,600
	Burlington (0777) BU Eagle Lake (006) EL		369,950,600
	Kansasville (1449) KV Eagle Lake (006) EL		369,950,600
	Burlington (0777) BU Eagle Lake Mgt (100) EM		369,950,600
	Burl. (0777) BU Eagle Lk Mgt & Eagle Lk San (106) EM/EL		369,950,600
Tn Norway	Muskego/Norway Sch (3857) MN		901,288,700
	Norway J7 Sch (4011) NY		901,288,700
	Wash Caldwell (6104) WA		901,288,700
	Raymond Sch (4690) RA		901,288,700
	Waterford (6113) WF		901,288,700
	Muskego/Norway Sch (3857) MN	Norway #1 (001) NR	901,288,700
	Waterford (6113) WF	Norway #1 (001) NR	901,288,700
	Norway J7 (4011) NY	Norway #1 (001) NR	901,288,700
Tn Raymond	Raymond #14 (4686) RM		474,789,200
	Yorkville J2 (6748) YV		474,789,200
	North Cape J1 (4690) NO		474,789,200
	Drought J7 (4011) DR		474,789,200
Vil Rochester (e)	Waterford Sch (6113) WF		268,303,200
	Burlington (0777) BU		268,303,200
	Burlington (0777) BU	Honey Lake LTS/RL/HL	268,303,200
	Burlington (0777) BU	Honey Lake REHAB HL	268,303,200
Tn Waterford	Wash/Cald (6104) WA		793,105,800
	Waterford (6113) WF		793,105,800
Tn Yorkville	Yorkville J2 (6748) YV		506,225,300
	Yorkville J2 (6748) YV	Water (101) YW	506,225,300
	Union Grove UG		506,225,300

<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>2008</u>
\$ 22.26	\$ 22.71	\$ 22.51	\$ 22.33	\$ 21.59	\$ 21.21	\$ 20.07	\$ 19.15	\$ 19.46	\$ 19.33
26.62	26.81	26.62	26.00	24.21	24.22	22.26	21.27	21.11	21.96
17.90	17.76	17.65	17.70	17.21	16.66	15.37	14.52	14.60	14.29
19.30	19.04	18.83	18.86	18.31	17.85	16.45	15.42	15.47	15.14
19.30	19.02	18.82	18.75	18.19	17.54	16.15	15.15	15.21	14.58
18.80	19.84	21.41	19.90	19.49	15.85	18.14	13.69	14.03	14.56
18.28	18.26	19.75	18.64	18.78	15.79	15.29	15.53	14.85	15.06
18.04	19.16	20.00	19.73	18.87	17.67	16.00	15.88	15.67	15.77
17.45	18.65	18.04	17.59	17.06	15.73	14.53	13.83	13.97	13.77
18.16	18.51	19.73	19.29	17.98	17.14	15.67	15.79	15.01	14.92
17.63	18.05	20.23	20.63	19.40	17.71	16.44	17.38	16.37	16.65
17.78	18.22	19.45	19.09	18.01	16.46	15.28	15.37	15.46	16.01
18.28	18.26	19.75	18.64	18.78	15.79	15.29	15.53	-	-
17.45	18.65	18.04	17.59	17.06	15.73	14.53	13.83	13.97	13.77
18.28	18.26	19.75	18.64	18.78	15.79	15.29	15.53	14.85	15.06
17.45	18.65	18.04	17.59	17.06	15.73	14.53	13.83	13.97	13.77
17.45	18.65	18.04	17.59	17.06	15.73	14.53	13.83	13.97	13.77
18.37	17.56	17.09	17.34	17.54	16.71	15.12	13.93	14.05	14.10
18.87	20.48	19.87	19.79	18.11	17.57	16.76	15.17	14.83	16.05
18.76	21.38	19.49	18.17	15.64	16.44	13.99	15.16	15.40	15.11
17.85	18.00	18.03	17.76	16.14	16.12	15.15	14.90	14.45	14.36
17.73	18.58	18.29	18.21	17.39	16.81	15.48	15.15	15.11	15.21
18.82	18.65	18.16	18.14	18.32	17.37	15.71	14.49	14.58	14.61
18.18	19.67	19.36	19.01	18.17	17.48	16.08	15.70	15.63	15.72
19.31	21.58	20.93	20.52	18.89	18.24	17.36	15.73	15.35	16.56
18.18	17.79	18.17	17.63	16.89	17.02	15.39	15.48	15.65	15.77
17.92	17.96	18.86	18.19	17.27	16.66	15.30	15.45	15.39	15.92
18.30	18.19	19.14	18.39	17.24	16.76	15.68	15.87	14.95	14.83
19.32	20.48	19.59	20.39	19.80	18.19	17.29	16.61	15.33	16.52
17.73	18.28	18.77	14.59	18.30	17.31	15.96	15.86	15.60	15.44
17.14	16.85	16.81	16.45	15.83	15.66	14.49	13.81	13.90	13.48
25.92	20.83	20.27	18.65	18.46	18.24	16.97	16.68	15.78	15.44
24.48	18.67	18.62	17.60	17.01	16.82	15.68	15.39	14.74	14.34
19.62	20.64	20.76	19.17	16.48	17.60	15.09	16.83	16.39	16.02
18.59	19.26	19.55	19.21	18.33	18.02	16.58	16.35	16.10	16.12
17.18	17.69	18.20	17.60	16.86	16.62	15.29	15.40	15.46	15.90
19.29	19.58	20.05	19.30	18.47	17.88	16.58	16.42	16.42	16.82
17.03	17.43	18.97	18.18	18.26	17.84	16.45	17.41	16.37	16.46

Continued

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

MUNICIPALITY	SCHOOL DISTRICT	SANITARY DISTRICT	(c) 2008 EQUALIZED VALUE	
<u>VILLAGE</u>				
Vil Caledonia	Unified (4620) UN	Crestview (740) CR/RR	2,313,197,300	
	Unified (4620) UN	Crestview (749) CS/LM	2,313,197,300	
	Unified (4620) UN	Caddy Vista (730) CV/RR	2,313,197,300	
	Unified (4620) UN	North Park (709) NP/ LM	2,313,197,300	
	Unified (4620) UN	North Park (710) NS/RR	2,313,197,300	
	Unified (4620) UN	North Park (719) NW/LM	2,313,197,300	
	Unified (4620) UN	Cal. #1 (400) CA/RR	2,313,197,300	
	Unified (4620) UN	Cal. #1 (410) CA/NA/RR	2,313,197,300	
	Unified (4620) UN	Cal. #1 (419) CW/CM/LM	2,313,197,300	
	Unified (4620) UN	Caledonia #1 (110) NA/RR	2,313,197,300	
	Unified (4620) UN	Lake Michigan (109) LM	2,313,197,300	
	Unified (4620) UN	Root River (100) RR	2,313,197,300	
	Vil Mt. Pleasant	Unified (4620) UN	Mt. Pleas. Storm MD MS	2,793,812,200
		Unified (4620) UN	SL MP 123,103,003,403	2,793,812,200
		Unified (4620) UN	Caledonia #1 CT	2,793,812,200
Unified (4620) UN		No District (900) MT	2,793,812,200	
Vil Elmwood Pk	Unified (4620) UN		44,822,100	
Vil North Bay	Unified (4620) UN		39,499,000	
Vil Rochester	Waterford Schs (6113) WF		85,592,500	
Vil Sturtevant	Unified (4620) UN		347,551,900	
Vil Union Grove	Union Grove (5859) UG		317,691,400	
Vil Waterford	Waterford (6113) WF		441,741,900	
Vil Wind Point	Unified (4620) UN		289,435,400	

Source: Racine County Treasurer's Office

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) 2007 total equalized value is used to apportion the tax levied in November and collected in the subsequent year.
- (d) As of 2007, Crestview (740) RE/RR and (749) CS/LM no longer exist. They are now incorporated into Caledonia East and West water/sewer districts
- (e) As of 2008, T of Rochester became part of Vil of Rochester

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

<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>2008</u>
\$ 20.70	\$ 20.90	\$ 20.83	\$ 19.33	\$ 19.36	\$ 19.01	\$ 17.49	\$ 16.43	(d)	(d)
21.05	21.25	21.17	19.63	19.65	19.29	17.74	16.83	(d)	(d)
21.33	21.95	21.97	21.62	20.47	19.76	18.01	(b)	(b)	(b)
20.15	20.33	20.09	18.50	17.52	17.66	16.24	15.48	15.15	15.65
20.19	20.37	20.30	18.75	18.70	17.88	16.60	15.67	15.20	15.70
20.55	20.72	20.64	19.05	19.00	18.16	16.85	16.07	15.62	16.11
19.71	20.03	20.47	18.96	18.87	18.25	16.76	15.74	15.29	15.78
20.89	21.24	21.40	19.91	19.77	19.07	17.50	16.38	15.88	16.36
21.25	21.59	21.73	20.21	20.07	19.34	17.75	16.78	16.30	16.77
20.62	20.91	20.47	18.96	18.90	18.21	16.73	15.71	15.26	15.76
19.81	20.03	19.88	18.31	18.29	17.66	16.24	15.48	15.09	15.59
19.43	19.69	19.55	18.01	17.99	17.38	15.99	15.08	14.68	15.18
20.31	20.51	20.79	19.50	19.30	(a)	(a)	(a)	(a)	(a)
20.03	20.18	19.86	18.54	18.41	17.90	16.65	16.10	15.09	15.85
19.65	19.85	20.17	18.89	18.73	18.77	17.42	16.81	15.72	16.46
19.37	19.53	19.24	17.92	17.84	(a)	(a)	(a)	(a)	(a)
17.70	17.92	17.75	16.24	16.13	15.99	15.00	14.33	14.07	14.79
21.54	21.59	21.54	19.82	19.14	17.84	16.59	15.81	15.40	17.43
17.28	17.89	18.34	18.20	17.27	16.71	15.87	15.73	15.71	15.68
20.64	21.59	21.15	18.86	20.15	19.62	18.18	17.52	17.40	17.99
21.40	21.58	22.68	22.86	21.23	20.40	19.11	20.14	19.00	19.33
23.05	23.78	23.64	23.39	22.14	21.56	19.63	19.65	19.51	19.73
19.41	19.53	19.27	17.67	17.32	16.58	15.03	14.41	13.84	14.30

5-

Concluded

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

Fiscal Year	Population (A)	Equalized Valuation (B)	Governmental Activities		
			Bonds Payable	Notes Payable	State Trust Fund Loans
1999	188,904	8,098,836,300	\$ -	\$ 16,721,494	\$ 70,640
2000	188,831	8,602,738,400	-	14,200,629	36,355
2001	189,490	9,020,937,100	10,460,042	-	-
2002	190,446	9,517,488,900	-	16,523,191	-
2003	191,079	10,170,481,400	3,930,000	15,220,000	184,100
2004	191,853	10,965,780,800	-	17,921,517	168,079
2005	193,239	12,081,482,000	-	17,401,517	152,517
2006	194,580	13,298,078,200	18,938,192	16,847,288	136,255
2007	195,113	14,830,365,800	18,445,000	16,493,060	119,261
2008	196,321	15,992,707,300	17,920,000	17,504,637	101,515

Notes:

(A) Source: WI Dept of Admin. Population & Housing Estimates

(B) Value as reduced by tax incremental financing districts

* Information not available

Governmental Activities (continued)		Business-type Activities		Total	Percent of Debt to Equalized Valuation	Percent of Debt to Personal Income	Debt Per Capita
Tax Exempt General Obligation Debt	Taxable General Obligation Debt	General Obligation Debt	Primary Government Debt				
\$ 16,792,134	\$ -	\$ 5,065,000	21,857,134	0.27%	0.42%	115.70	
14,236,984	-	4,820,000	19,056,984	0.22%	0.35%	100.92	
10,460,042	-	4,890,000	15,350,042	0.17%	0.27%	81.01	
16,523,191	-	4,710,000	21,233,191	0.22%	0.37%	111.49	
19,334,100	10,295,000	4,520,000	34,149,100	0.34%	0.57%	178.72	
18,089,596	10,225,000	6,368,483	34,683,079	0.32%	0.55%	180.78	
17,554,034	10,120,000	6,328,483	34,002,517	0.28%	0.52%	175.96	
35,921,735	9,985,000	5,794,401	51,701,136	0.39%	0.75%	265.71	
35,057,321	9,815,000	5,371,724	50,244,045	0.34%	*	257.51	
35,526,152	9,605,000	5,030,364	50,161,516	0.31%	*	255.51	

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Equalized Value of Real and Personal Property	\$ 8,602,738,400	\$ 9,020,937,100	\$ 9,517,488,900	\$ 10,170,481,400
Debt Limit, 5% of Equalized Valuation (Wisconsin Statutory Limitation)	\$ 430,136,920	\$ 451,046,855	\$ 475,874,445	\$ 508,524,070
Amount of Debt Applicable to Debt Limitation:				
General Obligation Debt	\$ 16,792,134	\$ 14,236,984	\$ 15,350,042	\$ 21,233,191
Less Debt Service Funds	(1,865,056)	(1,773,419)	(1,552,597)	(1,571,881)
Total Amount of Debt Applicable to Debt Margin	\$ 14,927,078	\$ 12,463,565	\$ 13,797,445	\$ 19,661,310
Legal Debt Margin - (Debt Capacity)	\$ 415,209,842	\$ 438,583,290	\$ 462,077,000	\$ 488,862,760
Percent of Debt Capacity Used	3.5%	2.8%	2.9%	3.9%

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.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>\$ 10,965,780,800</u>	<u>\$ 12,081,482,000</u>	<u>\$ 13,298,078,200</u>	<u>\$ 14,830,365,800</u>	<u>\$ 15,659,760,100</u>	<u>\$ 15,992,707,300</u>
<u>\$ 548,289,040</u>	<u>\$ 604,074,100</u>	<u>\$ 664,903,910</u>	<u>\$ 741,518,290</u>	<u>\$ 782,988,005</u>	<u>\$ 799,635,365</u>
<u>\$ 34,149,100</u>	<u>\$ 34,683,079</u>	<u>\$ 34,002,517</u>	<u>\$ 51,846,255</u>	<u>\$ 50,349,262</u>	<u>\$ 50,161,516</u>
<u>(1,395,994)</u>	<u>(1,152,801)</u>	<u>(827,195)</u>	<u>(694,569)</u>	<u>(702,099)</u>	<u>(528,930)</u>
<u>\$ 32,753,106</u>	<u>\$ 33,530,278</u>	<u>\$ 33,175,322</u>	<u>\$ 51,151,686</u>	<u>\$ 49,647,163</u>	<u>\$ 49,632,586</u>
<u>\$ 515,535,934</u>	<u>\$ 570,543,822</u>	<u>\$ 631,728,588</u>	<u>\$ 690,366,604</u>	<u>\$ 733,340,842</u>	<u>\$ 750,002,779</u>
6.0%	5.6%	5.0%	6.9%	6.3%	6.2%

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

YEAR	(1) POPULATION	PERSONAL INCOME	(2) PER CAPITA PERSONAL INCOME	(3) PUBLIC SCHOOL ENROLLMENT	(3) PRIVATE SCHOOL ENROLLMENT	(4) UNEMPLOYMENT RATE
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	6,850,967,220	35,209	21,175	4,262	5.7%
2007	195,113	*	*	21,696	4,134	6.0%
2008	196,321	*	*	21,552	4,159	5.6%

* 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

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

<u>Employer</u>	<u>Product or Business</u>	<u>2008</u>		<u>1999</u>	
		<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Wheaton Franciscan Healthcare - All Saints Inc	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	500-999	6	1000+	5
Wal-Mart	Discount Department Stores	500-999	7		
City of Racine	Government	1000+	5	1000+	7
County of Racine	Government	500-999	8	1000+	6
Department of Corrections	Correctional Institutions	500-999	9	500-999	10
Aurora Health Care of Southern Lake	General Medical & Surgical Hospitals	500-999	10		
Department of Health Services	Government			500-999	9
Modine Mfg Co	Heat Transfer Products			500-999	8

Source: Wisconsin Department of Workforce Development, OEA

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

FUNCTION/PROGRAM	1999	2000	2001	2002	2003	2004
General Government						
Building & Facilities Management Division	18.00	17.80	18.00	17.80	17.80	14.80
Clerk of Circuit Court Office	38.00	38.00	38.00	38.00	38.00	37.00
Corporation Counsel	5.60	5.60	5.60	5.60	5.60	5.60
County Board	32.00	32.00	32.00	24.00	24.00	23.50
County Clerk	4.00	4.00	4.00	4.00	4.00	3.50
County Executive	2.40	2.40	2.40	2.40	2.40	2.25
County Treasurer	4.00	4.00	4.00	4.50	4.50	4.50
District Attorney Office	12.50	12.50	12.50	12.50	12.50	11.50
Finance Department	7.00	7.00	7.00	8.00	8.00	8.00
Human Resources Department	7.00	8.00	8.00	8.00	8.00	7.00
Information System Division	15.00	16.00	16.00	21.00	21.00	12.00
Land Information Office	0.00	0.00	0.00	1.40	1.40	1.40
Mail Room/Print Shop Division	2.00	2.00	2.00	2.00	2.00	2.00
Medical Examiner Office	2.50	2.50	2.50	2.50	2.70	2.075
Purchasing Department	4.00	4.00	4.00	3.50	3.50	3.00
Real Property Lister Division	3.00	3.00	3.00	3.00	3.00	3.00
Register of Deeds	5.50	6.00	6.00	6.00	7.00	7.00
UW - Extension	3.00	3.00	3.00	3.00	3.00	2.00
Veterans Service Office	3.00	2.50	2.50	2.50	2.50	1.50
Victim Witness Office	7.00	7.50	7.50	7.50	7.50	7.00
Public Safety						
Dispatch	0.00	0.00	18.00	18.00	18.00	46.00
Emergency Management Office	1.50	1.50	1.50	1.50	1.30	1.375
Jail	124.00	124.00	124.00	124.50	120.00	111.00
Jail Alternatives	0.00	0.00	3.00	3.00	3.00	3.00
Sheriff Department	149.00	150.00	133.00	137.00	140.00	135.70
Health and Social Services						
Child Support Division	45.00	49.00	49.00	49.00	47.00	44.00
Family Court Commissioner	10.00	10.00	10.00	10.00	10.00	7.00
Human Service Division	239.00	235.50	232.50	228.50	227.00	217.50
Ridgewood Health Care Center	158.30	159.70	164.30	167.20	168.20	166.20
Education and Recreation						
County Schools Office	156.00	165.70	173.00	182.70	184.50	190.50
Parks Division	19.40	19.40	17.00	17.00	16.00	12.00
Parks Division - Seasonal FTE	0.00	0.00	15.10	15.70	16.10	16.90
Development						
Code Administration Division	6.60	6.60	0.00	0.00	0.00	0.00
Land Conservation Division	2.40	2.40	2.40	2.40	2.00	2.00
Planning/Development Division *	6.00	7.00	13.60	13.20	13.60	11.60
Highways and Streets						
Highway Division	75.50	75.50	75.50	75.50	74.50	72.50
Highway Division - Seasonal FTE	3.40	3.40	3.40	3.40	3.40	2.40
	1,171.60	1,187.50	1,213.30	1,225.80	1,223.00	1,198.30

Note: * Department name changed and number of employees increased. The annual fluctuation occurred due to department restructuring.

2005	2006	2007	2008
14.00	13.00	12.00	12.00
36.00	35.00	34.00	34.00
5.60	5.60	5.30	5.30
23.50	23.50	23.50	23.50
3.50	3.50	3.50	3.50
2.25	2.25	2.25	2.25
4.50	4.50	4.50	4.50
11.00	10.00	10.70	10.70
7.00	6.50	6.50	6.75
7.00	6.00	6.00	6.00
8.00	8.00	8.00	6.00
1.60	1.60	1.80	2.60
2.00	2.00	2.00	1.00
2.075	2.075	2.08	2.08
3.00	3.00	3.00	3.00
2.50	2.44	2.44	2.44
6.50	6.44	6.44	6.44
2.00	2.00	0.70	0.00
1.50	1.50	2.00	2.00
7.50	6.50	6.45	6.45
47.00	47.00	19.00	20.00
1.375	1.38	1.38	1.38
111.00	111.00	120.00	120.00
3.00	3.00	3.00	3.00
132.70	119.70	119.65	120.65
38.00	36.50	32.30	29.30
6.00	5.00	5.00	5.00
211.50	205.00	199.50	196.50
157.53	149.33	148.90	149.90
188.80	0.00	0.00	0.00
12.00	11.00	10.00	10.00
16.90	17.80	18.40	17.07
0.00	0.00	0.00	0.00
3.00	3.50	3.50	3.50
9.40	8.90	8.70	7.90
71.50	66.95	63.95	62.95
2.40	6.10	6.96	8.59
1,163.13	937.55	903.40	896.24

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

<u>FUNCTION/PROGRAM</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
<u>Public Safety - Sheriff</u>				
Calls for Service (a) - Sheriff only	47,928	64,622	71,035	65,515
Arrests	16,094	16,040	16,584	23,361
Sworn Personnel	197	197	200	204
Average Daily Jail Population	644	612	592	633
Jail Bookings	8,414	8,637	9,799	10,931
<u>Health and Social services - Human Service</u>				
Economic Support Services				
Unduplicated Caseload (b)	3,941	6,995	8,060	9,192
Youth Apprehended	1,367	1,248	1,147	1,126
Mental Health Inpatient Days	4,985	5,165	4,122	4,759
WDC JobNet listings	10,467	9,603	13,817	7,741
<u>Ridgewood Healthcare Center</u>				
Admissions	141	171	119	160
Discharges	148	164	117	161
<u>Education and Recreation - Parks**</u>				
Daily Cliffside Park Camping Reservations	6,858	7,299	6,318	7,378
Daily Fischer & Quarry Lake Entrance (c)	58,993	44,215	55,424	49,248
Daily Fischer & Eagle Boat Launches	7,095	6,357	6,741	7,520
<u>Highways and Streets</u>				
Lane Miles Maintained				
County	335	335	335	330
State	500	500	500	550

** estimated

(a) Deputy generated traffic stops included in calls for service beginning in the last quarter of 1999 when computer aided dispatching began. Calls for service have steadily decreased due to a reduction in sworn personnel.

(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.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
63,965	63,941	64,839	59,372	57,376	49,761
22,501	25,024	25,685	21,486	21,985	18,719
201	192	180	167	165	150
636	645	671	683	723	788
10,859	10,680	10,829	11,650	11,624	11,118
11,270	12,001	12,529	12,828	13,851	15,997
1,057	1,033	1,050	891	799	720
4,804	3,101	3,929	3,577	3,914	4,059
2,655	6,137	9,768	7,808	8,555	2,870
187	206	373	341	334	476
190	206	372	354	346	478
6,943	5,094	5,623	6,218	6,603	6,921
27,911	20,128	32,563	25,989	25,970	20,256
7,303	6,792	8,191	6,584	6,478	6,469
330	330	330	330	340	340
550	685	685	685	600	677

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

<u>FUNCTION/PROGRAM</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<u>Public safety - Sheriff</u>					
Patrol Units	25	25	25	25	25
Stations	2	2	2	2	2
Jail Beds	650	650	650	650	650
<u>Health and social services</u>					
<u>Ridgewood Healthcare Center</u>					
Licensed Beds	210	210	210	210	210
<u>Education and recreation</u>					
<u>Park Acreage:</u>					
Developed	1,827	1,827	1,827	1,827	1,827
Undeveloped	745	745	745	749	755
Bike Trails Miles	27	27	29	29	29
Parkways Acres	652	652	652	656	656
<u>Highways and streets</u>					
Vehicles and Pieces of Equipment	700	700	700	700	700
Centerline Miles of County Roads	335	335	335	330	330
Bridges	16	16	16	16	16
Dams	6	6	6	6	6

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
25	25	25	25	25
2	2	2	2	2
650	650	650	860	276
210	210	210	210	210
1,827	1,827	1,827	1,832	1,832
772	794	837	841	841
33	34	34	34	34
673	694	694	694	694
700	700	700	672	623
330	330	330	165	170
16	16	16	16	16
6	6	6	6	6